

The Informer

Features

April 2010

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Field Days 2010

Congratulations to the winners of our daily draws:

Thursday

Godfreys Chainsaws and Mowers Limited
N F Fraser and Co Limited

Friday

B and D Windust
W B Lambeth

Saturday

R H and J Jeffs
Magic Motors Limited

Possible GST rate increase

The Government is considering increasing the GST rate to 15% as part of a wider reform of the New Zealand tax system. If introduced, the new rate could apply from as early as 1 October 2010.

Businesses will need to be ready for potentially increased demand in the months leading up to the rate increase and also plan for possible decreased sales immediately after.

Other practical and commercial issues include:

- passing the increased GST rate on to customers. Suppliers will need to determine the extent to which they can pass on the increase
- dealing with price changes in systems, on shelves, on packaging and in advertising material
- updating accounting systems to accommodate two GST rates for a transitional period. Will the accounting system be able to issue credit notes at the 'old' GST rate after we have changed GST to the 'new' rate?
- the current 'tax fraction' is 1/9th, this will change to 3/23rd if the GST rate is increased to 15%
- catering for customers who decide to pay early, when supply contracts span the rate change date
- tendering for contracts before the rate increase
- the need to prepare two GST returns where the rate change occurs part way through your GST return period.

Unless consideration is given now, to the implications of a GST increase, you will risk being caught short and incurring costs as well as unnecessary risks.

Gilmore Brown will be presenting seminars on how a GST increase would affect your business in Whangarei on 11 May and Dargaville on 14 May.

Telephone or email us to secure your booking – contact details on next page.

Tax changes - 1 April 2010

Minimum wage rate

From 1 April 2010 the minimum wage rate will increase from \$12.50 an hour to \$12.75 an hour for a person aged 18 and over.

The trainee and new entrants' minimum hourly wage rate will increase from \$10.00 to \$10.20.

Changes to PAYE tables

PAYE tax tables no longer sent to employers

The IRD will no longer automatically issue printed copies of the PAYE tax tables to employers.

There is an online PAYE calculator on the www.ird.govt.nz website or phone the IRD 0800 257 773 to order a printed copy.

ACC earners' levy

The earners' levy rate for the income year 1 April 2010 to 31 March 2011 has increased to \$2.00 per \$100 of earnings. The rate was previously \$1.70.

The maximum income the earners' levy is charged on is now \$110,018 per annum.

New SB (secondary bottom) tax rate

The new SB tax code is for employees in secondary employment earning \$14,000 a year or less from all income sources. The new secondary tax rate is 12.5%.

If this applies to an employee they will need to complete an updated tax code declaration form (IR330) and give it to their secondary employer.

Gilmore Brown services update

Valuing your business

A sound valuation will be based on all the relevant facts. There are many reasons to know what your business is worth.

Once known, the many aspects to determining the value of your business can be used to maximise the value of your business.

At Gilmore Brown Limited we have experience with independent Business Asset and Share Valuations for all sizes and shapes of businesses and adhere to the Valuation Standards minimum requirements of the New Zealand Institute of Chartered Accountants.

Changes to Fonterra payments

Changes have been made by Fonterra to how it pays the dividend portion of its payout. The changes were designed to help increase capital for expansion.

The milk payout is made up of two portions – a milk production portion based on output and a value-added part based on actual profit. The change means the value-added portion is now a dividend, paid to the shareholder farmer.

An interim dividend of 8cents per share will be paid to shareholders on the 20 April 2010.

When preparing GST returns the dividend value of the payment should not be included in your calculations as the dividend is not subject to GST.

Annual interim dividends are planned to be paid on the 20 April and will be based on the 31 March shareholding, with final dividends payable on the 20 October based on the 31 May shareholding.

Our people

Directors

Ean Brown

Chantal Gilmore

Managers

Angeline Waetford

Barbara Collinson

Bryan Taylor

Daryl Small

Dianne Campbell

Gayle Anderson

Greg Atkins

Phillipa Taylor

Sally Adams

Sylvia Atkins

Contact us

Telephone

09 470 1800

Freephone

0800 FOR GBL

Email

accounting@gilmorebrown.co.nz

Website

www.gilmorebrown.co.nz

The information contained in this newsletter is of a general nature and should be used as a guide only. A senior representative of Gilmore Brown Ltd should be consulted for specific advice before action on any matters herein.