



# Greer & Wong Limited

NEW ZEALAND  
INSTITUTE OF  
CHARTERED  
ACCOUNTANTS

*We would like to wish you a  
Merry Christmas and a safe and  
happy holiday!*

*Please note that the office  
will be closed from the  
21st December 2012 - 7th January 2013.*

*We look forward to seeing you in the  
New Year.*



## Christmas 2012 Holidays

### *The Public Holidays are:*

- Christmas Day on Tuesday 25th December 2012;
- Boxing Day on Wednesday 26th December 2012;
- New Year's Day on Tuesday 1st January 2013;
- and the day after being Wednesday 2nd January 2013.

As the Public Holidays do not fall on weekends over this Christmas period, the Public Holidays are observed on their actual dates.

### *Public Holidays During Closedowns*

The Holidays Amendment Act 2010 clarifies entitlements to Public Holidays, that fall during a close-down period.

If a business has a closedown period that includes Public Holidays (as can happen over the Christmas and New Year period) then the Employee is entitled to paid Public Holidays if they would be otherwise working days for them, as if the closedown was not in effect.

Just as if a Public Holiday falls during a period of annual holidays, the Employee is entitled to a paid public holiday if it is otherwise a working day for them.

(Source: EAL Newsletter Oct 2012)

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*If you have any questions about the newsletter items, please contact us, we are here to help.*

## Client Accounting Options

### **Banklink Notes Online**

This new client tool takes the popular desktop solution, BankLink Notes, and provides it in an online environment.

It allows you to code and provide information about your transactions that we have uploaded to you via the internet anytime, anywhere.

#### **Why choose BankLink Notes Online?**

BankLink Notes Online is perfect for clients who have some computer skills and accounting knowledge and want to save time on their accounts while enjoying the flexibility of access when it suits them. It's easy to use and can be tailored to suit your accounting ability.

All upgrades are free and are completed online. Above all, it's convenient. You can access BankLink Notes Online anytime, anywhere and there are no files to send and no software to download.

BankLink Notes Online is also suitable for Mac users (except those that are PowerPC).

If you have any queries regarding BankLink please contact us for more information.

### **MYOB Live Accounts**

**MYOB LiveAccounts is an online accounting solution** that is ideal for anyone wanting to get their business finances under control without the hassle.

With LiveAccounts you can manage your business from anywhere you can access the internet. Using LiveAccounts you can raise invoices, track expenses, pay employees and manage your GST, all online. You can link your business bank accounts or credit cards to LiveAccounts so all your business

transactions are automatically transferred for you.

LiveAccounts is always up-to-date so you can clearly see how your business is going at any time. You can see:

- Your business bank balances
- Who owes you money
- Your top business expenses
- An estimate of the GST you currently owe

For further information regarding MYOB LiveAccounts or any other MYOB accounting solutions please contact us.

### **XERO Accounting Software**

With no upfront costs or installation Xero is another online option that offers a 30-day trial to test the product.

Some of the features Xero provide include;

- Login from anywhere
- Automated bank feeds that are up to date
- Real-time reporting
- Integrated invoicing that can be customised
- Accounts Payable and Receivable
- Fixed Asset Depreciation Schedule
- Corporate-grade security
- Unlimited user logins

Xero also has a bank reconciliation feature that intelligently looks to match accounting transactions with bank transactions as well as a dashboard screen that makes it easy to see exactly what is going on at a glance.

For further information regarding XERO Accounting Software please contact us.

## Mileage Rate for Motor Vehicles Increased

The motor vehicle mileage rate has been reviewed to reflect the average cost of running a motor vehicle, including the average fuel prices.

The mileage rate for the 2012 income year has **increased to 77 cents per kilometre** for both petrol and diesel fuel vehicles.

The mileage rate is set retrospectively for persons required to file a return for business income, so that the rate reflects the average motor vehicle operating costs for an income year. Those persons who meet the criteria have a choice of using the Commissioner's mileage rate or actual costs.

Taxpayers who choose to use actual costs must keep records to support any expenditure claimed. Employers may also use motor vehicle running cost data published by other reputable sources, for example the New Zealand Automobile Association Incorporated, as an alternative reasonable estimate for reimbursement of employees.

The mileage rate does not apply in respect of motor cycles. Operational Statement 09/01 explains how the rate is set. You can read it at [www.ird.govt.nz/technical-tax/op-statements/](http://www.ird.govt.nz/technical-tax/op-statements/)

(Source: Business Tax Update Issue No 33)

## Going Overseas? Sort Out Your Tax Affairs Beforehand

If you're going overseas there are some things you need to do and know before you go to make sure your taxes are in order. There are different things you need to think about depending on the amount of time you'll be away for.

Below are a few of the main tax types you need to consider before you go overseas. If you're registered for other tax types you'll need to discuss these with IRD as well.

### **Income tax**

If you're away for less than 325 days you'll still remain a New Zealand resident for tax purposes. Any income you receive from overseas will be taxable in New Zealand and you'll need to file an *Individual tax return (IR3)* at the end of the year (31 March).

If you're away for more than 325 days you may become a non-resident for tax purposes. If you only earn income from overseas this income will be taxed in the country you earn it. If you earn income from New Zealand while you're away you'll need to declare this income. You may also need to file an IR3 or IR3NR at the end of the tax year (31 March) depending on where you earn your income.

### **Working for Families Tax Credits**

If you leave New Zealand (other than for a short holiday) you need to contact IRD to discuss whether you're entitled to continue receiving Working for Families Tax Credits (WfFTC).

If you're still entitled to receive WfFTC, and you earn overseas income while you're away, you must file an IR3 at the end of the year (31 March). Your WfFTC entitlement will be based on the income you've earned in New Zealand and overseas.

If you're not eligible to receive WfFTC while overseas you'll need to file a part year IR3 (from 1 April to your

date of departure) so IRD can calculate your WfFTC entitlement for the time you lived in New Zealand.

### **Child support**

If you're a paying parent and planning to travel, contact IRD to make sure your child support obligations are up to date before you go.

Inland Revenue match information with New Zealand Customs so they're notified when paying parents with outstanding child support debt travel in and out of New Zealand. IRD use this information to try and contact the paying parent to make arrangements to repay the debt, or pursue other collection processes. If necessary, IRD can also take legal steps to prevent certain paying parents from subsequently leaving the country.

If you're leaving the country and need further information about your child support obligations, please contact IRD on 0800 221 221 between 8am and 5pm Monday to Friday.

### **What to do next**

To ensure your tax affairs are in order before you go overseas, call IRD on 0800 377 772 and give them your departure date.

IRD will tell you if you need to file a return before you leave and will also be able to set up a nominated person for the time you're away. A nominated person is someone in New Zealand who can deal with your tax affairs on your behalf. You don't have to set up a nominated person but IRD encourage you to do so as they can't discuss your tax details with anyone else without your authority.

You'll also need to complete a *New Zealand tax residence questionnaire (IR886)* you can download a copy of this form at [www.ird.govt.nz](http://www.ird.govt.nz) "Forms and guides".

(Source: Community Wise Sept 2012 )



## Paid Parental Leave Maximum Entitlement Rate Increased

The paid parental leave (PPL) weekly maximum entitlement rate increased from \$458.82 to \$475.16 a week (before tax) from 1 July 2012.

This rate applies to employees and self-employed workers who are entitled to receive the maximum PPL rate.

IRD have updated the following publications with the new rates. If you hold old versions (check the date) IRD ask that you please dispose of them because they give incorrect information:

- *Paid parental leave application for an employee (IR880)* (August 2012)
- *Paid parental leave transfer to an employee (IR881)* (July 2012)
- *Paid parental leave application for a self-employed person (IR888)* (July 2012)
- *Congratulations on your new baby (IR753)* (July 2012)

You can also order copies by calling the IRD self-service line 0800 257 773.

(Source: Community Wise Sept 2012 )

## September 2011 Tax Bill Enacted

The Taxation (Annual Rates, Returns Filing, and Remedial Matters) Bill has been given the Royal assent. The legislation passed its final stages in Parliament on 25 October and received the Royal assent on 2 November.

The new legislation:

- Amends the GST Act so that fees charged for the late payment of an account will be subject to GST from 1 January 2013.
- Introduces tax on bonus shares issued by companies under profit distribution plans with application from 1 October 2012.
- Raises the minimum employee and employer contribution rates for KiwiSaver from 2% to 3% with application from 1 April 2013.
- Ensures that expenditure on software development is deductible if the software cannot be used and the project is abandoned.
- Amends the requirements for returns filing and record-keeping.

(Source: PWC NZ Tax Tips)

## Tax Credit Changes for Low-Income Earners & Children

As part of Government's Budget this year, the tax credits for income under \$9,880 and children have been repealed. The "ML" and "ML SL" tax codes are also being removed.

As these changes affect the current tax year (1 April 2012 to 31 March 2013) some transitional rules apply.

Employees earning less than \$9,880 could claim the under \$9,880 tax credit during the year by using the "ML" or "ML SL" tax codes.

Over the next few months IRD be writing to customers who are using the "ML" or "ML SL" tax codes explaining the transitional rules and that they will need to change their tax code by 1 April 2013.

The *Tax code declaration (IR330)* form has been updated to remove these tax codes.

If you hold old copies of this form, IRD ask that you please destroy them.

Children who earn less than \$2,340 and have no tax deducted from their wages can continue to have no tax deducted until 31 March 2013. They will need to complete a tax code declaration form and give it to their employer so tax can be deducted from their wages from 1 April 2013.

If your employees file a return or request a personal tax summary they may be assessed as having tax to pay, as the tax credit already received will no longer be taken into account.

If they think they need to file a return IRD suggest they complete a tax code declaration form now to change their tax code, so their employer can start deducting tax at the correct rate. This will help avoid or reduce any tax bill at the end of the year.

(Source: Business Tax Update Issue No 33 )

**O**ur office is currently undergoing a major software upgrade in accordance with our software provider. The upgrade will result in equipping us with better resources to continue providing the best possible service to meet your needs.