



**Horton & Co Ltd**

chartered accountants

# NEWSLETTER

## March 2017

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 it is six 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**.

During the month of April we are upgrading our office software to a new and improved version of MYOB Accountants Office. This will allow us to keep updated with ongoing technology changes. We expect to have very little interruption to clients during the installation process.

As an office we aim to move with the times towards a "paperless office". This means that we will be emailing more correspondence such as GST reminders, cash flow reports etc. However this does not mean to say that this is your only option - if you still prefer the paper reports just let us know.

Tax Payment Reminders – Please be aware that the Inland Revenue Department have again started sending out tax payment reminders. We will also continue to send out our letters to remind you of payments that are due, please bear in mind our letters will be the most current.



Many of you will have received notification from IRD of improvements to your "myIR" online viewing, filing and paying of GST. If Horton & Co are currently filing GST on your behalf, this will not change. You will continue to receive notification from us as to how much your payment is and when your payment is due.

Faster GST Refunds – Inland Revenue will now provide any GST refunds by direct credit to a taxpayer's identified bank account, resulting in faster refunds. Therefore it's important that Inland Revenue has your correct banking details, we can check or update this for you.

You will only receive a GST refund cheque if Inland Revenue do not have your bank account details.

Inland Revenue are planning further major online upgrades to the tax system which started with GST and will continue in the next few years with PAYE and Income Tax, we will keep you informed.

## Tax



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

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

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

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

## Income Tax Rates for Individuals

The tax rates below apply from 1 April 2017 to 31 March 2018:

<b><u>Income tax rates</u></b>	<b><u>Tax Rate</u></b>
\$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%

## 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 from suppliers. Again, very easy to operate.

Both of these products are designed for business owners who want to manage their debtors and creditors, but without the complexity of a full cashbook.

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

## Minimum Wage & Employer Obligations

From 1 April 2017 the adult minimum wage rate will increase from \$15.25 to **\$15.75** an hour. The starting-out wage and training minimum wage will also increase from \$12.20 to **\$12.60** an hour (80% of the adult minimum wage).

PAYE records are currently a hotspot for Inland Revenue. With advances in online systems and future compliance changes ahead it may be time to review your systems.

In order to be are compliant with basic employment obligations you must keep written Employment Contracts, time sheets and holiday or leave records.

## Minimum Family Tax Credit

If you are a working family on a low income you are guaranteed a minimum level of income.

Low income working families eligible for the Minimum Family Tax Credit (MFTC) will receive a guaranteed after-tax income of \$23,764 a year (\$457 per week).

## ACC Levy Rates



After consultation the Government has confirmed the following for 2018 and 2019:

- A 10% decrease in the average Work levy, paid by employers and self-employed.
- Maintaining the Earners' levy at \$1.21 per \$100, paid by everyone in the workforce.
- A 13% reduction in the average Motor Vehicle levy, paid by motor vehicle owners.
- Reducing the petrol levy by 13% from 6.9 cents per litre to 6.0 cents per litre.

Under the new biennial approach to levy setting, these levy rates will apply for a two year period, with reduced work levies taking effect from 1 April 2017, and reduced motor vehicle levies from 1 July 2017.

Remember - if you have a query about your ACC invoice and would like us to check the details, please bring in **ALL** pages of the invoice (not just the front page).

## Bank Accounts

If you have recently changed or are about to change bank accounts (or open a new bank account) 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.

## Legislation Around Property Sales

Last year a new Act 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 are applied 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 will apply.

A reminder about other recent legislation - from 1 October 2015 everyone who buys or sells land in this country will need to have a New Zealand IRD number (including trusts).

Once again if you are considering buying or selling property we strongly advise that you contact us first to discuss any tax implications that may arise.

## Download Your Dividend and Bank Statements

If you no longer receive 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.

## Health & Safety

The Health & Safety at Work Act came into force on the 4<sup>th</sup> 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.

No business, regardless of the size or level of risk, is exempt from the obligations of the legislation. We recommend that you familiarise yourself with these responsibilities.

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



## 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 you as these 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.

## 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 continue 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.



## Excise Duty Refunds

If you use petrol off-road you may be eligible to claim a refund of the excise duty. Currently this payment is 66 cents per litre.

If your business uses Farm bikes, generators, chainsaws etc. you will likely be able to make a claim.

Please get in touch with us if you would like further information.



## Website

Remember to take a look at our website [www.ljhorton.co.nz](http://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.

***The team at Horton and Co Chartered Accountants  
look forward to working with you to help you achieve your business goals in  
2017.***

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