



Harvie Green Wyatt
CHARTERED ACCOUNTANTS

Bottom Line



YEAR END ACCOUNTING

1. Extension of time arrangements

31 March 2012 is the last day for 2011 tax returns to be filed under extension of time arrangements ("EOTs"). If your 2011 return is not filed in time you risk losing your EOT and may incur a late filing penalty which could be between \$50 and \$500.

2. Holiday pay and bonuses

Employee benefits, like holiday pay and bonuses, owing at 31 March can be claimed if paid by 2 June. Bonuses must be incurred before 31 March to be claimable.

3. Trading stock

Stock takes are required unless your stock is less than \$10,000 and your turnover is less than \$1.3m.

4. Fixed asset review

Review the fixed asset schedule from last year and identify any assets that are missing or have been broken or disposed of.

5. Bad debts

Bad debts must be written off before 31 March to be claimed. Make sure you have clear evidence of steps taken to write off. Accounting entries must also be made before 31 March.

6. Imputation credit account

Irrespective of a company's balance date, you need to ensure that your imputation credit account (ICA) balance is not in debit at 31 March. If an ICA is in debit at 31 March, further income tax, equal to the debit balance, must be paid to the IRD together with a 10% penalty.

7. Dividends

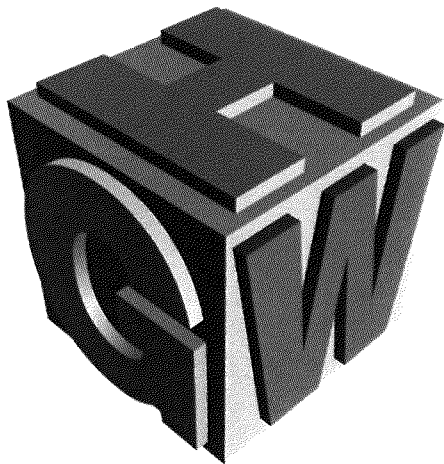
For a dividend to be paid by the end of the income year, you need to pass appropriate resolutions prior to year end. RWT, if applicable, will be due 20th of the month following.

8. Fixed Asset Purchases

Need to record any assets costing more than \$500 as these are capitalised for tax purposes.

9. Retentions

Do you have to wait for retentions to be paid to you? Any amount you have invoiced before 31 March but is not due for payment until after that date, can be held over, for income tax purposes, as income for the next year.



Contact Details

Health Board House Phone (03) 477 5005
229 Moray Place Fax (03) 477 5447
PO Box 5740 Email hgw@hgw.co.nz
Dunedin

Partners

DJ Harvie
AC Wyatt
TG Miller
BM Challis
RP Friedrich

Email Address

dhavie@hgw.co.nz
cwyatt@hgw.co.nz
tmiller@hgw.co.nz
bchallis@hgw.co.nz
rfriedrich@hgw.co.nz



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Cnr Moray Place and Filleul Street,
Dunedin. Ph 03-477-5005.
www.hgw.co.nz

COMMON GST ERRORS

1. NOT CLOSING THE GST PERIOD

Many computerised GST systems give users the opportunity to finalise and close a GST period once the GST return has been completed. However, when a GST period is not closed, some systems allow the user to back date transactions without giving any warnings. This may happen when an invoice or credit note is received late and it is entered with the same date as the original transaction. If this happens, these transactions may not be picked up when completing the next GST return as they do not fall within the specified date-range, which can result in GST inadvertently being under or over paid.

2. GST CLAIMED ON EXEMPT SUPPLIES

Exempt supplies are not subject to GST, and therefore GST should not be charged or deducted. The most common types of exempt supplies are:

- financial services (such as share transfers, interest, dividends),
- residential rental accommodation, and
- life insurance.

A common example is where a farmer has another house on the property and rents it out to a third party. GST cannot be deducted on any expenses incurred in relation to the house or the supply of rental accommodation.

3. GST CLAIMED ON INSTALMENT PAYMENTS

Payments made by instalments may include an amount of interest in each payment. In many cases taxpayers do not separate out the interest and end up claiming GST on the total instalment payment.

As interest is a "financial service" it doesn't include GST and that portion of the payment shouldn't be claimed. Taxpayers should obtain all of the relevant documentation for such transactions in order to determine the correct amount of GST that can be claimed for each instalment.

4. GST ON FRINGE BENEFIT TAX (FBT)

In most circumstances, the provision of a fringe benefit under the FBT rules is treated as a supply for GST purposes. The FBT return includes the need to make a GST payment. A common error is to subsequently claim this amount through the next GST return.

1 APRIL 2012 CHANGES

1. MINIMUM WAGE

The minimum wage will change from 1 April 2012 from \$13.00 per hour to \$13.50 per hour.

2. ACC EARNER LEVY CHANGE

From 1 April 2012 the earner levy will drop from the present rate of \$2.04 to \$1.70.

3. KIWISAVER

ESCT (employer Superannuation contribution tax) will apply to all employers' cash contributions to employees' superannuation funds including Kiwisaver accounts (and complying superannuation funds) from 1 April 2012. The rate will be equal to an employee's marginal ESCT rate. This means that employers will need to deduct tax from their share contributed to their employee's KiwiSaver each pay period.

ESCT rate threshold amount	Tax rate
\$0 - \$16,800	0.105 (10.5%)
\$16,801 - \$57,600	0.175 (17.5%)
\$57,601 - \$84,000	0.300 (30%)
\$84,001 and above	0.330 (33%)

4. NEW STUDENT LOAN REPAYMENT CODES & TAX CODE/REPAYMENT CODE COMBINATIONS

From 1 April 2012 everyone that has a student loan now needs to use a student loan code for employment "SL" unless they have an exemption or use a CAE, EDW or WT tax code.

New Student Loan Codes

ML SL Main income <\$9,880

SB SL Secondary income <\$14,000

SLBOR for additional payments on top of the compulsory student loan deductions

SLCIR amount set by IRD to recover significant under deductions for student loans

IRD have issued new tax code declaration forms (IR330). If you currently have a student loan & are not using an SL code you will need to fill in a new IR330 & give to your employer.

DON'T BE LATE TAX CALENDAR

April 10

2011 Terminal Tax
(March Balance Date)

May 7

3rd Instalment 2012
Provisional Tax
(March Balance Date)
GST for March 2012

May 28

GST for April 2012

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