

# NEWSLETTER

## Client information request



RPL ACCOUNTANTS LTD

Dear Clients

It is now time to make a start to prepare your tax and related financial information to give to us so that we may complete your 2014/15 annual accounts, income tax returns and related matters.

We do appreciate your continued loyalty and look forward to being of service to you again this year.

In compiling this information we hope the following check list will be of assistance.

Your 2014/15 financial year-end task list			
Task	What is it?	What you need to do	By when
Complete the personal tax information checklist	An overview of your personal tax situation, including any offshore investments	Complete the form; send to us If you have offshore investments, complete the supplementary forms as well	As soon as you have received all your relevant information
Complete the business tax information checklist	A list of all the year-end information you need to prepare for us, plus some questions about your business.	Assemble all your 2014/15 source data; complete the checklist to ensure you have included all the correct information; answer the questions; send or deliver the checklist and your information to us.	When you complete your last GST return for the year
Fill out home office claim (if applicable)	Details on home office space and deductible household expenses	Please download this form from our website, complete and return to us with your accounts.	

## Recent and Proposed Tax and Business Changes

### Income Tax Refunds

Inland Revenue ("IRD") has advised that in future it will only issue income tax refunds by direct credit so please will you advise your preferred bank account number and account holder to which any income tax refund is to be paid. We will enter these details on to your 2015 income tax return. If you have changed banks or changed accounts please let us know your new account number and the name of the account holder.

## **Payments to Inland Revenue**

All payments of taxes must be made to IRD on or before the due date. If you post any cheque you must allow for sufficient time for this to reach IRD. (IRD advise at least 3 days but we recommend you allow at least 5 working days.) If you pay using your bank's on-line payment process please ensure that if you are paying on the day the payment is approved prior to your bank's cut off time which is generally 10pm but this can vary so please check with your bank.

Please note that payments may still be made at Westpac bank but Westpac advise that they will no longer accept cheques. You may also pay at any IRD office but in a number of cases these offices will not be able to accept cash.

## **Employee allowances**

Legislation enacted on 30 June 2014 clarifies when accommodation and employee allowances are non-taxable. Most of the new rules come into force from 1 April 2015 but employers who meet certain criteria may be able to apply some of the new rules from 1 January 2011. There have been changes to the tax treatment of the accommodation, meal and clothing allowances that you may provide your employee(s).

We suggest that you use the IRD *Employee accommodation and meals calculator* at <http://www.ird.govt.nz/calculators/tool-name/tools-e/calculator-employee-accomm-meals.html> to help you work out whether employee accommodation and meals you provide are taxable or not.

To find out more about these changes, including if you can retrospectively apply the new rules, go the IRD website <http://www.ird.govt.nz/payroll-employers/make-deductions/staff-benefits/allowances/>.

## **Research and Development Expenditure**

Legislation is currently working through Parliament which will allow certain "black hole expenditure" which previously had not been able to be claimed, to be recognised and a deduction allowed. We will advise further on this matter.

There is also a proposal to allow for a cash out ability for R&D intensive companies which will enable these start-up operations to cash up their tax losses at the company rate up to a maximum of \$500,000 in the first year and \$300,000 in each of the succeeding 4 years with a total maximum claim of \$2 million.

## **Use of money interest**

The use of money interest (UOMI) rates on underpaid and overpaid tax will increase on 8 May 2015. This is the first change to the UOMI rates in three years. The new rates will be:

- Underpayment rate: 9.21% (*currently 8.40%*).
- Overpayment rate: 2.63% (*currently 1.75%*).

## **ACC levies**

The average ACC work levy, paid by employers and those self-employed, decreased on 1 April 2015 to 90 cents per \$100 of liable earnings (down from 95 cents). From 1 July 2015, the average ACC motor vehicle levy will reduce by around \$135 p.a.

## **Minimum wage**

The adult minimum wage increased from \$14.25 to \$14.75 an hour on 1 April 2015. The starting out and training hourly wage increased to \$11.80 an hour. This is set at 80% of the adult minimum wage.

## **Special Purpose Reporting for Companies**

As from the financial year commencing 1 April 2014 most companies will be able to elect to prepare accounts in compliance with the Financial Reporting Act. However Inland Revenue have stipulated certain minimum criteria and these are incorporated into the Special Purpose Financial Reports which we can prepare for your company. To enable this to happen the directors will need to resolve that Company Special Purpose reports are prepared.

Full reporting is required for any company with sales in excess of \$30 million p.a. or assets in excess of \$60 million.

## **Debt Remission**

IRD plan to introduce legislation in the foreseeable future which will clarify the tax position when a company which has a debt owing to shareholder(s) is wound up and the debt is not repaid. Previously IRD had expressed the view that capitalising this debt prior to winding the company up constituted tax avoidance. The legislation will ensure that when a company is wound up with debt owing to shareholder(s) there will be no debt remission income. The legislation will be back-dated to 2006.

## **Parental leave**

On 1 April 2015, paid parental leave increased from 14 weeks to 16 weeks. This will increase again on 1 April 2015 to 18 weeks. The parental tax credit for lower-income families increased from \$150 a week to \$220 a week on 1 April 2015. The entitlement for this credit increases from eight weeks to 10 weeks.

## **Student loan annual rates for 2015-16**

The annual review of student loan interest, repayment threshold and significant over-deduction rates has been completed. All rate changes take effect on 1 April 2015.

### ***Interest***

The interest rate applied to all student loans has decreased from 5.5% to 5.3%. Interest is applied to all student loans. If you're a New Zealand-based borrower, this is automatically written off.

### **Repayment thresholds**

The annual repayment threshold remains at \$19,084 for income other than salary or wages. The pay period repayment threshold for salary or wages is \$367 per week.

## **Doctors' visits**

Free doctors' visits and prescriptions for children aged under six will be extended to most children aged under 13 from 1 July 2015.

## **Benefits and superannuation**

Benefit and superannuation payments increased on 1 April 2015 in line with inflation

## **KiwiSaver Home Start package**

The Home Start package doubles the support for first time house buyers when buying a new home and increases the house price limits available. It also enables larger withdrawals from KiwiSaver for first-home buyers by including the member's tax credit. The Home Start package came into effect on 1 April 2015.

## **Clients trading online**

Do you conduct some or all of your business online? If so, IRD have produced a factsheet *Online trading tax implications (IR 1022)* designed to help you understand your tax obligations. The IR 1022 gives pointers on taxes, paperwork and residency implications. It's a quick read aimed at getting online traders on the right track. You can ask us for a copy or go to [www.ird.govt.nz](http://www.ird.govt.nz) (search keyword: IR1022 and download one yourself).

*If you think you may be affected by any of the above changes then please contact us to determine what if any tax consequences these may have for you.*

## Help us to help you

### **Letter of engagement and terms of trade**

We are obliged as members of CAANZ to have a signed engagement letter from you before we are able to commence any work for you, your company or your trust.

If you have not already signed and returned to us a Letter of Engagement can you please either download one from our website or contact us and we will send one out to you.

### **Personal tax information checklist**

This form asks for details on your personal tax situation and must be completed if you need us to prepare your personal income tax return for you.

In addition, there are supplementary forms to be completed if you have overseas investments. If you do have such investments then please send the completed forms to us, along with your personal tax information. These forms can either be downloaded from our website, or you can phone us for a copy.

If you receive dividends, the share registries offer a service (for a small fee) to compile a list of dividends and interest paid to you. If you are not sure that you will be able to compile this information yourself, we encourage you to consider making use of this service as it will likely save time in the preparation of the tax returns.

### **Business information checklist**

The checklist is a prompt to make sure you have assembled all the necessary information in the right format. If you provide full and accurate information at the outset, we will be able to complete your accounts more efficiently – so it is worth taking the time to go through this checklist carefully.

### **Home office claim form**

As these costs do change from year to year particularly with recent increases in rates, water, power charges and insurance, it is not only important but in your interest to complete this form and provide a copy to us. You can download this form from our website, or phone us for a copy.

### **Website**

[www.rplnz.com](http://www.rplnz.com)

The website contains updated information and certain forms that you may need. Please check this out from time to time.

We again look forward to helping you wrap up this past financial year and plan for the coming year. Please don't hesitate to contact any of us if you need help compiling your year-end information.

Kind Regards from Ben Lim, Lynne Reindler, Tony Caughley and the team at RPL.

### Contact Details

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