

Annual Check Lists

These are included with this edition of *Accounting News*. For those who are in business, we have one for companies only and the second one is for all other trading entities of trusts, partnerships and sole traders. You should have the correct checklist for your trading entity. Personal Check Lists remain as before.

The companies have strict legal requirements to meet, and for everyone else, we will be preparing what is known as a Special Purpose Report.

Don't forget to physically write off any uncollectable bad debts in March so they become a tax deduction in the current financial year.

Tax Due 7 April 2013

If you have the balance of their March 2012 tax to pay, the last date for payment is 7 April 2013. We apologise that the notice sent a couple of weeks back stated it should be paid by 7 April 2012. Hopefully you have spotted the error and will be able to make payment by the correct date.

If you cannot meet this payment on time, please contact us as we will need to advise Inland Revenue of your revised payment dates, even if it is by instalments. If we contact IRD before the due date and if it agrees to the revised plan, the penalties are substantially reduced, although you will still be charged interest at 8.4% pa.

The third instalment of your March 2013 provisional tax is due by 7 May 2013. If you anticipate a reduction in your profit for this year, we will need to estimate the tax downwards and advise Inland Revenue. Please contact us if you are in that position.

KiwiSaver Changes

From 1 April 2013, the KiwiSaver savings by employees rises from 2% to 3% of their gross earnings. The employer's contribution also lifts to 3% and this is subject to Employer Superannuation Contribution Tax. If employees are already paying 4% or more from their wages, no further increase is required.

If you have an electronic payroll system, please ensure you have the latest version that will account for these increases.

Companies and Dividends

Any company profits that are shown in the company Retained Earnings Account at March 2011 will need to be allocated as a dividend to shareholders before 31 March 2013 if you wish to claim the full 30% company tax imputation credit. Dividends paid after this date will be entitled to only a 28% imputation credit.

All dividends are subject to tax at 33%, and after allowing for the 30% imputation credit, the remaining 3% is payable to Inland Revenue on the month following the declaration of the dividend. This withholding tax is paid on behalf of the shareholder so no further tax is payable upon completion of the shareholder's income tax return. The dividend is still required to be included in the shareholders income tax return.

Accident Compensation Levies

The 2013/2014 levy rates will remain the same as their current levels.

Tax Code Changes

Employees earning less than \$9,880 per year can no longer claim the under \$9,880 tax credit during the year. Any employees using the ML or ML SL tax codes need to have PAYE deducted using codes M or M SL. You may need to provide those employees with a new IR330 form to complete to advise what tax code they wish to adopt for the new financial year.

“Keep smiling – customers love dealing with happy people.”

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