



Horton & Co Ltd
chartered accountants

NEWSLETTER

March 2016

Annual Account & Client Questionnaire

Yes it's that time of year again!!

At the time of your balance date you will receive a Client Questionnaire which needs to be completed to assist with the preparation of your Financial Statements and Income Tax Returns.

Attached to the questionnaire is a copy of your asset schedule (if applicable). Please take a look at this and let us know if any changes or updates are required.

Remember the earlier you get your records to us after your balance date the better, it's much easier to sort out relevant documents and stock on hand now than 6 months or more down the track.

To comply with the Chartered Accountants Australia & New Zealand requirements for account preparation, it is essential that the Client Questionnaire is **signed and returned to us**.

Recent Legislation Brings Changes to Property Sales

A new Act has introduced a bright-line test for residential land. Under this test any property bought on or after 1 October 2015 and sold within two years may be taxable unless one of the following exclusions apply:

- it's the sale of your main home
- it's transferred to you as the administrator/executor of an estate
- you inherited it



Transfers of relationship property also have special rules.

The other existing rules around tax on property come first and then the bright-line test. For example, if the sale is not taxable under the intention test you should then consider if the bright-line test applies.

- Other new legislation focuses on gathering information for tax compliance. From 1 October 2015 everyone who buys or sells land here will now require a New Zealand IRD number.

Once again if you are considering purchasing or selling property we highly recommend that you contact us first to discuss any tax implications that may arise.

Tax



Provisional tax dates for **March** balance date clients:

GST Filing Frequency	Number of Provisional Tax Instalments	Payment Due Dates
One or two monthly	Three Instalments	28 th August 15 th January 7 th May
Six monthly	Two Instalments	28 th October 7 th May

Provisional tax dates for **June** balance date clients:

GST Filing Frequency	Number of Provisional Tax Instalments	Payment Due Dates
One or two monthly	Three Instalments	28 th November 28 th March 28 th July
Six monthly	Two Instalments	28 th January 28 th July

Income Tax Rates for Individuals

The tax rates below apply from 1 April 2015 to 31 March 2016:

<u>Income tax rates</u>	<u>Tax Rate</u>
\$0 - \$14,000	10.5%
\$14,001 - \$48,000	17.5%
\$48,001 - \$70,000	30%
\$70,001 and over	33%
No notification (No Tax code declaration - IR330)	45%

Paid Parental Leave

From 1 April 2016, there are further changes to Paid Parental Leave (PPL).

The amount of Paid Parental Leave that eligible people can take will be extended from 16 weeks to 18 weeks.



Parental leave payments will also apply to more workers.

- More casual & seasonal employees
- Employees with more than one employer
- Those who have recently changed jobs.

If you're self-employed

PPL payments equal your average weekly earnings up to a current maximum of \$516.85 a week before tax. The minimum payment is \$147.50 each week before tax. If you earn less than this, or make a loss, this is what you'll receive. It's equivalent to 10 hours each week at the current minimum wage rate.

If you think you qualify, or want to know more, contact our office.

Minimum Family Tax Credit Increase for the 2016-17 Tax Year

Low-income working families eligible for the minimum family tax credit (MFTC) will receive an increase for the 2016-17 tax year. The MFTC currently guarantees recipients an after-tax income of \$23,036 a year (\$443 a week).

This will increase to \$23,764 a year (\$457 a week) for the 2016-17 tax year, starting on 1 April 2016.

Minimum Wage

From 1 April 2016 the adult minimum wage rate will increase from \$14.75 to **\$15.25** an hour. The starting-out wage and training minimum wage will also increase from \$11.80 to **\$12.20** an hour (80% of the adult minimum wage).

This is a good time to review your staff wages, budgets and payroll compliance.

ACC Levy Reductions

The Government has agreed to the following changes to levies in 2016/17:

- 11% reduction to the average work levy taking it to 80 cents per \$100 of liable earnings
- 4% reduction to earners' levy, taking it to \$1.21 per \$100 of liable earnings
- 33% reduction to combined average motor vehicle levies (the petrol levy and annual licence levy), from an average of \$194.25 currently, to \$130.26 per vehicle

Removal of residual levies

Businesses will now have their levies calculated on recent data around injuries and the chance of injury in their particular industry. So while most will be paying less, some will pay more.

Remember - if you are unsure if your ACC invoice is correct and would like us to check the details, please bring in every page of the invoice (not just the front page).

Bank Accounts

If you have recently or are about to change bank accounts, or open any new bank account can you please let us know. We need to keep our BankLink system as up to date as possible or we may end up missing important information that may affect your GST returns.

Download Your Dividend and Bank Statements

If you no longer get paper bank statements, what would you do if Inland Revenue asked you to supply them?

We suggest, if you don't receive paper copies, download your bank statements regularly onto your computer. If IRD wanted them and you couldn't supply, they'd get them from the bank and guess who would pay.

Dividend Statements and Interest Certificates can also be received electronically. However please bear in mind that we will still require a copy for the end of year processing.

So please print or download these documents or even email them directly to us as soon as you receive them.



Also a reminder if you are storing your records on your computer please ensure your backup and anti-virus systems are adequately in place.

How Are You Managing Your Tax Payments?

With the year flying by so fast, it's amazing how often the Tax / GST payment due dates seem to come around.

If you're having issues balancing your cash flow as it is, it's more important than ever to have a tax plan that suits your business. If you think your situation has changed since we last talked about your provisional tax, please let us know as soon as you can.

For those clients that we prepare GST returns for please take a close look at the cash flow reports that we send as this will be of help with any budgeting.

We want to make sure you don't incur penalties or interest because of late or unpaid tax. We can liaise with Inland Revenue so that managing your tax obligations are more workable for you, and most importantly discuss any issues before they arise.

Health & Safety

The Health & Safety at work Act has come into force on the 4th April 2016. The Act is part of 'Working Safer' and is aimed at reducing New Zealand's high workplace injury & death toll by 25% by 2020. The key emphasis is on everyone in the workplace being responsible for Health & Safety.

The new rules include increased penalties and also expose all company directors to potential personal liability for any health & safety breach. This includes all directors, even if they are not actively involved in the business of the company, or are unaware of the risks.

No business, regardless of the size or level of risk, is exempt from the obligations of the new legislation. We recommend that you familiarize yourselves with the new responsibilities.

For further information please contact us, or go to Worksafe New Zealand's website www.business.govt.nz/worksafe/ and also for farming clients www.SaferFarms.org.nz



Inland Revenue Investigations

The Government has been increasing the funding for Inland Revenue audits and as a result we may see an increase of risk reviews and audits.

IRD are now applying more scrutiny on record keeping, including PAYE and GST records. We know that sometimes people make honest mistakes with these returns. When this happens, we're here to help you get back on track.

Undeclared cash jobs also continues to be a major focus area for IRD.

We are not trying to scare but just make you aware that IRD reviews & audits will become more commonplace than ever.



Website

Remember to take a look at our website www.ljhorton.co.nz as this has many helpful resources, Tax Facts, Key Dates, Internet links and helpful calculators.

Also our client questionnaire is available to download and print if required.

Horton & Co – Staff

Many of you would have already met or spoken to Catherine Tudor who was filling in for Jade whilst she was away on maternity leave.

Jade has now returned part time as a new Mum, and Catherine will join us again this year to help out during our busy time.

***The team at Horton and Co Chartered Accountants
look forward to working with you to help you achieve your business goals in
2016.***

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