

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses

Issue No 7 • April 2010 • IR 381

Recap on 1 April RWT and secondary tax changes

In the February issue we let you know about changes coming up for RWT rates on interest and secondary tax rates. Here's a quick summary of the changes.

New RWT rates from 1 April 2010

Income threshold	RWT rate
\$0-\$14,000	12.5%
\$14,001-\$48,000	21%
\$48,001-\$70,000	33%
\$70,001 and over	38%
Company rate	30%* or 33%
No-notification rate	38%

* From 1 April 2010 interest payers have the option to withhold RWT for companies at the rate of 30%. Interest payers are required to withhold RWT for companies at 30% from 1 April 2011.

If you or your business has RWT deducted at 19.5% you'll automatically be moved to the new 21% rate from 1 April 2010. If you want to change your RWT rate please contact your bank.

For more information on these changes go to www.ird.govt.nz/rwt

New secondary tax rates and thresholds from 1 April 2010

Income threshold	Rate	Tax code (no student loan)	Tax code (with student loan)
\$0-\$14,000	12.5%	SB	-
\$14,001-\$48,000	21%	S	S SL
\$48,001-\$70,000	33%	SH	SH SL
\$70,001 and over	38%	ST	ST SL

If any of your employees have more than one job they may want to check their tax code is correct. They can work out if they're on the right code by using the "Work out your tax code" decision tree at www.ird.govt.nz (keywords: tax codes). If they want to change their tax code they need to complete a *Tax code declaration (IR 330)* form and give it to you. You'll need to update your *Employer monthly schedule (IR 348)* with their new tax code and calculate PAYE at the correct rate.

Use our PAYE calculator to calculate your PAYE, go to www.ird.govt.nz "Work it out", "PAYE/KiwiSaver calculator".



Inland Revenue
Te Tari Taake

Welcome to Business Tax Update

In this issue: RWT and secondary tax changes, applying for instalment arrangements online, new rates for child support 2011, KiwiSaver and the accommodation allowance, student loan repayment calculator, and paying by debit or credit card.

If you have any suggestions for topics you'd like covered in this newsletter, email BusinessTax.Update@ird.govt.nz



REMINDERS

Filing and paying PAYE electronically:

We're no longer posting out the paper *Employer deductions (IR 345)* form if you file your *Employer monthly schedule (IR 348)* and pay your PAYE online. It's easy to complete your IR 348 and IR 345 electronically by going to www.ird.govt.nz "Secure online services" to either login, register or see a demonstration.

Tax credit claim form (IR 526):

This month we'll automatically send the IR 526 to anyone who claimed for donations, childcare or housekeeper tax credits last year. If you or your employees haven't received a form by early May, you can download one at www.ird.govt.nz (keyword: ir526).

Applying for instalment arrangements online



If you think you may have financial difficulty paying your tax we now have a new service where you can apply online for an instalment arrangement.

You can find the "Instalment arrangement proposal" on www.ird.govt.nz "Get it done online".

This is what you'll need to do when you apply:

1. Fill in your IRD number, name and contact details.
2. Propose an instalment payment plan, including payment amount, frequency and start date.
3. Include your weekly income after tax.
4. Tell us about the financial or personal circumstances that have led you to apply to pay off your debt.

We'll email you within three working days to say if we've accepted your proposal or if we need more information.

To find out more go to www.ird.govt.nz (keyword: arrangement).

New rates for child support 2011

Every year we recalculate the rates used to assess child support payments. If you or your employees pay child support, here are the new rates used in the formula assessment.

Rates for 1 April 2010 to 31 March 2011

Minimum formula assessment annual rate	\$815
Maximum assessable income	\$120,463

Living allowances

Single person with no dependents	\$14,158
Partnered with no dependents	\$19,379
Single/partnered with one dependent	\$27,417
Single/partnered with two dependents	\$30,234
Single/partnered with three dependents	\$33,051
Single/partnered with four or more dependents	\$35,868

The minimum annual assessment of \$815 is approximately \$67.90 a month or \$15.70 weekly.

Employees in KiwiSaver who receive an accommodation allowance

If you provide an accommodation allowance to employees who are KiwiSaver members you'll need to read this. You may have been receiving letters every month from us querying the under-deduction of compulsory employer contributions (CECs). This is because the accommodation allowance is deducted from your employee's gross pay prior to calculating the CEC.

Until now you've needed to contact us every month to tell us you've deducted an accommodation allowance.

We now have a new process and we're updating our records for those employers we know are deducting an accommodation allowance. When the new process is in place you'll no longer receive a letter every month querying the under-deduction of your CEC.

We'll contact you after 12 months to check if you're still providing an accommodation allowance or if your circumstances have changed. If we can't contact you by phone we'll send a letter.

Work out how to pay off your student loan sooner

If your employees have a student loan they may be interested in our student loan repayment calculator. This tool can help them plan their repayments and see what they can do to pay off their loan sooner.

There's a choice of calculations. You can work out:

- how much to pay to clear your loan today
- how to pay off your loan by a certain date
- the effect of making voluntary repayments
- the minimum repayment obligation.

For more information and to find the calculator go to www.ird.govt.nz/studentloans

