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Provisional Tax Due

The first provisional tax payment for the year ended 31 March 2013 for those registered for GST on a **six-monthly basis** is due 28 October 2012. This applies only to those provisional taxpayers registered for GST on a six-monthly basis. This will usually only be some companies and some sole traders.

If we haven't completed your 2012 tax work yet then you will need to pay the same amount of provisional tax that you paid at each instalment date last year plus 5%.

Please contact us if you need to check the amount you should pay.

GST Due

GST is also due on 28 October for those registered for GST on a two-monthly or six-monthly basis.

New Companies Office Charges

Many of you will have noticed that the Companies Office has increased its charges or instigated charges where previously there were none.

The most noticeable change has been to annual filing fees for companies. For many years there has been no charge for small companies to file their annual returns to the Companies Office on line.

We believe the lack of fee made it easier for clients to file their annual returns and encouraged compliance.

From 1 August however you will need to pay \$45 to file the annual return on line. The easiest way to do this is by credit card payment.

Student Loan Repayments

Early repayment of student loan amounts have been allowed a 10% discount. This means if you had a \$20,000 loan and you paid off half, that is, \$10,000 then you would receive a 10% discount on that payment and would only need to pay \$9,000.

In the May Budget it was announced that the 10% discount would no longer be available from 1 April 2013.

There is more information about this at: <http://www.ird.govt.nz/studentloans/payments/voluntary/bonus/>.

The question then is whether you should pay back or not given that the loan remains interest free.

For those people who are finding the loan stifling to their long term plans then the 10% discount provides an incentive for early repayment – the loan is then gone.

However while the loan remains interest free there may be a longer term benefit in **not** repaying it. You would be better off investing the money and within about three years would have earned the equivalent of the 10% early repayment discount amount.

Therefore we see no reason to pay off the loan early unless you have the funds available and would like to clear it.

Deductibility of Interest on Current Accounts

Shareholders monitor their advances to and drawings from companies through their Shareholder Current Accounts. Non-cash allocations may also be made for salaries and dividends. The Shareholder Current Accounts are “paper” rather than cash accounts recording movements without cash necessarily changing hands.

If a shareholder has contributed a significant amount, and this often happens when a deposit is made on a rental property, or an owner has contributed funds over several years, or perhaps just not drawn out salary allocated during the year.

If the shareholder then wants their money back or out of the company, for example to buy a new home, and the company has to borrow the money from the bank to repay the shareholder, then the interest on that loan is tax deductible.

It is irrelevant what the shareholder uses the funds for as their original contributions delayed the company borrowing the money from the bank.

Which Bank to Use

Stuff contacted us recently to get our views on what small businesses can do to reduce bank fees.

We advise clients to shop around to get the best fees for their type of business as there is considerable variability among banks and there is no “one size fits all”.

The Stuff article was a follow up on a Canstar survey of bank fees from banks’ own websites and you may be interested in the summary here: <http://www.stuff.co.nz/dominion-post/business/7614700/How-SMEs-can-save-on-fees>

Request for Testimonials

We’d love a testimonial from you on our website – 2 or 3 lines would be great. These are rotated across our front page with a new one each day – a great opportunity for you to advertise your own business too. Make sure you include your web address and send to info@dowsemurray.co.nz.

With our new premises on Featherston Street we have capacity to expand so if you know any great clients like you who you think would benefit from our services then please feel free to refer them to us.

Scheduling your work

To ensure we can provide a timely turnaround for your year end tax work we need to schedule your work. For those clients who haven’t sent in their tax details yet we will be contacting you shortly to schedule a time to get your work in. Please get back to us promptly to make sure you get your preferred date.

Our news

Martin will out of the office from 8 – 15 October having a well deserved break in Perth to catch some early summer so if you have any specific Xero queries we recommend you catch him either before he goes or when he gets back.

And Baubre will be out of the office from 19 -29 October playing in the World Women’s Croquet Championships in Melbourne. Again if you have particular questions for her please get in touch either before she goes or after she gets back.