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NEWSLETTER

AUTUMN 2015

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Dear Readers

Welcome to the sixteenth edition of our newsletter and first for 2015

A warm welcome to clients for 2015. As we close another financial year, it's an ideal opportunity to reflect on the past years business performance and to start budgeting, planning and setting business goals for this year.

We are preparing and planning for 31 March 2015 tax year end. Stella and I have been and are going on numerous training courses to update ourselves with new accounting, technology and tax legislation changes. We have just filed our last 2014 tax return, so we have once again achieved 100% filing requirements with IRD. A big thank you to our clients for providing your tax information to our office on time.

Stella has recently succeeded in becoming a Banklink SuperUser/Specialist, Platinum Certified. We use various software providers such as Banklink, MYOB and Xero., each having a Cloud based solution if you are interested.

On a personal note, in March I will have just completed two half marathons in Martinborough and Taihape. I have also recently returned from a fishing and diving trip to the Chatham Islands. As business owners, we need to ensure that we take holidays during the year too.

Congratulations to Cindy who was on part-time work experience at our office before Christmas, for securing a fulltime position at Toyota NZ head office, Palmerston North. We also wish Michael every success in his accounting/legal studies at Auckland University this year. Michael also gained some work experience with us over the summer holiday period.

Darren Parlato CHARTERED ACCOUNTANTS

FINANCIAL YEAR END 31 MARCH 2015

The 31 March 2015 is upon us and you will find enclosed your 2015 year end questionnaires, along with an IRD flyer "Record Keeping" which is a handy checklist/factsheet of why it is important for you to keep good accounting records. **Tax donation/school fee rebates.** Please bring in receipts, you can claim a 33% rebate.



MINIMUM WAGE UP 50C

The Government will lift the minimum wage from \$14.25 to \$14.75 an hour from 1 April 2015.

The starting-out and training minimum wages would also increase from \$11.40 an hour to \$11.80 an hour, which is 80 per cent of the adult minimum wage.

Please ensure your payroll system is updated accordingly. If you require assistance, please do not hesitate to contact us.

2014 TERMINAL TAX—DUE 7 APRIL 2015

Just a reminder that if you think you are going to have difficulty paying the full amount of terminal tax by 7 April, please contact either IRD or this office for assistance. Paying by instalment might be the best solution. This arrangement needs to be in place before the due date of 7 April, to avoid IRD penalties. The current interest rate is 8.40%. The repayment offer needs to be reasonable, otherwise IRD will not accept it.

SHEARING SHEDS DEPRECIABLE AT 0%

IRD has issued a new statement, creating a new asset category for shearing sheds. From 2015 year the depreciation rate is to be 0%.

FIRST HOME & KIWISAVER

From 1 April 2015, first home buyers will be able to draw out all contributions from Kiwisaver, including the employer contributions and the Government annual payment. They will have to leave in the Government "kick start" payment.



STARTING A BUSINESS

There is a lot to consider before you start a new business, such as:

- What business structure you'll use
- Do you need to register for GST
- Will you be an employer
- What records you'll need to keep



To help you get started during what can be an exciting and daunting time, check out the "Starting a business" section at www.ird.govt.nz Also please do not hesitate to contact our office. We can assist you with any of these processes.

INCOME TAX RATES 2015/2016

Individuals: Per Last Year

Income	Rates 2015/2016
\$0—\$14,000	10.5%
\$14,001—\$48,000	17.5%
\$48,001—\$70,000	30.0%
\$70,001 and over	33.0%

Companies

Any profit left in the company the 2015/2016 year will be taxed at 28%, per last year

Trusts

The tax rate on trustee income remains the same as in previous years, at 33%.

Maori Authorities

Maori Authorities rate 17.5% for the 2015/2016 year.

2015 3RD PROVISIONAL TAX NOTICES

For those clients with provisional tax to pay, the 3rd and final instalment for the year ending 31 March 2015, payment is due by 7 May 2015, which is also the due date for October/March and February/March GST's. The 3rd provisional tax notices will be sent out after Easter—8 April 2015. Should you wish to make early payment, please contact this office.



OFFICE HOURS

8.30am—5.00pm

Important Payment Dates: 7 April—2014 Terminal Tax. 7 May—2015 3rd Provisional Tax. 7 May—Feb/Mar GST Payment



Parlato & Associates Ltd

NON PROFIT ORGANISATIONS

From 1 April 2015 there are new Accounting Standards Framework for preparing annual financial accounts, the new guidelines are:

- If total expenses are under \$125,000 cash accounting can be used
- Expenses between \$125,001 to \$2,000,000 you must use accrual accounting (debtors & creditors)

Registered Charities with total operating expenditure of less than \$500,000 are not required by law to have an audit or review. However, they may be required by their rules (e.g. trust deed, constitution, or charter) or as a condition of receiving a grant to have their financial statements audited or reviewed.

SECONDARY TAX RATES/CODES

If a person has two PAYE jobs, for the main job the correct tax code should be M and for the second/part time job, there is a choice of four secondary tax codes to choose from, depending on the income from the main job:

Income	Tax Code	Tax Rate
\$0-\$14,000	SB	10.5%
\$14,001-\$48,000	S	17.5%
\$48,001-\$70,000	SH	30.0%
\$70,001 and over	ST	33.0%

NATIONAL STANDARD COSTS FOR LIVESTOCK 2015

The IRD has just released National Standard Costs for Livestock. This is the cost of rearing/raising an animal.

A quick summary:

- Lamb \$ 30.80
- Bobby Calf \$173.30
- Rising 1 year dairy heifer \$486.10
- Rising 1 year beef steer/heifer \$329.10
- Goat \$ 25.60
- Deer \$103.70
- Weaner Pig \$110.90



All livestock values have fallen from last year

CALCULATING BUSINESS MOTOR VEHICLE USE IF YOU ARE SELF-EMPLOYED

There are three ways you can calculate the proportion of business use of your motor vehicle:

- A logbook, or
- A mileage rate for distances of 5,000km or less a year.
- Claim a flat rate of 25% of all vehicle expenses



GST REGISTRATION



When do I have to register for GST?

- Turnover was over \$60,000 for the last 12 months
- Turnover is expected to go over \$60,000 in the next 12 months

Company Mission Statement

“To provide outstanding service to clients within the fundamental principles of the New Zealand Institute of Chartered Accountants code of ethics: Integrity, Confidentiality, Objectivity, Professional Behaviour and Professional Competence and Due Care”.

ARE YOU IN BUSINESS, OR JUST A HOBBY?

Selling things on Trade Me, having a rental property, renting your house out over the summer or selling crafty creations at the market might sound insignificant, but the law is clear when it comes to what is a business or taxable activity, and what is not.

So while you may not think you are in a business yet, you may find that as far as the IRD is concerned, you are already conducting a taxable activity.

According to Inland Revenue, you are generally in business when you start charging others for goods or services you provide, supply goods or services regularly, and intend to make a profit from doing so.

Determining if you are in business:

Before deciding the type of entity you want to establish for your business, you need to determine whether you are in business.

Generally you are in business when you:

- Start charging others for goods/services you provide
- Supply goods/services on a regular basis
- Intend to make a profit from doing so



To decide whether you are in business IRD look at:

- The nature of your activity
- How much time, money and effort you put into the activity
- How long you have been doing the activity and your future plans for the activity
- How much you make from the activity
- Whether you run your activity in a similar way to most businesses in the same trade
- If you intend to make profit

If you are still unsure about whether your activity qualifies as a business, please contact us to discuss your situation.

PAID PARENTAL LEAVE INCREASE IN 2015

Currently you can receive paid parental leave for a maximum of 14 weeks. This will increase to 16 weeks, the maximum number of weeks you can take paid parental leave for a baby expected/born, or for a child adopted, on or after 1 April 2015.

PARENTAL TAX CREDIT INCREASE IN 2015

Parental tax credit is a payment to help with the initial costs of having a newborn baby. It is paid for the first 8 weeks or 56 days after the baby is born.

A child born on or after 1 April 2015, entitles you to 10 weeks, (70 days) and up to a maximum of \$220 a week (\$2,200)

STUDENT LOANS

APPLY FOR A REPAYMENT DEDUCTION EXEMPTION

You can apply for a repayment deduction exemption if you're a full-time student working in New Zealand and you expect to earn less than the annual repayment threshold (\$19,084). You don't have to use the "SL" repayment code while you have the exemption.

You must give your employer the repayment deduction exemption certificate so they don't deduct any student loan repayments from your pay.

Disclaimer

This newsletter has been carefully prepared but has been written in general terms only and therefore should not be relied upon to provide specific information without also obtaining professional advice of each particular situation.