

# 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 2015/16 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 2015/16 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 2015/16 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 2016 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.

## **Use of money interest**

New use of money interest (UOMI) rates on underpaid and overpaid tax come into force on 8<sup>th</sup> May 2016.

- Underpayment rate: decrease from 9.21% to 8.27%
- Overpayment rate: decrease from 2.63% to 1.62%

## **ACC levies**

The average ACC work levy, paid by employers and those self-employed, decreased on 1 April 2016 to 80 cents per \$100 of liable earnings (down from 90 cents). Since 1 July 2015, the average ACC motor vehicle levy rate has been \$195 p.a.

## **Minimum wage**

The adult minimum wage increased from \$14.75 to \$15.25 an hour on 1 April 2016. The starting out and training hourly wage increased to \$12.20 an hour. This is set at 80% of the adult minimum wage.

## **Bright-line Test for Residential Land**

The Bright-line Test for Residential Land was introduced in November 2015, which introduces a new bright-line test for residential property. Under this test any property bought on or after 1 October 2015 and sold within 2 years may be taxable unless one of the following exclusions apply:

- it's the sale of a main home
- it's a transfer on death of a person to the executor or administrator of the estate
- it was inherited.

## **Cash Sales**

The IRD continues to focus on ensuring cash jobs are declared for GST and income tax. It is important to ensure you have adequate record keeping and apply good practise for cash sales. The consequences of not declaring income can include tax penalties as well as criminal convictions.

Please remember to include cash sales in the information you provide to us, and contact us should you have any questions in this area.

## **Health and safety at Work Act 2015**

On the 4th April 2016 the Health and Safety at Work Act 2015 came into force. The Act places obligations on everyone in a work place to take care of their own health and safety, and the health and safety of others. The Act places responsibility for these duties on:

- the person conducting a business or undertaking (PCBU), which includes the sole trader, the partnership or the company,
- officers of the PCBU such as directors and chief executives,
- workers and contractors, and
- other people at a workplace, including visitors.

## **Special Purpose Reporting for Companies**

As from the financial year commencing 1 April 2014 most companies have been able to elect to prepare accounts in compliance with the Financial Reporting Act.

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

## **Parental leave**

On 1 April 2015, paid parental leave increased from 14 weeks to 16 weeks. This increased again on 1 April 2016 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. The maximum weekly rate payable for eligible employees and self-employed parents increased from \$504.10 to 516.85 gross per week.

## **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 5.3% to 4.8%.

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. Not all GPs may provide free visits, so check with your GP first.

## **Benefits and superannuation**

Benefit and superannuation payments increased on 1 April 2016 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.

*If you would like more information about, or 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.

## Changes at RPL

There have been some recent changes at RPL. In September last year Peter Woodhead joined the practice as a director working with Tony Caughley's clients, as Tony moves into retirement. Even though Tony is retiring he is still working closely with Peter over the coming months to ensure a smooth transition for clients. We are also delighted to announce that from April 2016 Jing Wu has been appointed as a director at RPL.

Please don't hesitate to contact any of us if you need help compiling your year-end information, or in planning for the coming year.

Kind Regards from Ben Lim, Lynne Reindler, Peter Woodhead, Jing Wu and the team at RPL.

## Contact Details

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