



## NEWSLETTER DECEMBER 2012

*As we put this newsletter together it is great to see summer has arrived in earnest, and the farmers will be happy with last week's rain. Those going away for a holiday break will be hoping the fine weather continues. 2012 has been one of consolidation for clients. The Global Financial Crisis has been with us for 4 years now and has affected everyone, and we have all learnt lessons. Businesses will be stronger having survived and individuals will have seen the importance of saving and/or not overcommitting themselves. But it wasn't all doom and gloom in the Waikato, as the Chiefs won, the Waikato Bay of Plenty Magic won and Team Robertson Fulton found a new home and had a very creditable result in the annual Round the Bridges event.*

As the year nears its close the signs for business in 2013 are looking slightly better across the sectors, with the exception of dairy farming where payout predictions have fallen. The next year will see the benefits of working to your strengths, achieving and maintaining competitive advantage, and being prepared to change and innovate to keep your products and services relevant in a changing environment.

*We hope you will all get to take a break from your work, and be able to enjoy time with family and friends during the festive season. We thank you for choosing us as your accounting and tax advisors and look forward to helping you achieve your financial goals in 2013. Have a safe and happy holiday season.*

### Holiday Office Closure:

The office will be closed from 1.00pm on Friday 21 December 2012 and will reopen at 8.30am on Monday 14 January 2013. Arrangements will be made with individual clients who require any regular services during this time.

### October/November GST Returns:

With our Christmas closedown all GST returns completed by our firm will need to be done before we close on 21 December. Please make a special effort to bring your papers in early and answer any queries as soon as possible.



### Our New Offices:

Six months on from our big move, we are very comfortable in our new offices on the corner of London and Anglesea Streets above AMI. It was a major change after 37 years in the previous building! Our premises are slightly bigger than before, and working well. We are excited that the whole building is receiving a major makeover and look forward to the remainder of the building refurbishment being completed so that we do not have all the construction noise and dust to contend with and the lift will finally be tidied up. Thank you everyone for bearing with us during this time.

### 2012 Financial Statements and Tax Returns:

If we haven't received your papers so as to prepare your 2012 returns by now, time is of the essence. Get them together now so that we can make a start as soon as possible. To avoid penalties and make sure they can all be completed and filed by 31 March 2013, **WE NEED THE INFORMATION AS SOON AS POSSIBLE PLEASE.**



## Don't Forget To Visit:

[www.robertsonfulton.co.nz](http://www.robertsonfulton.co.nz)

You will be able to see all the services we offer, read newsletters, keep up to date with important dates, download questionnaires or simply follow the staff's latest antics in the photo gallery.



After Christmas we will also be making a big effort to make sure that we have up to date email addresses for all clients. If you feel inclined don't hesitate to email Maelene at

[maelene@robertsonfulton.co.nz](mailto:maelene@robertsonfulton.co.nz) so she can confirm your client details.

## Staff News:

We have had a big year this year with the move to new premises. It was all hands on deck and we appreciate the hard work of all our staff and their partners, computer and telco contractors and our amazing movers Brent and the team at Central Relocation Services for the swift and efficient transition. During 2012:

- Marc and his wife Ting welcomed a little girl Mya in August, a little sister for their son Matthew. Congratulations.
- Catherine Southwick joined our team for three months as a temporary Receptionist while Maelene was away having surgery on her hip. Full credit to both Maelene and Catherine: the transition was seamless. Maelene is now well on the way to recovery and will be 'doing the stairs' when she comes back from her holidays.
- A large contingent of staff motivated by Matthew joined our Robertson Fulton Team in the Round the Bridges Run/Walk. Everyone did really well and are keen to do it again next year.



## KiwiSaver – Taxing the Employer Contribution - Are You Returning This Correctly?

Since 1 April 2012 employers have been required to deduct Employer Superannuation Contribution Tax (ESCT) from the contribution they make to Employees' KiwiSaver accounts. This is done at the time of preparing the monthly IR345 and IR348. IRD report that many employers who don't use computerised payroll systems are not returning these deductions correctly. ESCT must be calculated using the ESCT tax rate applicable, based on the employee's estimated annual earnings.

Using the following table.

\$0-\$16,800	10.5%
\$16,801-\$57,600	17.5%
\$57,601-\$84,000	30.0%
\$84,001 and over	33.0%

Note any ESCT rate used must stay the same for the full tax year. This means that only one rate can be used for any employee in any tax year. The rate may be changed at the beginning of the next tax year if their earnings have changed. If you feel you may have made an error in dealing with ESCT or haven't dealt with it at all, feel free to contact us and we will help you to sort it out.

You can also use the IRD PAYE Calculator tool at: <https://interact2.ird.govt.nz/forms/payecalculator/>

If you do your payroll manually, fill the details for each individual onto the IR348 and **put the net Employer KiwiSaver contribution into the last column.** The ESCT deducted is not individually broken out. **The total ESCT for all employees is entered onto the IR345 as one figure.**

## KiwiSaver – Compulsory Employer Contributions Will Rise 01/04/13:

From 1 April 2013 the compulsory Employer Contribution will increase from 2% to 3%. The minimum Employee Contribution will also rise on the same date to 3%. KiwiSaver turned 5 on 1 July 2012. From this date those who qualify to receive NZ Super or who joined KiwiSaver between the ages of 60 and 65 and have been in KiwiSaver for five years are eligible to withdraw their savings. From 1 July 2013 employers are no longer obliged to pay Employer Contributions to members eligible to withdraw their savings, although they may continue to do so voluntarily.

## Student Loan Voluntary Repayment Bonus To End:

The **10% voluntary student loan repayment bonus will end at 31 March 2013.** So if you are contemplating making a lump sum reduction to your loan, it will **PAY** to do so before that date.

Repayment Rates will increase from 10% to 12% of income earned over the repayment threshold of \$19,084 pa from 1 April 2014

## Provisional Tax Payments 15/01/13

Tax Payment Notices will be sent out mid December for payment by 15 January 2013. **DO NOT FORGET THEM!** If you have any query regarding the amount you are asked to pay please contact us before Christmas so we can resolve this.

## No More Childcare and Housekeeper Tax Credits:

From 1 April 2012 taxpayers can no longer claim the (up to \$310) tax credit available where qualifying payments have been made for child care or housekeeping.

## Wages Paid to Children – Changes to How this is Taxed:

The child tax credit has been discontinued effective from 1 April 2012. It is replaced with a Limited Tax Exemption. A school child does not need to pay tax on up to \$2,340 of income which is **not taxed at source** (such as money for lawn mowing or babysitting). This exemption does not apply to income on which tax has already been paid such as salary and wages through PAYE system or interest earned with RWT deducted.

## Inland Revenue Department Industry Benchmarking:

Inland Revenue is compiling data within industry groups to provide benchmarks that they are using to compare taxpayers' business results. This is one of the new techniques they are using to analyse results, all in search of the hidden 'cash' economy. These benchmarks are useful to us to assist clients with looking at the performance of their business and cost structures when compared to other similar businesses. Currently IRD have released benchmarks for 16 industries including:

- Cafes and restaurants
- Electrical services
- Painting and decorating
- Supermarkets
- Pubs, taverns and bars

To help keep clients competitive, we have registered with the Waikato University NZ Business Benchmarking Programme. This gives us access to their data to enable us to further compare your business results and we will provide this information to you where relevant.

## Behind on Payments to IRD?

Use of Money Interest Rates on underpayments and overpayments of taxes are currently as below:

Underpayment rate: 8.40%

Overpayment rate: 1.75%

These rates, together with penalties mean it can be a cheaper alternative to look at other options to ensure that you make payments of tax on time.



Get in touch with us if you can't make a payment on time as instalment plans can usually be arranged with IRD, even for provisional tax payments. It is important to organise these and get them started as soon as possible as late payment penalties are not charged when an instalment plan is adhered to. Interest remains payable of course.

## ACC Update:

You will have noticed that the ACC invoices have been redesigned with more colour and a bit more assistance with large +'s and -'s to help you to follow the calculation.



Many clients still have difficulty following the calculations and do not know if the liable earnings that the levies are charged on are correct.

## Make Sure You Are Paying The Correct ACC Levies...

When you receive your invoices, we urge you all to scan, fax or email them to Sue at [sue@robertsonfulton.co.nz](mailto:sue@robertsonfulton.co.nz) for a quick check before you pay them.

We still find many issues/overpayments in these charges, and it also gives us an opportunity to discuss whether Cover Plus Extra (another ACC product) might be a good option for you. We are also happy to change your postal address with ACC so that the invoices come directly to us, they are checked, followed up if necessary and when correct, sent to you to pay.

## Want To Save 10% On Your Workplace ACC Levy?

If you are in the Agriculture, Construction, Waste Management, Road Transport Forestry or Fisheries Industries we can show you how to save on ACC levies. Talk to us about completing the application booklet to apply for this discount. It's easy!

## Has Online Buying and Selling Got You Hooked?

If you buy goods online with the purpose of selling them, for example on TradeMe, you could be regarded as being in business and may need to declare sales from online trading. Your tax obligations are the same as if you sold goods in a shop. This is one area that IRD are delving into at the moment. If you have any questions just ask us.

## Parental Leave and Holiday Pay:

Annual Leave entitlement continues to accrue while the employee is on parental leave, as their service is deemed to be unbroken. Normally Holiday Pay is calculated as the higher of either the average weekly earnings for the 12 months before the holiday is taken, or the employee's ordinary weekly pay at the beginning of the holiday. This changes when the employee takes holidays in the 12 months following parental leave. For leave taken within 12 months of return from Parental Leave, payment should be based on the average weekly earnings for the 12 months prior to the commencement of Parental Leave and is not compared to the current ordinary weekly pay. This means that it's more than likely the holiday pay due will be less than the employee is expecting.

## Mixed Use Assets:

Where you have an asset which is used for personal and business use, (eg the family bach), provided it has been 'available for rent' for the whole year, then the related expenses were also claimable for the whole year, even if it was only being rented out for part of the year. From 1 April 2013 where the asset cost over \$50,000 and was not rented for 62 days or more per year, then the expenses will be apportioned. Further there is a loss offset limitation where the gross rental received is less than 2% of the cost price. We will discuss this with those of you affected.

## Better Safe than Sorry .... IRD Audit Activity Increasing

In our practice we have found IRD audits of our clients to be few and far between, and those that are audited generally come out squeaky clean.

**However**, Inland Revenue has received a boost in funding specifically to increase its business audit activity. More businesses and individuals will be subjected to IRD Audit or Reviews (which may lead to an audit).

These audits can be intrusive, time consuming, and expensive to clients even if nothing is found to be wrong.

A new tax audit insurance product called **Audit Shield** has been developed, and is tax deductible for businesses and self-employed clients to provide comprehensive relief from audit, review and investigation costs. Audit Shield covers:

- Our accounting fees in responding to audits, reviews and investigation of your lodged returns, including those from previous years.
- Specialists' professional fees if we need to engage a tax expert or lawyer for an opinion or defence.

Cover starts from as little as \$295 for a business group.

We will be writing to clients early in the new year explaining this and inviting them to consider insurance under our master policy. Clients should not perceive our letter as a suggestion that there is a tax problem, rather that this is a more conservative approach to risk management.

## Vehicle Logbooks:

If you are self-employed please make sure that you are keeping a vehicle logbook to record business km's travelled for 3 months every 3 years, or more often if your pattern of use changes. If you think you may be due to update your logbook, start another or contact us to check.



## We Appreciate Your Business!

We enjoy our association with our clients and hope that you are happy with the service that we provide.

We aim to give excellent service and would appreciate you recommending us to others if you are a 'happy client'. If you are not 'happy' we want to hear about it please.

If you have any questions about your business accounting, or concerns please don't hesitate to bring them up. We want to provide the service you want so long as compliance is achieved.

We are also able to provide many additional services to your business, often for not much additional cost. Things like two monthly reporting, budgeting and forecasting, pricing for the market, and the competition, profit enhancement, setting goals and one off and ongoing problem solving... ACC issues, disputes, advice on efficient computer and admin systems and solutions, payroll, and much more.... Just ask us!



*Note:  
The information contained in this newsletter is of a general nature only and readers are cautioned not to act or rely on it without first consulting a senior representative of this firm for specific advice relative to individual circumstances.*

**Robertson Fulton**  
**CHARTERED ACCOUNTANTS**  
PO Box 9137, Hamilton 3240, New Zealand  
Email: [info@robertsonfulton.co.nz](mailto:info@robertsonfulton.co.nz)  
Ph 07 839 1341  
[www.robertsonfulton.co.nz](http://www.robertsonfulton.co.nz)