



# NEWS & VIEWS

Summer 2009

## WELCOME TO CAROLYN EDWARDS



We are very pleased to announce that Carolyn Edwards has joined Shand Thomson as an Associate Principal.

Originally from Tuatapere, Carolyn completed a Bachelor of Commerce (Accounting with First Class Honours) degree at the University of Otago. She has worked in accountancy firms in both Invercargill and Dunedin and comes to us from a senior leadership role.

Carolyn's specialities are business advisory work for small and medium sized commercial businesses, from start up phase through to succession planning. She offers accounting services and business advice in areas such as profit improvement, business planning, analysis and implementation of small business accounting systems, and has a particular interest in the fields of fashion, construction and related trades. She also has experience in business valuation and relationship property advice.

Involvement in a number of business groups has meant Carolyn has considerable experience in mentoring, training and presenting and she particularly enjoys encouraging her clients, her staff, and tertiary students to reach their full potential. She often speaks to community business groups where she shares her knowledge of ways to maximise the enjoyment and profit available from their businesses.

Carolyn is a Trustee of the Anglican Family Care Centre Board, and is a founding member and part of the leadership team of Burns BNI (Business Network International) in Dunedin. She was also a founding member of the Dunedin branch of "Her Business Network" and co-ordinated the group for several years, encouraging and inspiring women in business.

Carolyn and her partner Warren own a lifestyle property in Dunedin and in her spare time she enjoys deep sea fishing and fitness activities.

We believe that Carolyn will provide our clients and Shand Thomson with access to a unique blend of skills and we look forward to introducing her to you.



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## ■ EMISSIONS TRADING SCHEME (ETS) UPDATE

In our last newsletter we outlined various changes to the key dates to the ETS in relation to forestry. We have summarised these changes in the table below.

Key Dates for Pre 1990 Forests	Original Deadline	New Deadline
Notification of deforestation that occurred during 2008 & 2009	31 <sup>st</sup> January 2009	31 <sup>st</sup> January 2010
Filing of emissions returns quantifying the deforestation liability	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2010
Surrendering emissions units to meet deforestation liabilities reported in an emissions return	30 <sup>th</sup> April 2010	30 <sup>th</sup> April 2010
Applications for the less than 50 hectare exemption	30 <sup>th</sup> June 2009	1 <sup>st</sup> July 2010
Applications for tax free emissions credits	31 <sup>st</sup> July 2009	Not yet Available

### Pre 1990 Forests

For pre 1990 forests notification and emission returns for deforesting in 2008 and 2009 need to be filed with MAF. The returns will be available from the MAF website and require you to advise of the net change in carbon stocks over the reporting period. You can commence filing emissions returns from 2<sup>nd</sup> January 2010 and must file by 31<sup>st</sup> March 2010.

### If you have deforested in 2008 or 2009 you need to act now.

Application forms for the small forest exemption and the tax free credits can also be submitted electronically on the MAF website. A key part of the application process is the mapping of the forest land and this needs to accompany the registration. The MAF website has software that allows you to create a "shape file" for this purpose. Your land can be found on the software by entering in the land parcel description or a nearby road into the appropriate field, or zooming in on a map of New Zealand.

If your forest is not "small" (less than 50 hectares) you should apply for the tax free credits. The value of these credits is not yet clear and the potential gains not quantified but the credits will be tradeable and can be used to offset cost if you choose to deforest without replanting.

"Small" forest owners have more factors to consider before deciding whether to apply for the small forest exemption or to take the tax free credit option. We suggest you take advice on the best course of action for your individual circumstances.

The key dates are approaching rapidly and so we urge you to consider your options for any pre 1990 forests and familiarise yourself with the new requirements for any land you have deforested

during 2008 and 2009. User guides for submitting applications and creating maps are available on the MAF website.

**We are in a position to help you with these matters. Simon Cameron specialises in this area - feel free to call him on 03 41 80020.**

### Post 1989 Forests

These forests have different requirements and not all of the parameters are yet determined.

We will keep you abreast of developments.

## ■ TAXING MATTERS

### RWT Rates

The rates for resident withholding tax (RWT) on interest are changing for most of us. From 1 April 2010, individuals who receive interest income and are currently on the 19.5% RWT rate will be shifted to a new 21% rate. You will have a year to contact your bank and elect one of the other rates (12.5%, 33% or 38%) or confirm that 21% is the appropriate rate. People who neither elect another rate nor confirm that their RWT rate is 21% will be shifted to the new default rate of 38% from 1 April 2011.

After 1 April 2010, people who open a new account and do not supply their IRD number to the bank, or do not elect a rate for RWT, will also be taxed at 38%.

**Which rate is right for you?** You can only select 12.5% for RWT if you have a reasonable expectation that your taxable income will be under \$14,000. If your income is likely to be between \$14,000 and \$48,000, 21% is appropriate. You should elect 33% if your income is between \$48,000 and \$70,000, and 38% for income over \$70,000.

### DOING NOTHING IS NOT AN OPTION!

### PIE Rates

PIE tax rates are determined by taking into account both taxable income and PIE income earned, and the rate is set according to the lowest income you had over the past two tax years.

From 1 April 2010, the new PIE rate structure will be:

Taxable Income	Taxable & PIE Income	PIE Tax Rate
\$0 to \$14,000	\$0 to \$48,000	12.5%
\$0 to \$14,000	\$48,001 to \$70,000	21%
\$14,001 to \$48,000	\$0 to \$70,000	21%
\$48,000 and over	Any	30%
Any	\$70,000 and over	30%

If you have trouble working out which is the correct PIE or RWT rate for you, please contact us.



## ■ KEY TAX DATES

28 <sup>th</sup> November	1st Provisional June balance date
28 <sup>th</sup> November	GST return period ended 31 <sup>st</sup> October due
15 <sup>th</sup> January	GST return period ended 30 <sup>th</sup> November due
15 <sup>th</sup> January	2nd Provisional March balance date
20 <sup>th</sup> January	FBT quarter ended 31 <sup>st</sup> December
28 <sup>th</sup> January	GST return period ended 31 <sup>st</sup> December due
28 <sup>th</sup> January	1st Provisional June balance date (6 monthly GST)
28 <sup>th</sup> February	GST return period ended 31 <sup>st</sup> January due
28 <sup>th</sup> February	2nd Provisional May balance date
28 <sup>th</sup> March	GST return period ended 28 <sup>th</sup> February due
28 <sup>th</sup> March	2nd Provisional June balance date
31 <sup>st</sup> March	Student loan repayment due for overseas based borrowers
7 <sup>th</sup> April	2009 Terminal Tax due
7 <sup>th</sup> April	FBT income year return

## ■ PAID PARENTAL LEAVE

The weekly maximum entitlement to paid parental leave increased to \$429.74 (before tax) from 1<sup>st</sup> July 2009.

## ■ STUDENT LOANS

To encourage repayment of student loans, the government introduced a bonus system from 1<sup>st</sup> April 2009. Both NZ and overseas based borrowers are eligible, as long as:

- you have made the correct loan repayments for the year to 31<sup>st</sup> March, on the due dates
- you have used the correct tax code in your employment
- you have filed your tax return (if one is required)
- you have made voluntary payments of at least \$500 above your normal payments, either in a lump sum or in smaller amounts (paying an extra \$10 each week would satisfy this)

The government will then credit you with an extra 10% of the voluntary payment, after the end of the tax year.

## ■ EFFLUENT ISSUES

Insurance companies seem to have variable responses to claims for compensation for fines and penalties levied by the ORC for effluent infringements.

It appears a variety of policies exist, and the insurance companies range from being proactive and appointing the lawyer to act for the farmer, to only agreeing to pay the fine dependent upon the final wording of the court judgement.

We recommend that you review your insurance policy and discuss it with your insurance agent so you understand how you would be affected.

A young clerk was leaving the office at 5 p.m. when he found the Acting CEO standing in front of a shredder with a piece of paper in his hand. "Listen," said the Acting CEO, "this is a very sensitive and important document, and my secretary is not here. Can you make this thing work?" "Certainly," said the young clerk. He turned the machine on, inserted the paper, and pressed the start button. "Excellent, excellent!" said the Acting CEO as his paper disappeared inside the machine, "I just need one copy."

Lesson:

Never, ever assume that your boss knows what he's doing.



# The Grapevine

*Congratulations to Tracey & Chris Murray on the birth of their daughter, Hannah Rose, born on 23rd August 2009.*

*The stork has found Shand Thomson, and will be visiting us repeatedly over the next few months!*

*Staff enjoyed our annual dinner, held at the Rosebank Lodge in September.*



Jackie Grant & Tanya McVicar



Tony Tourell



Gaye Cowie

## ■ ARE YOU ASSOCIATED?

Are you related to any land dealer, developer or builder? Legislation was enacted on 6<sup>th</sup> October 2009 which has radically increased the scope of the associated persons rules which affect many transactions, particularly land sales.

If you are associated to a land dealer, developer or builder the profit on **any land** you sell may be treated as taxable income. The rules are quite complex but examples of association are:

- any relationship within two degrees of relationship (e.g. your spouse, children, siblings, parents)
- companies who have common shareholding of 50% or more
- a shareholder with greater than 25% shareholding and the company
- a trustee and a beneficiary of a trust (or trusts) which have been settled by the same settlor.

There is also a tripartite test, which associates person A with person B, if both A & B are associated with person C.

Please tell us if you have any personal or business relationship with a land dealer, developer or builder as it may have some impact on your business affairs.



*Shand Thomson sponsored the awards for Services to Sport at the recent Sports person of the Year awards. We took the opportunity to meet with the guest speaker, Hamish Carter.*