

March 2010 Update -

We had an excellent response to the December issue and feedback from clients indicates this new format is ideal for keeping up to date with relevant financial news. Changes the government has made to minimum wages, tax rates and information related to preparation for end of year financial reports are the main points covered in this newsletter.

The last few days of February were wonderfully warm and there is talk of an Indian Summer, but whatever the temperatures we hope you enjoy the wonderful colours Autumn brings to our landscape.



Minimum Wage Increased to \$12.75 – The Government has moved to increase the minimum wage from \$12.50 to \$12.75 in line with the Consumer Price Index from 1 April 2010. The training and new entrants minimum wages will increase from \$10 to \$10.20.

New Secondary Tax Rate – A new, low secondary tax rate of 12.5% will be introduced from 1 April 2010. Secondary Tax rates are used for all secondary jobs.

The new, low secondary tax code (SB) is for individuals who can apply the 12.5% rate to their secondary income. The new tax code can be used by individuals who expect their total income from all sources to be less than \$14,000 for the year.

Inland Revenue will also be updating the tax code declaration (IR330) form in March to include this new secondary tax code (SB). To find out more about secondary tax rates please visit the Inland Revenue website <http://www.ird.govt.nz/news-updates/like-to-know-changes-tax-rates.html>

Government changes Resident Withholding Tax (RWT) deduction rate – from 1 April 2010 RWT rates will align with Income Tax Rates. It is essential banks and/or financial institutions have your IRD number - now known as your TFN (Tax File Number) otherwise they are obliged to deduct RWT at the new default rate of 38%.

Taxable Income	RWT Rate
\$0.00 to \$14,000	12.5%
\$14,001 to \$48,000	21% (formally 19.5%)
\$48,001 to \$70,000	33%
\$70,001 and over	38%

The RWT rate for companies will change to 30%

Payroll Update - The ACC Earner Premium will increase from \$1.70 to \$2.00 per hundred dollars of gross earnings from the pay periods ending on or after 1 April 2010. If you pay employees by automatic payment, please adjust these payments after this date.

Software companies are currently sending out payroll updates, please ensure that you backup your payroll before loading the update, and your update is loaded before 31 March 2010. For further advice please contact our payroll team brenda.smith@aingertomlin.co.nz or quentin.mckie@aingertomlin.co.nz phone 03 343 0046

Maximum claims levels for disputes tribunal increased - Increases in the maximum claim levels for the disputes tribunal were enacted recently by the passing of the Disputes Tribunals Amendment Act 2009. The maximum level has increased from \$7,500 to \$15,000. If both parties agree this threshold increases from \$12,000 to \$20,000.

MYOB 2010 issue – Many of you will have received our email alert regarding the inability of some MYOB Cashbook versions to log data with the 2010 date. Please email quentin.mckie@aingertomlin.co.nz or call 03 343 0046 if you need assistance with this software issue.

Client Seminar – we will be hosting payroll and accounting software updates plus year end accounting procedure seminars in March and April (dates to be confirmed).

We hope you find these updates helpful for managing your financial administration but please do call or contact one of our team if you would like further detail or advice on any aspect of this information.



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