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Provisional Tax Reminder

The first provisional tax payment for the year ended 31 March 2014 for those registered for GST on a **six-monthly basis** is due 28 October 2013. 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 2013 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.

Mileage Rate 2013

Inland Revenue has conducted its annual review of its mileage rate and has decided this year to keep it at 77 cents per km. GST cannot be claimed on the mileage allowance.

There is no limit to the number of kms that may be claimed by companies reimbursing employees or shareholder employees but the self-employed can only claim up to 5,000 kms using the mileage rate.

If more than 5,000 kms are travelled by a self-employed person during a year, a percentage of the actual costs incurred can be claimed based on the business portion of the total kms travelled. For the last few years there has just been the one mileage rate whereas previously there had been

rates for different sized vehicles and a separate rate for motorbikes. Now there is just one motor vehicle rate and motorcyclists have to calculate their actual costs and be prepared to justify the costs claimed to Inland Revenue.

Filing GST returns yourself

As mentioned in our last newsletter from 1 September you will need to register with myIR at Inland Revenue to file your GST return. There are more details on our website at <http://www.dowsemurray.co.nz/accounting-faq.asp#84>.

If you are not already registered with myIR we recommend you start the registration process up to week beforehand as you need to first create your account and then have it activated by phoning Inland Revenue.

Start-Up R&D Benefits

The government is currently looking at allowing Research and Development (R&D) intensive start-up companies to receive a refund of up to 28% of their tax losses.

The idea is to recognize that many start-ups need the cash benefit of their tax losses in the early years. However there are many conditions.

You can read more about the proposals here: <http://taxpolicy.ird.govt.nz/publications/2013-ip-r-and-d-tax-losses/overview>

Financial Reporting

From 1 April 2014 most small companies will no longer be required by the Companies Act to prepare financial statements. When first proposed it was suggested that this would save

small business owners collectively around \$90m a year calculated at 450,000 taxpayers at \$200 in saved accounting fees each.

However most accountants primarily prepare financial statements for income tax purposes and most accounting and tax systems used by accountants will prepare the information for the dual purposes. As long as Inland Revenue requires the information for tax purposes then financial statements will still be required but without perhaps some of the note detail currently required by the Companies Act.

Realistically you may notice little change in two years time.

Tech Corner

Windows – where to from here?

Windows XP was a great workhorse while it lasted, but now it is almost end of life. Support stops in April 2014 and after that you will find you can't use new versions of software, and your XP PC will slowly but surely grind to a halt and stop working. So if you still have a Windows XP PC, plan to replace it – but with what?

We held off for a long time but finally moved our business PCs from Windows XP to Windows 7 a couple of years ago and it has been great, it just works. It was a real productivity improvement.

But now if you buy a new PC you will probably get Windows 8, not Windows 7, and Windows 8 is definitely not a productivity improvement. In a business environment it is useless, specifically the new Metro interface which is entirely unsuited to a workplace, and while there is still a desktop mode you have to add a third party start button (e.g. Classic Shell) and spend hours trying to make it look and work like Windows 7. Windows 8 at

home? Well it would probably be sort of ok but I'm not going to bother, it is too hard and no fun.

The good news is that over the last few years several things have happened that mean you are not locked into whatever the current flavour of Windows is, you can choose between PC, MAC, Linux PC, tablet or phone.

First up a lot of the programs you used on PCs are now out in the cloud, all you need is a browser to use them – think of Gmail instead of Outlook, or Xero instead of MYOB. That means just about any internet connected device will do.

Next, some of the best programs are open source (i.e. free) and run on multiple platforms, e.g. VLC, Handbrake, Gimp. Even Microsoft Office runs on MACs and has versions for tablets and clones for Linux.

Lastly devices are evolving. You can get a decent Macbook for a similar price to the equivalent PC or laptop, phones and tablets are plentiful and cheap, and the day will come when your phone will do everything – just plug it into a bigger screen and you have a PC.

So for me – at work we will stay with Windows 7 for as long as we can. At home the kids have all bought their own MacBooks and I have followed their lead. Guess what Baubre is getting for Christmas to complement her iPad?

Our News

Lucy Spencer joined us at the end of September. Lucy is a Chartered Accountant who earned her CA qualification through working at Deloitte and has worked for the last few years at the ANZ in the risk area. She's working as a senior accountant in our Wellington office so you're likely to meet her in the near future.