



# Parlato & Associates Ltd

Chartered Accountants

7 Avenue Road, Foxton, 4814

Ph. 06 3635762

Freephone: 0800 (FOXTON) 369866



www.parlato.co.nz

# NEWSLETTER

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Dear Readers

Welcome to the nineteenth edition of our newsletter and first for 2016

A warm welcome to clients for 2016. 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 2016 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 attended a roadshow last month to learn about new online accounting software and cloud accounting. We are determined to be "up with the play" with the new technology.

Our website is getting a makeover this month, so look out for the changes.

*Darren Parlato*



## FINANCIAL YEAR END 31 MARCH 2016

The 31 March 2016 is upon us and you will find enclosed your 2016 year end questionnaires.

Can you please complete where applicable, sign and bring the questionnaire in with your accounting records.

We are required to have an up to date authority on file and they do help us complete your financial accounts and income tax returns more efficiently.

**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 \$14.75 to \$15.25 an hour from 1 April 2016.

The starting-out and training minimum wages would also increase from \$11.80 an hour to \$12.20 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.



## 2015 TERMINAL TAX—DUE 7 APRIL 2016

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 9.21%. The repayment offer needs to be reasonable, otherwise IRD will not accept it.

## PAID PARENTAL LEAVE INCREASE IN 2016

Currently you can receive paid parental leave for a maximum of 16 weeks. This will increase to 18 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 2016.

## PURCHASED SECONDHAND GOODS FOR YOUR BUSINESS?

In some situations you may have purchased secondhand goods to use in your business but didn't pay GST on the purchase because the seller wasn't GST registered.

The good news is you can still claim a GST credit as long as the goods were located in New Zealand at the time of purchase and the details of your purchase have been recorded.

**Secondhand goods do not include livestock.**



## INCOME TAX RATES 2016/2017

Individuals: Per Last Year

| Income            | Rates 2016/2017 |
|-------------------|-----------------|
| \$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 2016/2017 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 2016/2017 year.

## 2016 3RD PROVISIONAL TAX NOTICES

For those clients with provisional tax to pay, the 3rd and final instalment for the year ending 31 March 2016 payment is due by 7 May 2016, which is also the due date for October/March and February/March GST's. The 3rd provisional tax notices will be sent out early-mid April 2016. Should you wish to make early payment, please contact this office.



**OFFICE HOURS**

8.30am—5.00pm

Important Payment Dates: 7 April—2015 Terminal Tax. 7 May—2016 3rd Provisional Tax. 7 May—Feb/Mar GST Payment



# Parlato & Associates Ltd

## WHAT IS A GENERAL SECURITY AGREEMENT?

A GSA is an effective way to obtain security over the assets owned by a person or company.

If entering into a GSA with a bank, the bank will have security over everything you own now and everything you will own in the future. A bank could, for example, require a GSA from you or your company to secure loan monies advanced by the bank. With this in mind, a GSA should not be entered into lightly. Where in doubt you should always take legal advice.



## 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 2016

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

A quick summary:

- Lamb \$ 31.00
- Bobby Calf \$158.50
- Rising 1 year dairy heifer \$529.10
- Rising 1 year beef steer/heifer \$322.80
- Goat \$ 25.30
- Deer \$106.00
- Weaner Pig \$103.20



## 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 of 74cents 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 Chartered Accountants Australia and New Zealand code of ethics:

Integrity, Confidentiality, Objectivity, Professional Behaviour and Professional Competence and Due Care”.

## BUSINESS SUCCESS FACTOR FOR 2016

- Believe in yourself & your business
- Clear goals and vision
- Build a brand
- Innovate
- Hire expertise & qualified staff
- Learn from mistakes
- Customer ethics and form strong relationships
- Manage your cashflow
- Systemise procedures
- Don't over commit to external groups—focus on your business



## WHAT EMPLOYERS NEED TO KNOW ABOUT KIWI SAVER

All employers must:

- Offer KiwiSaver to all their employees who meet the eligibility rules  
Aged 18 or over, under the age of 65 and living, or normally living in New Zealand and NOT a casual employee
- Give a KS 3 information pack (KS 3 factsheet and KS 2 form) to eligible new employees and any existing employees that ask for one  
**download from [www.ird.govt.nz](http://www.ird.govt.nz)**
- Check the eligibility of new employees and enrol them (if eligible)
- Make deductions and contributions for the new employees who are already KiwiSaver members
- Send any new employee opt-out request (KS10) forms you receive to IRD

Casual employees—engaged on an irregular and intermittent basis and who receive holiday pay with their wages are not subject to automatic enrolment.

## ACC CLAIM

### WHAT HAPPENS IF I GET INJURED?

You are normally covered by ACC if you have a work-related injury or illness, or if you get injured outside of work. The amount of lost earnings compensation you are eligible for depends on your income and cover type. It is important to make an ACC claim as soon as possible so you can receive entitlements.



### 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.