

NEWSLETTER WINTER 2015

The shortest day has past and we are on the countdown to warmer weather....while we wait grab a cup of tea and check out what has been happening in the world of accounting since our last edition.....

Changes to the Financial Reporting Standards

Inland Revenue have set minimum requirements for all Companies that have annual income or expenses in excess of \$30,000. The result of this change is that, where we have previously prepared a business income schedule, we may now be required to prepare a full set of financial statements for your Company.

Companies Office Annual Returns

From 1 July 2015 any annual returns filed with the Companies Office have to include the following additional information:

- The date and place of birth for all directors
- Details of any Ultimate Holding Company if applicable

If we file your return we will be calling to gather this information from you. Alternatively if you file your own more details can be found on the Companies Office website.

Budget 2015

Tax related announcements included:

Extended rules for residential property sales

The idea is to ensure that people buying and selling properties for a profit are paying their fair share of tax.

There is now a requirement for all non-residents to hold a NZ bank account and provide an IRD number when they buy or sell property. This will also be required of New Zealanders who are buying and selling a property that's not their main home.

In addition, if someone sells a residential property within two years of purchase they will now have to pay income tax on any profit they make from the sale.

There will be some exceptions to this. Changes will be implemented from 1 October.

End of the \$1,000 KiwiSaver kick start

The \$1,000 kick-start incentive for people newly enrolling in KiwiSaver was removed immediately following the budget announcement at 2 pm on 21 May 2015.

Reduced ACC levies

Significant ACC levy cuts are forecast for 2016 and 2017. If forecasts are correct, the average ACC motor vehicle levy will reduce to around \$120 in 2016.

Increase Working for Families in-work tax credit and abatement rate

Changes will affect all working families not receiving a benefit. Low-income working families earning \$36,350 or less a year, before tax, will get \$12.50 extra a week from WFF.

Working families earning more than \$36,350 will get extra from WFF, the exact amount is dependent on their family income.

Families earning more than \$88,000 a year will get slightly lower WFF payments, with the average reduction being around \$3 a week. These changes take effect from 1 April 2016.

KiwiSaver used for Housing

If you have been contributing to KiwiSaver for a minimum of 3 years you may be eligible to withdraw funds to buy your first home. There are also home start grants of up to \$20,000 if you meet the specified criteria. See more at www.kiwisaver.govt.nz/new/benefits

Changes ahead for Registered Charities

Reporting standards for registered charities have changed from 1 April 2015. The new rules will apply for the first year following this date. For example if your balance date is 31 December then the first year of the new standards will be the year ended 31 December 2016.

Our initial assessment is that most organisations we work with currently will be classed under 'tier 3' or 'tier 4' in the new framework:

- Tier 3 – total operating expenses less than or equal to \$2.0M
- Tier 4 – total operating payments less than \$125,000

The classification tier as will determine the reporting requirements going forward, however, all charities will be required to prepare a 'Performance Report' containing both financial and non-financial information.

Financial information will be required to fully disclose any related party transactions and show revenue received from 'members' separately to 'non members'.

A major change is the requirement to include non-financial 'Entity Information' and a 'Statement of Service Performance' in the annual report. These reports basically explain the organisation, why it exists, what it hopes to achieve and how it is trying to get there.

It is important that you prepare for these changes early to ensure that you have adequate record keeping strategies in place to support the reporting requirements.

More information can be found on the Charities Services website www.charities.govt.nz/

If you require further assistance with any of the above topics give us a call at the office. Frank, Gareth or Rochelle will be more than happy to help you!!