

Accountable News

Quote

“The important thing is this: To be able at any moment to sacrifice what we are for what we could become.”

**Charles
Dubois**

DODD & ASSOCIATES LTD



Chartered Accountants

Business

Tip

Pay attention and when you catch someone doing things right, recognise those specific achievements and their impact on the organisation.

Daily Tax Briefing

DAA's Daily Tax Changes Briefing has been running successfully for two weeks now and the response has been fantastic! For those of you that have not yet logged into one of our daily online briefings we strongly recommend you do so. Each morning at 10.30am one of our staff give an overview or "heads up" on changes in Income Tax and/or GST law and practice or issues that have come to our attention in the last 24 hours. These sessions are short and sharp and run for 5 – 15 minutes. To login simply go to our website www.doddonline.com and click on the link under 'Tax Updates'. It couldn't be easier, check one out today!

Earthquake Assistance

If you have been affected by the recent earthquake the following are key things to think about:

1. Lodge your claim with the Earthquake Commission (EQC) for personal damage if you have not done so already;
2. If you are struggling to pay taxes because of damage contact us immediately and we can negotiate with IRD for relief from any penalty charges they might impose. IRD will be flexible but it is on a case by case basis;
3. If you are waiting on a GST refund and need the money urgently contact us and we can ask IRD to expedite the releasing for that refund. Must be able to show earthquake affects first however.
4. Insurance proceeds for business losses or damage is subject to GST and likely to be taxable income. If you receive such payouts contact us so that we can confirm the tax implications for you.
5. EQC or insurance payouts for residential property investors may be taxable income. If you receive such payouts contact us so that we can confirm the tax implications for you.
6. If a member of Kiwisaver and you need extra money consider applying for a contributions holiday which can range from 3 months to 5 years.
7. If your income as a result of the earthquake is going to be substantially different to the previous year contact us as you may be able to estimate your provisional tax and adjust the current level of payments you have to make.
8. If you are receiving Working for Families Tax Credits consider what your income was previously as compared to now. You may be being underpaid or overpaid. This needs to be adjusted with IRD if impacted significantly.

The most important aspect of the recent earthquake is that if you are affected in any way you should be talking to us so that there are no unforeseen tax issues further down the track. It is better to review and plan for the tax consequences now rather than wait to later when they arise and come as a surprise.



Online Seminars

Many of you took us up on the opportunity of attending our free online GST Rate Change Seminar. Judging by the feedback those that attended were extremely impressed and benefited hugely from the information provided. If you are still grappling to come to terms with the GST change and regret not attending our seminar contact us now! We have a recorded version of the seminar available at no cost.

Furthermore we are looking to increase our use of this fantastic online technology so if you have a suggestion for a topic you would like explained further let us know. We already have a number of ideas so stay tuned for future emails advertising more exciting online seminars hosted by the DAA staff!

Budget 2010 RWT Rate Changes

The RWT rates were aligned with the 1 October 2010 income tax rate changes in the Budget. For most individuals who had good reason to elect lower rates these changes will not affect your overall tax to pay unless your level of income increases. However, Trustees need to reassess their rates if they elected anything lower than 33%.

For trusts that treat the trust income as trustee income the trustee income tax rate is not changing. For trustees of most trusts such as family trusts there is likely to be a tax shortfall. Call us if you need help deciding on an appropriate RWT rate.

Type of Investor (NZ tax resident)	RWT until 30/09/10	RWT from 01/10/10
An individual who elected the 12.5% RWT rate before 1 October 2010	12.5%	10.5%
A trustee who elected the 12.5% RWT before 1 October 2010	12.5%	10.5%
An individual or trustee who elected the 19.5% RWT before 1 April 2010	21%	17.5%
An individual or trustee who elected the 21% RWT before 1 October 2010	21%	17.5%
An individual or trustee who elected the 33% RWT before 1 April 2010	33%	30%
An individual, trustee or company who elected the 38% RWT rate or 39% RWT rate before 1 October 2010	38%	33%

Gift Duty

It has been mooted by the government that they are considering abandoning gift duty except in some rare exceptions. We would welcome this as something long overdue. There was a time when gift duty served a purpose of shoring up the then in force estate duty regime but estate duty has been gone for some years now yet gift duty remains.

A quick summary is that any gift or total of gifts in any 365 day period that exceeds \$12,000 must be notified to Inland Revenue and if the total exceeds \$27,000 gift duty is payable. So the \$27,000 is an exemption level and because it is at such a low level it represents a significant and unnecessary compliance cost for a large number of taxpayers.

We note that successive governments have failed their responsibility to the people of New Zealand to keep this exemption level up with inflation. Way back in the year 1909 the exemption was £1000 and that was every six months so it was therefore £2000 in one full year. If that had kept pace with inflation from that time according to the Reserve Bank calculator the current exemption level would be over \$298,000. If you happen to be talking to your MP tell them what you think of this government inaction.

Paying IRD by Debit or Credit Card

You may not be aware but you can now make all online payments to IRD with a Visa or MasterCard credit or debit card. There will be a convenience fee of 1.42% per transaction for providing this service, except for payments made from overseas for student loans and non-custodial child support payments. The transaction will show as an item on your credit or debit card statement showing how much you've paid to Inland Revenue (displayed as 'IRD Payment'). The only information the Inland Revenue Department will receive is your IRD number, transaction amount, the amount of the surcharge (if applied) and the period the payment applied to.