

The Informer

December 2009

Features



Payroll giving



Tax administration changes for trusts



FBT rate on low interest loans



Provisional tax 2010 for foreign investments



Excellence in Commerce Award



Public holidays fall on a Saturday

It is an employer's choice whether they offer this scheme in their workplace.

If this scheme is offered by an employer to employees, the responsibility will rest with the employer to:

- deduct the requested donation amount from the individual employee's salary or wage
- ensure the tax credit is only paid in relation to donations to organisations which have been registered with the Charities Commission and approved as donees by the Inland Revenue Department
- calculate the correct tax credits for payroll donations for each donation made
- record the tax credits for payroll donations for individual employees on the employer monthly schedule
- keep records of all tax credits for payroll donations, donation amounts, donee organisations and payment dates
- ensure the payroll donations are transferred to the chosen organisations within a specified period
- advise the donee organisation the donation is a result of payroll giving

Receipts issued for payroll giving donation purposes should be issued in the employer's business name, not individual employees who have contributed to the donation.

Tax administration changes for trusts

Legislation has been passed amending the tax rules in relation to trusts and the timing of distributions made to beneficiaries.

Distributions can now be paid to beneficiaries up to 31 March of the year following the end of the trust's financial year. However, while the tax legislation now allows a greater time for distributions to be paid, many trust deeds require distributions to be paid within six months of the end of the trust financial year.

In order to ensure trust deeds and the tax legislation align, we will be reviewing client's trust deeds and where necessary, advising you to instruct your solicitor to make a change to the trust deed.

Payroll giving

A new voluntary scheme called 'payroll giving' will be available from 7 January 2010 and will allow employees to choose to make donations to approved organisations directly from their pay and receive an immediate 33.33% tax credit for each dollar they donate.

FBT rate on low interest loans

The rate to calculate fringe benefit tax on low interest, employment related loans decreased to 6% from 1 October 2009.

The previous rate of 6.41% was applicable from 1 July 2009.



Provisional tax 2010 for foreign investments

With the volatility in the investment market over the last couple of years, the full impact of the changes to the Foreign Investment Fund (FIF) tax rules haven't really been felt.

The FIF rules changed from the 2008 tax year and for all foreign equity investments held (except Australian listed shares) this generally means paying tax on the movement in the value of the foreign investment. Where the movement is a negative, there is no tax payable. However an increase in the value will result in a tax liability.

It is possible for the 2010 tax year, foreign equity investments will have increased in value therefore creating income which will be required to be returned for tax purposes.

Most 2010 provisional tax will be paid based on the 2009 results. However if the 2010 actual results are higher than 2009, insufficient provisional tax may have been paid, resulting in use of money interest being payable to the IRD.

We suggest you ask your investment adviser to provide information on the likely movement in the value of the foreign equity investments in your portfolio.

If additional provisional tax is payable, and use of money interest is due, the interest will be reduced the earlier the provisional tax is paid.

Contact our office if you wish to discuss your situation.

Excellence in commerce award

Our company continues to promote accountancy as a career and each year we offer an "Excellence in Commerce" award to secondary schools in Northland.

Year twelve and year thirteen (form 6 and 7) commerce students are eligible for the award. Each school selects their recipient, who receives our cash prize awarded at the school's annual prize giving.

The 2009 winners of the award are:

Bay of Islands College
Bream Bay College
Dargaville High School
Kaitaia College
Kamo High School
Kerikeri High School
Northland College
Otamatea High School
Pompallier Catholic College
Springbank School
Tikipunga High School
Whangarei Boys High School
Whangarei Girls High School

Ashe Cooper
Tessa Hall
Bradley Sherman
Damien Cleverley
Eryn Lovell
Samantha Stevenson
Te Hau White
Ben Comrie
Rupeen Patel
Luke Elliott
Krishn Nand
Joseph Wright
Megan Ferris

Public holidays fall on a Saturday

Boxing Day 2009 and 2 January 2010 both fall on Saturdays.

If the Saturday is a normal working day for an employee, then the Saturday is a public holiday for that employee.

If the employee does not usually work on a Saturday, then the following Monday becomes a public holiday.



Our people and contact information

Directors

Ean Brown
Chantal Gilmore

Managers

Angeline Waetford
Barbara Collinson
Bryan Taylor
Daryl Small
Dianne Campbell
Gayle Anderson
Greg Atkins
Phillipa Taylor
Sally Adams

Telephone

09 470 1800

Freephone

0800 FOR GBL

Facsimile

09 470 1833

Email

accounting@gilmorebrown.co.nz

Website

www.gilmorebrown.co.nz