

TAX FACTS

SHAND THOMSON

CHARTERED ACCOUNTANTS

2011

Income Tax Rates

Taxpayer Type	Taxable Income	2011 Rates (Composite)	2012 Onwards Rates
Individuals	\$0 to \$14,000	11.5%	10.5%
	\$14,001 to \$48,000	19.25%	17.5%
	\$48,001 to \$70,000	31.5%	30%
	Over \$70,000	35.5%	33%
Companies	All income	30%	28%
Trusts	Trustee's Taxable Income	33%	33%
	Child beneficiary income (under 16 yrs) taxed at 33% on earnings in excess of \$1,000		

ACC Earners' Levy is an extra 2.04% for all employees (up to maximum of \$111,669 per year).

Resident Withholding Tax

Interest	10.5%, 17.5%, 30% or 33%
Dividends	Imputation credits at 30% plus RWT at 3%

Non Resident Withholding Tax

Interest	15% (10% in most tax treaties) or 10% (approved issuers 2% levy)
Dividends	30% (15% in most tax treaties)

Use of Money Interest

UOMI will be payable from the first instalment due date for over and under payments of Income Tax by provisional taxpayers, except for individuals whose residual income tax (RIT) is less than \$50,000 and they do not estimate. Those taxpayers with RIT of over \$50,000 or those who estimate provisional tax will be liable to pay or receive UOMI from each instalment date.

The rates from 16 January 2011 are 8.89% (deductible for business taxpayers) and 2.18% (assessable for all taxpayers).

UOMI applies to under and over payments of all taxes and duties.

Salaries & Wages

Minimum Wage Hourly Rate

The minimum hourly rate from 1 April 2011 is:

New Entrant 16-17 yrs*	\$10.40
Training Wage	\$10.40
16 yrs & over	\$13.00

(* if worked less than 3 mths or 200 hours)

Wages Paid to Children

Children at school can earn up to \$2,340 per annum without paying tax. Employers are entitled to not make PAYE deductions for children if the amount paid does not exceed \$45 per week, \$90 per fortnight or \$195 per month.

PAYE Deductions

If PAYE deductions are less than \$500,000 in the previous year, PAYE is due on 20th of following month.

Where PAYE Deductions are greater than \$500,000 PAYE is payable in two monthly instalments as follows:

1st to 15th month	20th same month
16th to last day	5th following month

Common PAYE Rates

Casual Agriculture Workers (CAE)	19.54%
Non declaration (IRD number unknown)	47.04%

Fringe Benefit Tax

FBT Rate

49.25% or multi-rate calculation of 12.91%, 23.84%, 45.99% or 55.04% dependent on net remuneration.

Return Periods

Quarterly or Annually

FBT Value of Motor Vehicles

5% per quarter of original cost of vehicle (incl GST) or calculated on number of days available for private use.

Low or Interest Free Loans

Benchmark Interest Rate (reviewable quarterly) 5.9% (From 1 April 2011).

GST on Fringe Benefits is paid with the FBT return.

Paid Parental Leave

To be eligible, you must have been in paid employment with a single employer for 10 or more hours a week for six months before the birth or adoption of a child.

The maximum payment rate is \$458.82 gross per week or 100% of previous weekly earnings, whichever is lower, for a duration of 14 weeks. Self employed parents will receive a minimum of \$130 per week.

Parental leave is paid by the Inland Revenue Department and is available to both employees and self-employed.

Income Tax Payment Dates

Month of Balance Date	Provisional Tax Instalments Due 28th of Month (except as noted)			Terminal Tax Due 7th of Month With Agent
	1st	2nd	3rd	
October	Mar	Jul	Nov	Nov
November	7 May	Aug	15 Jan	Dec
December	May	Sep	Jan	Jan
January	Jun	Oct	Feb	Feb
February	Jul	Nov	Mar	Mar
March	Aug	15 Jan	7 May	Apr
April	Sep	Jan	May	Apr
May	Oct	Feb	Jun	Apr
June	Nov	Mar	Jul	Apr
July	15 Jan	7 May	Aug	Apr
August	Jan	May	Sep	Apr
September	Feb	Jun	Oct	Apr

Note: Those registered for GST on a 6 monthly basis will pay provisional tax twice a year.

Goods & Services Tax

GST rate on supplies made in NZ is 15%, exported supplies 0%. Threshold for registration \$60,000 turnover pa. If turnover exceeds \$2 million you must use invoice basis. The taxable periods you can choose from are limited by your turnover.

Turnover (in any 12 Mth Period)	Taxable Period (Months)		
	One	Two	Six
Up to \$500,000	Yes	Yes	Yes
\$500,000-\$24 million	Yes	Yes	No
Over \$24 million	Yes	No	No

GST Payment Dates

Period Ended	Filing Deadline
30 Apr 2011	Mon 30 May 2011
31 May 2011	Tue 28 Jun 2011
30 Jun 2011	Thu 28 Jul 2011
31 Jul 2011	Mon 29 Aug 2011
31 Aug 2011	Wed 28 Sep 2011
30 Sep 2011	Fri 28 Oct 2011
31 Oct 2011	Mon 28 Nov 2011
30 Nov 2011	Mon 16 Jan 2012
31 Dec 2011	Mon 30 Jan 2012
31 Jan 2012	Tue 28 Feb 2012
28 Feb 2012	Wed 28 Mar 2012
31 Mar 2012	Mon 7 May 2012

Gift Duty Rates

Applicable to 1 October 2011 (awaiting legislation to repeal Gift Duty as signalled by the Government)

Gift Value	Duty Payable
\$0 - \$27,000	Nil
\$27,001 - \$36,000	5% of value over \$27,000
\$36,001 - \$54,000	\$450 plus 10% of value over \$36,000
\$54,001 - \$72,000	\$2,250 plus 20% of value over \$54,000
Over \$72,000	\$5,850 plus 25% of value over \$72,000

Schedular Payments (previously Withholding Payments)

These payments are made to people who do not receive a salary/wage, but who are employed under a contract for service. If you do any of the types of work listed below, withholding tax must be deducted from your income and paid to the Inland Revenue Department unless you have a current certificate of exemption.

Category	Normal Rate
Agricultural contracts for maintenance, development, or other work on farm or agricultural land	15c
Building industry contracts, wholly or substantially labour only	20c
Commissions to salespeople and agents & commercial cleaning	20c
Forestry or bush work of all kinds, or flax planting or cutting	15c
Gardening, grass or hedge cutting, or weed or vermin destruction (other than residential or agricultural premises)	20c
Honoraria, Directors Fees	33c
Labour for fruit, vegetables, orchards & vineyards	15c
Mail contracting, transport of school children, milk delivery or refuse removal	15c
Shearing or droving	15c

Note: These regulations do not apply to limited liability company contractors & trusts except in the horticulture & viticulture industries.

Working for Families Tax Credits (previously Family Assistance)

No Children	Maximum Entitlement		Annual Income (before Tax) Where Entitlement Ceases		
	Family Tax Credit (children under 13)	In-Work Tax Credit*	Family Tax Credit	In-Work Tax Credit	Parental Tax Credit**
1	\$4,576	\$3,120	\$59,000	\$74,000	\$113,000
2	\$7,748	\$3,120	\$74,000	\$90,500	\$129,500
3	\$10,920	\$3,120	\$90,500	\$105,500	\$144,500
4	\$14,092	\$3,900	\$107,000	\$126,500	\$165,500
5	\$17,264	\$4,680	\$122,000	\$146,000	\$185,000
6	\$20,488	\$5,460	\$138,500	\$165,500	\$205,000

* In-Work Tax Credit - maximum entitlement is \$3,120 per child per annum
 ** Parental Tax Credit - maximum entitlement is \$1,200 a year for each child born
 These rates are effective from 1 April 2011

Childcare Subsidy and OSCAR rates

If you have	And your family's weekly income before tax is less than	The subsidy per child per hour is up to
1 child	\$1,200	\$3.84
1 child	\$1,300	\$2.67
1 child	\$1,400	\$1.48
2 children	\$1,380	\$3.84
2 children	\$1,490	\$2.67
2 children	\$1,600	\$1.48
3+ children	\$1,540	\$3.84
3+ children	\$1,670	\$2.67
3+ children	\$1,800	\$1.48

These rates do not include the 20 free hours for early childhood education.

If you are in work or study, or if you have special circumstances that mean you need access to childcare, you can get:

- a Childcare Subsidy for up to 50 hours a week
- an OSCAR subsidy for up to 20 hours per week during term time, and up to 50 hours during school holidays

Student Assistance

Student Allowance

Students may earn a maximum of \$203.13 during study weeks before their allowance is affected. The eligibility of students under 23 is affected by parental income.

Students Aged 18yrs to 23yrs	Maximum Entitlement (after tax)	Parental Income Eligibility Ceases at*
At home	\$134.36 per week	\$82,953.82
Away from home	\$167.83 per week	\$89,936.68

* Parental income is adjusted by \$7,000 for each other child over 16yrs and under 23yrs who is in secondary or tertiary education.

Student Loans

Student loan repayments of 10% must be made once borrowers reach an income of \$19,084.

Borrowers resident in NZ for more than 183 days per tax year are entitled to full interest write-off on their student loans.

Taxpayer Penalties

Action Subject to Penalty	Penalty Standard Rate	Penalty Reduced by 75% for Disclosure before Audit	Penalty Reduced by 40% for Disclosure during Audit	Penalty Reduced by 75% for Disclosure when Filing	Penalty Increased by 25% for Obstruction
Lack of Reasonable Care	20%	5%	12%	N/A	25%
Unacceptable Interpretation	20%	5%	12%	5%	25%
Gross Carelessness	40%	10%	24%	N/A	50%
Abusive Tax Position	100%	25%	60%	25%	125%
Evasion	150%	37.5%	90%	N/A	187.5%

In addition to the above, a late filing penalty applies for certain returns not filed by their due date. The first 1% will be charged on the day immediately after the due date for payment. The remaining 4% will be charged if the tax remains unpaid seven days after due date. Thereafter 1% monthly penalties apply.

Late filing penalties are applied to GST returns of \$250 for invoice basis or \$50 for payments basis. Taxpayers are notified prior to the penalty being applied the first time a return is filed late.

Community Services Card

Family Size	Income Threshold
Single - living with others	\$24,461
Single - living alone	\$25,933
Married/civil union/de facto couple, no children	\$38,737
Family of 2	\$46,769
Family of 3	\$56,637
Family of 4	\$64,485
Family of 5	\$72,172
Family of 6	\$80,763

For families of more than 6, the income limit goes up another \$7569 for each extra person.

Rates at 1 April 2011.

PIE Rates

As Portfolio Investment Entities (PIEs) have their final tax on income at source, you have to select the correct tax rates.

Individuals -

2011/12 10.5%, 17.5% or 28% depending upon income level

Trusts -

0%, 10.5%, 17.5% or 28% depending on how the trust allocates its income

Companies - 0%

Donations Paid

You can claim a rebate of the lesser of:

- 1/3 of the total donation you have made; or
- 1/3 of your taxable income

Childcare & Housekeeper payments (for all tax years)

You can claim the lesser of:

- 33% of the total payments you have made; or
- \$310 (\$940 x 33%); or
- 33% of your taxable income