

Accountable News

May 2008

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Kiwisaver Update

As you may well be aware, some time ago Parliament passed new legislation to make compulsory employer contributions part of the Kiwisaver law from the 1st April 2008.

This means that from this date all employers, who employ people that are enrolled in Kiwisaver, will have to make a compulsory contribution of 1% of the employees salary/wages, increasing by 1% each year over the next four years. This will mean that by 2011 employers will have to contribute 4% of their employees salary/wages into their Kiwisaver accounts.

ACC Reminder

We would like to remind our clients that IRD are not the only people you must contact once your business has ceased. There is a tendency for business owners to assume that once IRD have been notified ACC will be also be aware.

Unfortunately this is not the case. It is up to you to make all the necessary notifications. You can contact ACC either by phone or by completing a form - ACC1765. This will enable ACC to work out how much levy you have left to pay or if you are entitled to a refund.

Changes to PAYE forms

For those of you who are employers, you will have noticed some change to your PAYE forms.

To help employers with the extra cost of the employer contributions, you will be aware that the government will also contribute an Employer Tax Credit of up to \$20 per week for each employee enrolled

Quote

"It is hard to believe that a man is telling the truth when you know that you would lie if you were in his place."

-H. L. Mencken



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Business Tip

Taking the time to listen to customer complaints is time well spent. Unhappy customers can help you identify and correct problems with your products or services.

in Kiwisaver. This will offset the initial 1% contribution for employees earning up to \$104,000. This credit is claimed through your PAYE forms, via the addition of some new boxes on these forms.

Inland Revenue has been sending out updated information packs to employers lately. If you have not received yours yet, you can contact IRD for an updated version which take into account these changes, and also provides some worked examples to make it easier to understand. If these have not helped, feel free to give our own Kerry Adams a call, and he can talk you through the new forms.

We can also offer you a Payroll service, "Payroll Extreme". This can take away the added compliance cost of the Government changes, leaving you with more time to be 'hands on' in your business, instead of being stuck doing the added paperwork. If you are interested in having us take your payroll processing off your hands, please contact Kerry Adams for more information.

Telstra Clear

It seems we were let down by our internet service provider on Friday, the 18th of April. A car versus pole incident meant we were without internet for close to 24 hours. Obviously this is out of our control. However, we were disappointed to learn that the fiberoptic cable providing Telstra's service are overhead not underground as we had been led to believe. Making us vulnerable to an incident such as the one which occurred. We also discovered, after internet was restored, that despite our instructions to Telstra to set up a full back-up system they failed to do it. As a result we have not received any emails sent to us during the blackout period of 2.15am to Midnight on Friday 18 April.

We apologise for any inconvenience this may have caused you.

Price Increase

Welcome to the new financial year. It is pleasing to see so many records already being brought in to us. We look forward to working with you all again this year and we welcome those clients new to our firm.

It is with regret that we must take this opportunity to inform you all that an increase in our prices will be unavoidable this year. With the continuing increase in International Accounting salaries we must be competitive if we are to retain our staff. The upside of this for you, our clients, is that this puts us in the best position to offer you a continuity of care. With a stable environment in place of good, reliable and qualified staff we can remain out our peak to provide you with the best service.

Foreign Share Investment Returns

You may have heard in the media lately that Inland Revenue and the Government have made some changes relating to foreign share investments. If you hold shares with a collective value of \$50,000 or more in certain overseas shares then this will effect you.

Under the new rules, investments in Australian-resident companies listed on an approved index of the Australian Stock Exchange, such as the All Ordinaries index are exempt from the new rules, but it is important to check this.

If your investments do fall within the new rules, there will be additional information required for completing your tax return.

Some of the new information required will be the total value of the shares held, the amount of time they have been held for and the market value as of 31st March each year going forward for which the shares are held.

As you can see, this places additional compliance burdens on you, the New Zealand tax payer.

If you think that you may be caught by this new legislation we can help relieve some of this burden for you. The best option for you is to contact us, and we can take a look at the shares you hold, to determine what further information will be required.

GST late filing penalties

New legislation has been introduced to 'encourage' people to file their GST returns on time and penalise those who are late. From 1 April 2008, if a GST return is filed late then you will be charged a late filing penalty. (IRD allow one late return, then you will be charged EVERY time after that).

The amount of the penalty will be \$50 if you use the payments basis or \$250 if you use the invoice or hybrid basis. (you can check this by looking on your GST return in the top left part of the grey box.)

This penalty will be charged regardless of whether you are due a refund or have GST to pay, unlike the current late payment penalties. To help you file your return on time Inland Revenue Department offers online filing GST returns services. You would able to file your GST returns online through the IRD website to make sure your return gets to Inland Revenue on time.

Alternatively we can take care of your GST filing on your behalf, and give you more time to focus on what you are good at, instead of the book work. We have a number of options available to help you, so feel free to give us a call to see which suits you best.

If we already prepare GST returns for you, please ensure you provide all the records to us as soon as possible following the end of your GST period, ideally within two weeks at the most, so that we can help you to file your GST returns on time and avoid the penalty charge.

Don't get caught out by the changes!