



Horton & Co Ltd
chartered accountants



NEWSLETTER

This has been another busy and rewarding year for the team at Horton & Co. The following are a few things we would like to inform you about.

Minimum Wage

New minimum wage rates take effect from 1 April 2012. The adult minimum wage increases to \$13.50 per hour, up from \$13.00. The new entrant's minimum wage and the training minimum wage will increase to \$10.80 per hour, up from \$10.40.

Building Depreciation

Depreciation deductions will no longer be allowed for buildings with an estimated useful life of more than 50 years. This rule change took place from 1 April 2011 and therefore you will see the effect of this in your 2012 Financial Statements. If building owners believe that the estimated useful life of their building is less than 50 years they can apply to the Inland Revenue Department for a provisional depreciation rate. Please contact our office if you have any questions in relation to this.

Employer Changes to Superannuation

From 1 April 2012 any employer paying superannuation contributions will now have to deduct ESCT (Employer Superannuation Contribution Tax) from the contributions they make to your super scheme. This includes employer contributions to KiwiSaver.

The effect is that while the employer will still pay the same amount, part of the payment will be paid to Inland Revenue, and the employee will receive a little less into their super scheme or KiwiSaver account. The amount of tax is generally based on the individual's personal top tax rate. More details are available at <http://www.ird.govt.nz/changes/employers/budgetemployers.html?id=more>. Employees don't need to do anything, but for employers more calculations will be required.

Secure Network

As a lot of you will already know our website www.ljhorton.co.nz is up and running and ready for you all to use. The information is updated on a regular basis and gives you up-to-date data. We have the benefit of a secure network via the website for you to upload information securely to us and vice versa for us to upload information for you to locate. For those of you who have not signed up and would like to, go to the home page and click 'Sign me up', fill in the details and send to us. We will get back to you with login and password details. For those of you who have already signed up, we hope this is working well - any feedback is much appreciated.

Changes to Student Loan and Tax

Currently, tax codes **ML** and **SB** will not have student loan deducted due to the employee's level of income. The new legislation requires that if an employee has a student loan, they need to have a tax code that reflects this, regardless of their income level.

Therefore there are two new tax codes:

ML SL

- Student loan repayment amount is **10%** for every dollar above the threshold (\$19,084 per annum).
- PAYE calculation is the same as the **ML** tax code.

SB SL

- Student loan repayment amount is **10%** for every dollar.
- PAYE calculation is the same as the **SB** tax code.

What this means is employees who are currently on **ML** and **SB** tax codes might have to change on 1 April 2012 to the new **ML SL** and **SB SL** tax codes.

ACC Earners Levy

In addition to the changes to ESCT and Student Loan deductions as outlined above, there will also be a small change to PAYE rates to incorporate the reduced rate of ACC earners levy. The levy has gone from 2.04% down to 1.7%. If you do your wages manually, please make sure you start using the new Tax Tables from 1 April 2012. Those using a payroll software package will receive an upgrade from their provider.

Bringing in your GST Information

Please note that when we ask for GST information for a certain period, for example from 1 January 2012 to 29 February 2012, this means you send in the accounts that you wrote cheques out for during this period. The date on the account does not matter - it is the **date you paid it** that matters! So, check your cheque butts and if the dates fall between 1 January and 29 February, those will be the accounts we need.

BankLink Invoice Plus & Payables Plus

Are you finding it time consuming managing your invoicing and debtors? BankLink's Invoice Plus product can greatly reduce the paperwork for you. Invoice Plus is very simple to operate and allows you to create invoices and quotes with ease.

Payables Plus is the BankLink product to manage your incoming invoices. Again, very easy to operate - no more hunting through cheque butts to see if you have paid an account or not.

If you are interested in using either of these products please talk to our staff.



IRD Numbers for Children

IRD numbers for children must now be obtained from any NZ Postshop or AA Driver Licencing Agent. You must supply the original supporting documentation and one legible photocopy of **either** of the following:

- a) Full New Zealand Birth Certificate;
- b) New Zealand Passport (photocopy pages showing photo, name and specimen signature).

Please advise us of any IRD numbers you obtain for your children so we can update our records.

Scam E-Mails

Beware of scam e-mails sent by people posing as the Inland Revenue Department. Inland Revenue **will not** e-mail you directly, so **do not respond** to any such e-mails. Ensure that you delete the e-mail completely from your computer.



Tax Dates

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 7 th July

Tax Rates

Personal tax rates effective from 1st October 2010 (no change):

<u>Income Band</u>	<u>Tax Rate</u>
\$0 - \$14,000	10.5%
\$14,001 - \$48,000	17.5%
\$48,001 - \$70,000	30%
\$70,000 and over	33%

Employee Dwellings

Please note that GST is not able to be claimed on repairs and maintenance expenditure in respect of your employee's dwelling.

Donations

Avoid getting involved in scams, even if you think they might be helping someone. This includes assisting a charity to dodge GST. For a donation rebate to be allowed, the charity must be approved by the IRD. Make sure your donation is legitimate. Go to <http://www.ird.govt.nz/donee-organisations/> for a list of approved charities.

Client Questionnaire

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.

To comply with the New Zealand Institute of Chartered Accountants requirements for account preparation, it is essential that the Client Questionnaire is **signed and returned to us** along with your end of year papers.

Staff Movement

As most of you know, our receptionist Sharon left us in July and we welcomed Leanne Griffiths to the team. Leanne comes to us from another local accounting firm where she has been managing the administration requirements for a large client base.



The team at Horton and Co Chartered Accountants
look forward to working with you to help you achieve your business goals in 2012.

Contact Details

Address: 331 Devon Street East
New Plymouth

Postal: PO Box 3157
Fitzroy
New Plymouth 4341

Phone: 06 758 7562
or 0800 HORTON (467 866)

Fax: 06 758 2833

Email: admin@ljhorton.co.nz

Leigh Horton leigh@ljhorton.co.nz

Staff:
Leanne Griffiths leanne@ljhorton.co.nz
Elaine Sinton elaine@ljhorton.co.nz
Shelley Connell shelley@ljhorton.co.nz
Kerry Paton kerry@ljhorton.co.nz
Anne Farr anne@ljhorton.co.nz