

In this issue:

Provisional tax reminder
New KiwiSaver rates
Childcare and Housekeeper Rebates
School Children Rebate
Donation Rebates

Student Loan Repayments Increase
Survey Results
Bundled Services Pack Introduced
Upcoming Seminar
Registered Financial Adviser
Scheduling Work this Year
Tech Corner

Provisional Tax Reminder

The final provisional tax payment for the year ended 31 March 2013 is due Tuesday 7 May 2013. This applies to all taxpayers who pay provisional tax.

The amount to pay should be listed on your Payment Schedule from 2012 (or 2013 if we have already completed your 2013 work) but if you don't know if you have provisional tax to pay or the amount to pay, please contact us **as soon as possible**.

New KiwiSaver Rates

From 1 April 2013 both employees enrolled in KiwiSaver and their employers will have to contribute 3% to KiwiSaver (currently 2%).

Employers don't have to make KiwiSaver contributions for children under 18

Childcare and Housekeeper Rebates

These rebates, which used to be claimed through the IR526 Tax Credits Claim Form, have ceased from 1 April 2012 so there is no claim for these for the 2013 year.

School Children Rebate

The rebate from paying tax for school children who earn less than \$2,340 in a year has ceased from 1 April 2012. This rebate effectively gave school children a tax free threshold up to this amount. All employers must now deduct PAYE from wages and salaries paid to school children.

Donation Rebates

Rebates are still available for donations. The amount of rebate (or tax credit as it is now known) is 33% of the amount of eligible donation. Donations are eligible if they are to registered charities and most schools. The big change over the last few years has been that the amount of eligible donation is now only limited by your taxable income. So if you earn \$90,000 gross in a year then you can receive a tax refund of one third of the amount you have donated, up to \$30,000 in refund in this case.

So if your taxable income ends up being zero in a year, for example if you haven't earned anything from your business or you may have had a large loss from an LTC property company, then even if you have made donations during the year, you will not be entitled to receive any tax refund for that donation.

The other "snag" is that you have to be a New Zealand resident. This means that if you are living overseas and make donations to, for example, the Christchurch earthquake, then there is no tax refund available from Inland Revenue.

To claim your refund you will need to complete an IR526 which you can download from <http://www.ird.govt.nz/forms-guides/keyword/rebates/ir526-form-claim-rebate-2012.html>. The other thing you need to know is that refunds can only be direct credited to bank accounts or to another tax type e.g. GST or income tax or to another taxpayer. Refund cheques will not be provided for donation

refunds. And, perhaps most annoyingly, because the refund is dependent on the amount of income earned the refund cannot be processed until your personal tax return has been filed.

Remember too to keep your receipts to support your claim. There have been some large fraudulent claims in the last few years so Inland Revenue has been randomly auditing donation tax credit returns to ensure the donations are real.

Student Loan Repayments Increases

From 1 April 2013 the rate of repayment of student loans increases from 10% to 12%.

If your annual income is \$19,084 for the 2013 or 2014 year (\$734 per fortnight) and you have a student loan then your employer will need to start making deductions.

Survey Results

The common theme from our recent client survey was that you are happy with the service you receive and generally don't want us to make changes to the way we operate so thank you for the positive feedback.

As mentioned in the last newsletter there was mixed response to the idea of bundled service packs with existing clients but external research indicates that newer clients prefer them so we have developed our own offering. See below.

Bundled Services Pack Introduced

With a bundled service pack you pay a fixed monthly fee for a fixed level of service. This gives certainty to your cost (and cashflow) and to the services you will receive.

We have decided to offer one service pack, with a monthly cost from \$199 plus GST. This covers the:

- annual Xero subscription

- year end financial statements for a company
- annual income tax return
- 2 meetings a year
- annual return to the Companies Office
- free Xero, accounting and tax support.

Further details are available from our website at <http://www.dowsemurray.co.nz/services.asp>. Please give us a call if you're interested.

Upcoming Seminar

We're also planning a seminar on "Understanding the Numbers" which we'll run in June. We'll send out more details when confirmed but if you have any particular matters you'd like us to cover in it please let us know.

Registered Financial Adviser

Baubre has just been accredited as a Registered Financial Adviser. This won't make any significant changes to the services we provide and we certainly won't be selling any financial products.

Scheduling work this year

If you haven't emailed Maryanne back with a date to schedule your 2013 work, it's not too late. The next few weeks are very busy but there are spaces after that so please either email or call Maryanne. Now that the 7 May rush has been sorted it's first in, first served!

Tech Corner

In our last newsletter we noted that Xero was removing the "unreconcile" button. In announcing the change in late March Xero included a short snippet from Martin and Tokes on the history of the "unreconcile" button's demise and you can watch the short video here at <http://blog.xero.com/2013/03/scratching-those-feature-itches/>.