

Newsletter March 2012



VISIT www.robertsonfulton.co.nz:
For those of you who have not yet been onto the website please have a look. It has lots of information and copies of newsletters and questionnaires should you want to download them, or just check for information. It also has a list of important dates and useful links, and some interesting staff photos!

EMAIL ADDRESSES:

Please take time to enter your email address on your client questionnaire this year. We want to update this section of the database and fill in all the blanks so that we can use this tool where appropriate to get in touch.

2012 QUESTIONNAIRES:

Enclosed with this newsletter are the 2012 questionnaires and checklists. Please be sure to go through these to ascertain which records you need to bring in with your work and to make sure that you have taken any action at year end that is required, for example, counted stock, and noted lists of debtors and creditors as at balance date. If a question doesn't apply please put "N/A". **It is very important that the completed and signed questionnaires accompany your records into the office.**

DONATION AND CHILDCARE REBATES:

If you are completing your IR526 claim form yourself please note that IRD will not pay out your refund until your Income Tax Return (if you are an IR3 filer) is filed and assessed for that year. This is because legislation now says that you can claim donations to approved charitable organisations up to the limit of your taxable income. There is no other limit. If your tax return shows you have no taxable income or you have a loss, you will not be able to receive a rebate for any donations made in that financial year. Where your income is from wages and salaries only and all taxed at source, the process will not change.

WORKING FOR FAMILIES TAX CREDITS:

There have been **far-reaching changes** to the Working For Families Tax Credits Scheme, mainly in relation to what constitutes "Family Income". The effect of changes will be that many people will find their entitlement is reduced, with some finding they have no entitlement at all.

The changes commenced with effect from 1 April 2011 and will be embodied in the square-up for the current year and onwards. It is important that those who receive WFFTC payments regularly throughout the year review their Family Income when they receive their **Notice of Entitlement for the period 01/04/12 to 31/03/13**, (this is the purple form being issued now by the IRD) and advise IRD if there are any changes. It is **very important that you contact us to help you check what is applicable** in your situation. The new rules are quite far-reaching and will alter what you receive.

You will note that we have prepared a new **Working For Families Information Questionnaire** for use this year. Any clients claiming these tax credits will need to fill this out. You may need assistance in completing the form, so please don't hesitate to give us a call.

ANNUAL TAX RATES FOR 2012:

Individual Taxable Income	Tax Rate
\$0-\$14,000	10.5c/\$
\$14,001-\$48,000	17.5c/\$
\$48,001-\$70,000	30.0c/\$
\$70,001 upwards	33.0c/\$

The Company Tax Rate is 28.0c/\$ and the Trust Rate is 33.0c/\$

KIWISAVER CHANGES:

The government annual contribution, which was previously up to a maximum of \$1,040 per year (\$20 per week) will be halved for the year ending 30 June 2012, with the government now contributing 50c for each \$1 contributed by members to a maximum of \$521.43 per year.

ESCT (employer superannuation contribution tax) will apply to all employers' cash contributions to employees' superannuation funds including KiwiSaver accounts from 1 April 2012. The rate will be equal to the employee's marginal tax rate, which means employees will appear to receive lower employer contributions than they have in the past. They will now be net of tax contributions.

From 1 April 2013:

- The minimum employee contribution rate will rise from 2% to 3% for all members.
- Compulsory employer contributions will rise from 2% to 3%.

ELIGIBILITY FOR STUDENT ALLOWANCES:

Those with children applying for Student Loans and Allowances this year will have noticed that the rules have changed a little. The government has changed the parental income definition to bring it in line with the Family Scheme Income definition for Working For Families Tax Credits. This means that income other than just that on a tax return is now caught in the calculation.

Repayment holidays for overseas based or bound borrowers will be shortened to one year and borrowers will need to apply for a repayment holiday and provide a contact person for those leaving New Zealand from 1 April 2012.

Borrowers won't be able to offset losses against their income to reduce their student loan repayment obligations from 1 April 2012.

Those with a student loan should be aware that the government has introduced several new tax codes for those with loans so that you can choose a code that will ensure the right deduction for the annual income you are likely to earn. All those with a loan must choose a code with SL in it.

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.

HOLIDAY HOMES:

If you rent out a holiday home that is owned by an entity or individuals that are registered for GST there could be a GST problem, so please contact us. Aside from the GST, rents are at first glance taxable income, so please fill in the details in the rental section of the Questionnaires.

IRD FOCUS ON HIDDEN ECONOMY:

The IRD has announced that they will continue their focus on the estimated \$7 billion a year lost in tax revenue as a result of the hidden economy (includes undeclared income from under the table jobs and pocketed cash, on-line trading and criminal activity). In the last two years the government has invested in methods and tools to track and investigate targeted transactions. Information sharing between industry and government agencies is also assisting with this, as is industry benchmarking. The penalties for undeclared income are high. If anyone is unsure about any transactions or situations please contact us to discuss them.

MOTOR VEHICLE LOGBOOKS - ANOTHER REMINDER!!!

A reminder for those of you driving vehicles that have both personal and business use: **You are required to keep a logbook for 3 months, at 3-yearly intervals.** If you haven't kept a logbook in the last three years, please ensure you start keeping one now, recording all business and personal usage in detail for a period of 3 months. You will need to send this logbook to us when it has been completed. (Note that logbooks are not required for company vehicles).

BONDS AND OVERSEAS INVESTMENTS:

The tax rules for overseas investments have become increasingly complex over the last few years, requiring us to spend a lot more time in determining the tax implications. If you have money invested in any overseas company, superannuation scheme or unit trust, it is essential you keep meticulous records. If your investments are managed by a fund manager, please keep ALL correspondence and forward it to us. If not, keep ALL records of income, sales and purchases relating to these investments. It is also essential that you provide us with full information for any bonds, debentures, (whether local or overseas) including full detail of sales and purchases.