

Newsletter March 2013



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.

2013 Questionnaires:

Enclosed with this newsletter are the 2013 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 required action/s at year end, 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. They save us time and ultimately you money!***

2012 Terminal Tax Payments Due 7 April 2013:

Tax Notices will be sent out in mid March to all those needing to make payments.

Student Loan Voluntary Repayment Bonus of 10% Ends 31 March 2013.

If you want to take advantage of this 10% saving time is almost up. Make any voluntary repayments before this date.

Employers Please Note:

- **Some tax codes are changing**, make sure you hold an up to date Tax Code Declaration (IR330) for each employee. Especially where employees have a Student Loan as there are now several tax codes to choose from to ensure deductions are made at the correct rate. If IRD sends you a letter to change a tax code you must make the changes outlined.
- Please note that the **Tax Codes ML and ML SL will not be valid after 31 March 2013**. Employees currently using these codes will have to make a new declaration (IR330) or you should change them to M or M SL (if they have a Student Loan).
- The **minimum rate for KiwiSaver Employee and Employer Contributions rises on 1 April 2013 to 3%**. If an employee is contributing more than 3% no change is needed. You should be deducting Employer Superannuation Contribution Tax (ESCT) from the Employer Contribution each pay period and returning this on the monthly IR 345 schedules filed.
- Where a **new employee is under 18 years of age** you do not have to automatically enrol them in KiwiSaver. They may enrol but the employer does not need to make contributions to their account unless they wish to.
- The **Student Loan repayment rate will change from 10 cents to 12 cents per \$1** from 1 April 2013. Make sure you update payroll software or use the new tax tables to get the new rates.

Other Changes:

Childcare and Housekeeper Tax Credits are no longer available for amounts paid for childcare or to housekeepers from 1 April 2012.

The Tax Credit for Children is replaced with a Limited Tax Exemption from 1 April 2012. 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 where tax has already been paid such as wages through the PAYE system or interest earned with RWT deducted. If the child earns more than \$2,340 of income not taxed at source, the

exemption does not apply and the child must pay tax on the full amount.

Accommodation Allowances:

The treatment of these has been clarified by Inland Revenue. An accommodation allowance counts toward an employee's income and is subject to PAYE. This is the case whether it's paid by an employer on behalf of an employee, paid through an allowance or directly provided by the employer (value is taken at the market value of accommodation provided or paid for). This is generally regardless of whether the employee is maintaining a home at another location. However, in certain circumstances accommodation for overnight and short-term stays by an employee in another location related to the job won't be taxable to the employee.

Payment to employees for their communication costs (including telephone and internet) are taxable in full to the employee except where the private/work portion is able to be separately identified.

Costs of providing clothing for employees is also taxable to the employee unless the clothing is necessary and distinctive to the employee's occupation, eg, uniforms, protective or specialist clothing.

Interesting IRD Statistics:

Some interesting facts and figures are available from <http://www.ird.govt.nz/aboutir/external-stats/> Including:

- Overdue debt is increasing and has been increasing for the last 10 years.
- Resident Student Loan borrowers meeting their repayment obligations is now at an all time high of 97%.
- Revenue received from GST and Company income tax has increased in recent years whilst that from individual tax and other duties has decreased.
- Working For Families Tax Credits is paid to an increasing number of families but the average entitlement has decreased.

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 3 years, please start keeping one now, recording all business and personal usage in detail for 3 months. Send this logbook to us when it has been completed. (Note that logbooks are not required for company vehicles- FBT may be applicable).

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.

KiwiSaver Portfolio Investor Rates:

This is the tax rate at which your KiwiSaver PIE earnings are taxed within the fund. Each year around this time your provider should contact you to check the rate they have for you is still correct. The rate options are:

10.5% 17.5% 28.0%

The rate applicable to you depends on your income in either of the previous two years. Please contact us if you are unsure what rate you should be using. It pays to get it right as if you choose a rate lower than you should we must include the PIE income on your tax return and you will have to pay a top up, but if you choose a rate that is too high, the excess won't be refunded to you.

Assets Where There Is A Change Of Use:

If you have assets that have been used in your business and are now used privately, or the reverse where these were acquired as personal items and are now used in your business, let us know so we can make the adjustments in your accounts and for ongoing GST where applicable.

March Balance Dates Provisional Tax Payments – Need To Review?

We will soon be sending out Tax Notices for the 3rd Provisional Tax payments for the 2013 financial year. If you think your taxable income has changed significantly during the year give us a call and we can review the payment due for 7 May 2013.

Write Off Bad Debts Now:

If you have any debts you think need to be written off, do this prior to 31 March 2013 in your Debtors ledger and you can claim the expense. If you do not write these off before the end of your tax year they cannot be claimed.

Do You Have The Best ACC Cover Option?

We will be contacting many of our company clients who pay shareholder salaries to suggest that the shareholders look at taking up Cover Plus Extra, an alternative product offered by ACC. This has some distinct advantages for some shareholders and self-employed people.

Robertson Fulton
CHARTERED ACCOUNTANTS
PO Box 9137, Hamilton 3240, New Zealand
Email: info@robertsonfulton.co.nz
Ph 07 839 1341
www.robertsonfulton.co.nz