

# OnBalance

Local News, Views & Updates from PKF Carr & Stanton Ltd

# PKF

Accountants &  
business advisers

Autumn 2010

## Online Questionnaires

It's that time of the year again when we ask you to complete an annual questionnaire.

This year we are trialing a new web-based format for some clients. For those clients with March balance dates, you may receive an email from us shortly advising that your online questionnaire is ready to be completed. Clients with balance dates other than March will receive an email prior to their balance date.



The benefits of the new online questionnaires are:

- It saves you time – you won't have to sift through numerous questions – instead you only answer the questions that are relevant to you.
- It's intuitive – driven by your answers, a personalised checklist of the records we need will be created for you.
- It helps us to prepare – before you bring in your records we can review your questionnaire and be better prepared when we meet with you.
- It's secure – access is restricted to you and us and nobody else.
- It remembers – all pertinent information is stored making your questionnaires even easier to complete next year.

Should you have any questions about the online questionnaires, or if you have recently changed your email address, please contact us on (06) 876 8124 or email [admin@pkfcs.co.nz](mailto:admin@pkfcs.co.nz)

## Budget – May 2010

The Budget to be released on 20 May 2010 has been signalled as critical to the economic outlook of the country.

From a tax perspective, the Budget is likely to contain the most significant changes to the tax system in 20 years.



The significant areas the Budget could address are:

- An increase in the GST rate to 15%.
- A reduction in the top personal tax rate from 38% to 33%.
- A reduction in tax for lower income earners to offset the GST increase and compensation for beneficiaries and superannuitants.
- A restriction on deductions for those who have invested in rental properties.

These speculated changes do not require major amounts of tax legislation and are essentially only rate changes, therefore they may come into effect quicker than you may expect.

We will be publishing a Special E-Newsletter soon after the budget announcement. If we don't have your email address, and you would like to receive a copy, please notify us on [admin@pkfcs.co.nz](mailto:admin@pkfcs.co.nz)

*The Tax Fax enclosed, neatly summarises current tax and business information relevant to people in business.*

## What can we do for you?

### Planning & Advice:

- Tax planning
- Asset protection and succession planning
- Exploring opportunities overseas
- Trusts
- E-commerce
- New business set-up and advice
- Organising and assisting with loan finance
- Feasibility studies
- Business plans
- Budgeting and cashflow forecasting
- Advice on buying or selling a business
- Valuations of shares and business
- Business structures and company formation
- Matrimonial property dissolutions
- Employment incentives, contracts and redundancy
- IRD investigations and audits
- Company taxation, dividend and imputation credit issues

### Computer Services:

- Supply, installation and support for accounting software packages
- Systems evaluation
- Computer hardware support

### Ongoing Support:

- Business management support and advice
- Monthly and periodic reporting
- Cost and management accounting
- Preparation of annual financial statements
- Tax accounting and compliance
- GST and FBT return preparation

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# Minimum Wage Rate Increase



There are three minimum wage rates:

- The **adult minimum wage** applies to all employees aged 16 and over who are not new entrants or trainees. This rate has increased to \$12.75 an hour.
- The **new entrants minimum wage** applies to employees aged 16 and 17 except for those who have completed 200 hours or three months of employment, whichever is shorter; or who are supervising or training other workers; or who are trainees. This rate has increased to \$10.20 an hour.
- The **training minimum wage** applies to employees aged 16 and over who are doing recognised industry training involving at least 60 credits a year. This rate has increased to \$10.20 an hour.

There is no statutory minimum wage for employees who are under 16 years old.

By law, employers must pay at least the minimum wage - even if an employee is paid by commission or by piece rate. The minimum wage applies to all workers aged 16 years or older, including home workers, casuals, temporary and part-time workers. The only exception is when an employee holds an exemption permit.

Holiday pay must be paid in addition to the minimum wage. If an employee receives "pay-as-you-go" holiday pay, this payment must be a separate and identifiable part of their pay.

Please note that the above amounts are stated before tax.

## RWT on Interest from 1 April 2010

Recent changes have been enacted to align Resident Withholding Tax rates to the recently reduced individual and company tax rates.

### New RWT Rates from 1 April 2010

Income threshold	RWT rate
\$0-\$14,000	12.5%
\$14,001 - \$48,000	21%
\$48,001 - \$70,000	33%
\$70,001 and over	38%
Company rate	30%* or 33%
No-notification rate	38%

The RWT rate of 12.5% is available only to individuals who provide their IRD number to their bank, and have a reasonable expectation that their income for the tax year will be below \$14,000. This could apply to many school children who do not work, but have savings accounts.

The current 19.5% rate is being replaced by a rate of 21%.

\* From 1 April 2010 interest payers have the option to withhold RWT for companies at the rate of 30% or 33%. Interest payers are required to withhold RWT for companies at 30% from 1 April 2011.

### PIE CHANGES

New prescribed investor rates (PIR) will apply for income years commencing on or after 1 April 2010. For more information you can contact our office or visit the IRD website: [www.ird.govt.nz/news-updates/like-to-know-changes-tax-rates.html](http://www.ird.govt.nz/news-updates/like-to-know-changes-tax-rates.html)

## Staff News – Triple Peaks

"Triple Peaks" is an annual 47km running (or mountain bike) race across a picturesque Hawke's Bay landscape. It meanders across three iconic peaks – Mt Erin, Mt Kahuranaki and Te Mata Peak.

PKF Carr and Stanton entered three teams this year. These were the "PKF Geriatrics" (the self-named team was made up of three 'life' veterans, Aaron Tyro, Colleen Kaye and Michael Jackson), the younger "PKF Stooges" and the more social team "PKF Are we there yet?".

Office rivalry came out in full force with a challenge being issued between the Geriatrics and the Stooges. Each team was determined to beat the other and no feelings were spared.

After two competitors were struck down with illness the day before the event, the office turned into panic mode. But thankfully Erica's mother stuck her hand up and volunteered to run two legs of the race for team "PKF Are we there yet?". Anybody else would have been terrified at having to run 14km in a race the next morning but being the seasoned athlete that Jo is, she took it all in her stride. Thanks Jo!

The day itself turned out to be a success. "PKF Are we there yet?" received first place in the six team women's social run category... and as for that challenge... the Geriatrics took it out, showing that smarts and a lot of training will take it out over pure youth and energy any day. But as for next year... who knows?

