



Horton & Co Ltd
chartered accountants

NEWSLETTER



MARCH 2013

Looking Back

The past year has been another busy and rewarding year for the team at Horton & Co with a 100% filing rate with the IRD. We thank you all for your co-operation in providing your year-end data well in time which helped us achieve the 100% filing rate.



100% Filing Rate - time
for a cuppa

Looking Forward

For the year forward the following are a few things we would like to inform you about.

Minimum Wage

The minimum wage rates are reviewed every year. From 1 April 2013, the adult minimum wage will increase from \$13.50 to \$13.75 an hour. The training and new entrants' minimum wages will increase from \$10.80 to \$11 (or 80 percent of the adult minimum wage)

Employer and Employee Changes to Kiwi Saver

The default and minimum employee contribution rate will increase from 2% to 3% for payments of salary and wages for pay periods that start on or after 1 April 2013. The 3% contribution rate will apply to existing members currently using the 2% minimum or default rate, and to all new members who join the scheme after that date.

Employees still have the option to select a higher contribution rate of 4% or 8% and employees already contributing at these higher rates will continue to do so.

The new compulsory employer rate of 3% applies for payments of salary and wages for pay periods that start on or after 1 April 2013. More details are available at <http://www.ird.govt.nz/technical-tax/legislation/2012/2012-88/2012-88-kiwisaver/2012-88-employee-and-employer/>. Employees don't need to do anything, but for employers new calculations are required.

Changes to Student Loan and Tax

Repayment rate increase: From 1 April 2013 the repayment rate for standard student loan deductions will increase from 10% to 12%

Voluntary repayment bonus repealed: The voluntary repayment bonus will be removed from 1 April 2013. Any extra repayments made for student loan obligations between the 2010 to 2013 tax years (1 April 2009 to 31 March 2013) may still qualify for the bonus.

Extra repayments made from 1 April 2013 for obligations for the 2014 tax year onwards will no longer qualify for the bonus. However, these additional repayments will still help you pay off your student loan faster.

Adding "SL" to your tax code: If you have a student loan and are earning salary or wages in New Zealand, you need to add "SL" to your tax code regardless of how much you earn, unless you have an exemption. This will ensure you're making the right repayments toward your student loan through your pay.

Inside this Issue

- Minimum Wage Rate
- Employer and Employee Changes to Kiwi Saver Contributions
- Student Loans and Tax
- Employment of School Children
- Companies Office Fees
- ACC
- Submission of GST return information
- Scam emails
- BankLink
- Our Website
- IRD numbers for children
- Private Vehicle Purchase
- Tax dates
- Tax rates
- Employee Dwellings
- Donations
- Client Questionnaire
- Staff Movement
- Contact details

Employing school children

From 1 April 2013 you must deduct PAYE from salary or wages or deduct tax from schedular payments made to school children. The details will need to be included on your *Employer monthly schedule (EMS/IR348)*. They will need to complete a *Tax code declaration (IR330)* form by 1 April 2013 and give it to you so you can apply the correct tax rate. If your employee is a Kiwi Saver member you may also need to start making employee deductions at 3% of gross salary or wages. If the employee is less than 18 years old, you don't need to make employer contributions.

Companies Office fees for Annual returns

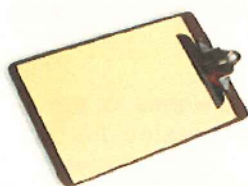
On 1 August 2012 the Companies Office re-introduced a fee for the filing of an Annual return. The new annual return fee is \$45.00 which includes GST. When we file your Annual Company return, we will pay for this fee as it is payable immediately on filing the return. The fee will appear on our next invoice to you under the heading of Disbursements – Company office fee.

ACC Earners Levy

There is no change in the ACC levy rate for the tax year starting 1 April 2013. The earners' levy is set at \$1.70 (GST inclusive).

Bringing in your GST Information

Please note that when GST Return information is due for a certain period, for example from 1 January 2013 to 28 February 2013, this means you send in any invoices or receipts for transactions on your Bank statement up till the 28th February 2013. The date on the account does not matter - it is the **date you paid it** that matters.



GST return information as per
Bank statement

Private Motor Vehicle purchase - GST treatment

The legislation around GST relating to private motor vehicle purchase has changed. Previously the full amount of GST could be claimed at the time of purchase, and an adjustment was done in each GST Return to account for private use. Now when you purchase a private motor vehicle, the GST claim is limited to the percentage of business use that actually takes place. For most clients this will be 25%. If you think your business use is in excess of 25%, then a log book must be completed. These rules also apply to any other private asset purchase which has a percentage of business use.

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 for creditors. 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.

Another very important BankLink matter: Please inform us immediately when you change your business bank account or add any new business bank accounts so we can arrange for the Bank Authority forms to be processed as soon as possible.



IRD Numbers for Children

IRD numbers for children must now be obtained from any NZ Postshop or AA Driver Licensing 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 or your Bank. Inland Revenue will not e-mail you directly, and Banks do not send e-mails asking for passwords or confirmation of sensitive information. So do not respond to any such e-mails. Ensure that you delete the e-mail completely from your computer

Website

We would like to remind you of our website **www.ljhorton.co.nz** where you can find useful resources such as:

- Calculators
- Key Tax payment dates
- Tax facts
- Internet Links, and so forth

In addition, you can also access and print our client questionnaire and access archives of previous newsletters.



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 28 th July

Income tax rates for individuals

The rates below apply from 1 April 2013 to 31 March 2014.

Taxable income	Income tax rates for every \$1 (excl. ACC)	PAYE rates for every (incl. ACC)
up to \$14,000	10.5 cents	12.20 cents
from \$14,001 to \$48,000	17.5 cents	19.20 cents
from \$48,001 to \$70,000	30 cents	31.70 cents
\$70,001 and over	33 cents	34.70 cents
No notification**	45 cents	46.70 cents

** Employers are legally required to use the no notification rate when an employee does not fully complete the Tax code declaration (IR330). A completed form must include name, IRD number and tax code. The form must also be signed

Employee Dwellings

Please note that GST is not claimable 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

After seven years with us Kerry has moved on and we welcome Jade Egan to our team. Jade is a recent graduate from Massey University.



The team at Horton and Co Chartered Accountants
look forward to working with you to help you achieve your business goals in 2013.

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@jhorton.co.nz

Leigh Horton leigh@jhorton.co.nz

Staff:
Leanne Griffiths leanne@jhorton.co.nz
Elaine Sinton elaine@jhorton.co.nz
Shelley Connell shelley@jhorton.co.nz
Anne Farr anne@jhorton.co.nz
Jade Egan jade@jhorton.co.nz