



Autumn 2014

Superannuation: decisions, decisions

If you have (or had) funds in foreign superannuation schemes, let us know. Recent changes to legislation and further impending changes may affect you.

I transferred my Australian super to KiwiSaver. Is it taxed here?

Transfers from complying superannuation funds in Australia into KiwiSaver won't be taxed in New Zealand on transfer. However, future earnings on these transfer funds will be taxed as normal KiwiSaver investments.

This isn't the case with transfers from other countries - there are New Zealand tax implications on transfers in these cases. However, under the new rules, if you transfer your non-Australian foreign superannuation into KiwiSaver after 1 April 2014, you will be allowed to make a withdrawal from KiwiSaver to pay your tax bill.

I withdrew (or transferred) funds from my foreign super last year. What are the tax implications in New Zealand?

If you withdrew or transferred funds any time between 1 January 2000 and 31 March 2014, and have not previously accounted for New Zealand tax on these funds, you will be able to meet your tax obligations by paying tax on 15% of the amount transferred or withdrawn. The remaining 85% of that sum will not attract income tax. However, it has to be shown in the tax return for either the 2013-14 or 2014-15 income years.

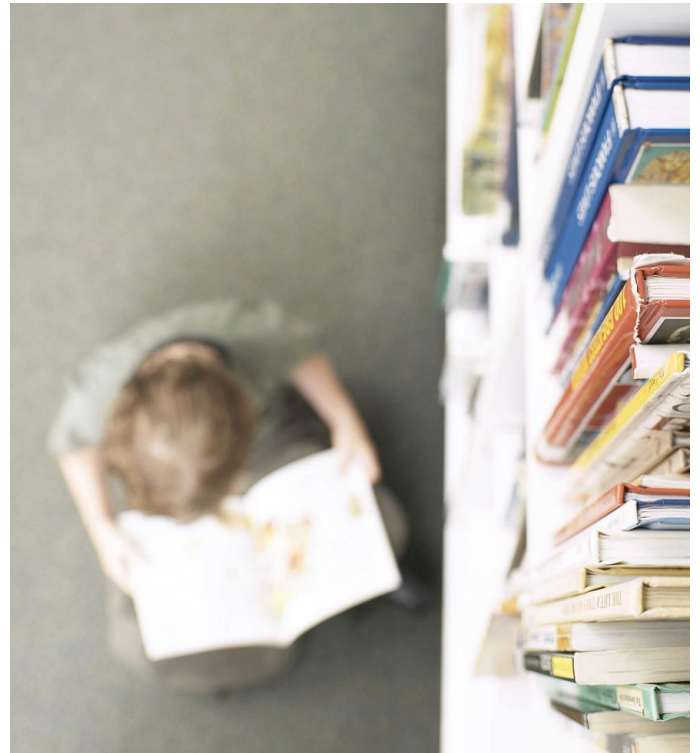
For a limited period of time only, you can choose to calculate your tax liability using this concessionary 15% rate option without penalties or interest, or under existing law (which may involve imposition of penalties and interest). Talk to us to work through the options that are best for your situation.

I'm confused. I've been declaring my foreign super under the FIF rules. What happens now?

The current foreign investment fund rules will no longer apply to foreign superannuation schemes from the proposed date of 1 April 2014. However, if you previously declared your foreign superannuation and used the foreign investment fund (FIF) income rules prior to 20 May 2013, you may choose to keep using them in relation to your foreign superannuation interest after 1 April 2014 under the 'grandparenting' provisions.

Anything else?

Don't forget also, superannuation is counted as adjusted taxable income when calculating income for child support, family income for Working for Families tax credits, and parental income for student allowances.



Tax Calendar

April 7 2014 2013 Terminal Tax (March balance date)

May 7 2014 3rd instalment of 2014 Provisional Tax (March balance date) and GST for March 2014

and the good news is... ACC

Workers and employers will pay \$387 million less in ACC levies in 2014/15 (subject to the regulation being passed). The cuts affect the Earners Account (paid by workers) and the Work Account (paid by employers).

	Work Account Average levy (per \$100 of liable earnings, ex GST)	Earners' Account levy (per \$100 of liable earnings, ex GST)
2014/15	\$0.95	\$1.26
2013/14	\$1.15	\$1.48

The Health and Safety in Employment (HSE) Levy is changing to a flat rate of \$0.08 per \$100 liable earnings. Look for more news on this later in the year.

Motor Vehicle Account levies, incorporated into car registration and petrol prices, will remain the same. The Government expects to introduce cuts for motor vehicle owners from 1 July 2015.

In other news, there have been some minor changes to classification unit codes, affecting second-hand booksellers and people working in digital effects industries.

Are you managing ACC on your own? We could help you with that, with our ACC Administration and Advisory service. Talk to us about how the service might save you time and money.

Working for Families

The minimum family tax credit threshold will increase from an after-tax income of \$22,724 to \$22,776 from 1 April 2014.

Student loans and allowances

The government continues to tighten up access to assistance for students as well as extending their reach for repayments.

Limits on access

If you are starting study after 1 January 2014, there is now a residency requirement of three years (previously two years) before you are eligible for a Student Loan which applies to those who are not New Zealand citizens, refugees, or protected persons. Age limits apply for Student Allowances. The amount of assistance people over 40 are eligible for is limited to 120 weeks and students aged 65 or over are no longer eligible for a Student Allowance for study starting after 1 January 2014.

Repayment obligations – don't be late

If you defaulted on your student loan repayments while living overseas, but returned to New Zealand, Inland Revenue can now request an arrest warrant if you are about to leave New Zealand. Inland Revenue and the Department of Internal Affairs now have an information sharing agreement allowing them to share contact details for overseas-based student loan defaulters when they renew or apply for their passport. Inland Revenue will be able to contact individuals to discuss their outstanding arrears.

Mixed use asset rules now apply to boats and planes

We've talked a lot about mixed use assets over the last six months so we'll keep it short. From 1 April 2014 the mixed use assets rules apply to boats and aircraft. This means you now need to keep similar records as for holiday homes.

If you use the asset for private use and for earning income, if it's also unused for 62 days, if it had a cost or market value of \$50,000 or more when you bought it, you need to record:

- The amount of time it was used and who used it (number of days, flying or cruising hours)
- The amounts received
- Expenses related to making it available for hire as well as expenses in generally maintaining it

If you make a loss and if your gross income from the asset is less than 2% of its value, you may not be able to claim the loss straightaway. Instead, you'll have to 'quarantine' the excess expenditure and carry it forward to a future tax year to offset against future profits from the asset.

GST input tax deductions are calculated in a similar way to how you calculate expenses allowed as a deduction. If you sell the asset partway through the year, the calculations relating to income, expenditure, apportionment and quarantining can change.

If you'd like a rundown on how this applies in your case, or some tips on easy ways to keep track of it all, please contact us.

End of year checklist

As usual, when the end of the financial year is approaching, it's a good idea to make sure everything's in good order. Take a look at:

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| <input type="checkbox"/> How much stock you are carrying at the end of the year. Dispose of any obsolete lines or write the stock down to its net realisable value. | <input type="checkbox"/> Your discount reserve, if you discount for prompt payment. After the first year, the allowable deduction is based on the percentage level established initially. |
| <input type="checkbox"/> Planned dividend payments and the company's imputation credit account balance. | <input type="checkbox"/> Credit notes issued to customers following balance date that apply to income earned this year. |
| <input type="checkbox"/> Debtors: if you have taken reasonable steps to recover a debt, you may be able to write it off and claim a deduction. | <input type="checkbox"/> Retentions owing: they are taxable this year if you receive them by 31 March. |
| <input type="checkbox"/> Fixed assets: can any be written off? | <input type="checkbox"/> Make sure loss offset or subvention elections are filed with IRD on or before 31 March. |
| <input type="checkbox"/> Amounts owed to employees such as holiday pay, bonuses, long service leave, redundancy payments. They can be claimed for in this year if paid within 63 days of balance date. | <input type="checkbox"/> Can you prepay any of your expenses to claim a deduction? Not sure what kinds of prepayments are deductible? Ask us. |
| <input type="checkbox"/> Significant maintenance or repairs undertaken before end of year may be eligible for an early tax deduction. Check if you're not sure where expenditure on an asset is deductible as repairs or maintenance or if it should be capitalised. | |

Call us if you'd like a quick heads-up on what to look for in the detail or options for how to treat any of the above.

CryptoLocker a nasty one

CryptoLocker is a ransomware virus. It's created havoc around the world and is one you hope you never get. Essentially it infects your PC's files and will delete them permanently unless you pay a ransom within three days. The ransom - about \$500 - is paid through Bitcoin or MoneyPak, which are private fund exchange networks. It's almost impossible to track the perpetrators.

The infection occurs via email, usually suggesting you should track a parcel to be delivered. Click on the attachment, open the Zip file and the virus goes to work gathering data on all your files. It then shows you a "ransom note". While you might be wary of opening any strange attachments, it can still happen, especially around Christmas time when you could be expecting a delivery.

The attachment usually has a double extension name, for example .pdf.exe. The pdf extension adds some credibility; the exe does the nasty stuff. Beware of any double-extension attachments. Unfortunately, there's not much you can do once you're infected. One large New Zealand firm recently paid the ransom as it couldn't fix it and couldn't afford to lose the data.

As with all viruses, protection is easier than cure. Make sure you have a robust anti-virus package running on ALL your computers. (The New Zealand firm had good anti-virus protection, but one employee connected a personal laptop to the company network and was not properly protected.)

As a rule, free anti-virus software is not good enough. Pay for it and be better protected. One useful tool - but not a silver bullet - is CryptoPrevent, which stops your computer from down-loading double-extension files. So far the virus seems to infect PCs running Windows 7, Vista and XP, but Windows 8 and Macs could be vulnerable, too. If you're unsure about your protection, call your local computer service company for advice.

eXPired technology?

Taking your business online? Look at whether your current setup will let you keep up with the change. For instance, if you're still running XP, be aware that Microsoft will no longer support Windows XP and Office 2003 from this year.

From April, if you use Windows XP, you won't receive technical support for it. This means no new security updates, or non-security hotfixes. No support and no online technical content updates. Until July 14 2015, Microsoft will continue to offer Windows XP users its malware scrubbing program (MSRT). However, your system will become more vulnerable to security risks and viruses.

Over time you'll encounter more applications and devices are incompatible as software and hardware manufacturers upgrade their products.

You're already onto this ... right? But call us if you'd like to talk through how your computer system interacts with your accounting system or other business processes.

Six of the best ways to increase productivity

Do you often wonder why successful people seem to have so much spare time? Enough time to exercise, share holidays with family and yet, to still be completely relaxed and stress free? Those people probably have the balancing act right and are efficient at managing time.

Here are six things that really productive people do that could help:

Define your priorities

Defining these can often be tricky and it isn't always about work. Part of you wants to say that work is your priority, but stop before you answer this question. What do you find fun? Think about the kind of lifestyle you want and go from there. If you want to be a CEO, you're going to have to be willing to take the level of work commitment that goes with it. If you want to have a life filled with family, then work out what your priorities are in order to make this happen.

Do what you're best at

You don't do everything well, but what you do well is often more enjoyable and will take you less time. It's also more than likely that if you don't enjoy something, you may not complete it or do it to the best standard. Don't take on new challenges if they're too much for you to handle. Be efficient and use your best skills and expertise to shine and get the job done to time.

Integrate your activities

It can be a real balancing act trying to manage work, fitness, a social life and family, so look at ways to incorporate these. Find someone at work who wants a workout buddy so you can exercise together in lunch hours. It also helps to try and develop your work life and career around your interests. You will soon find yourself amongst peers with similar interests which can in turn lead to a healthy and balanced social life. Instead of feeling pulled between work and play while trying to keep everyone happy, aim for a happy medium and let everyone come to you.

Stop wasting time

Social media can be an excellent business tool... but it can also be a very good time waster. Unless you're using a social media site to do something specific, put it away. Ignore gaming apps which send reminders and updates - these will only lead to distraction. You need to actually budget time for necessary activities with family and friends and don't do anything that doesn't energise and uplift you.



Learn more

In spite of what you may think, learning can give you back time. By discovering new tools or ways to do things, you can become more time efficient and effective in your way of doing them. If it starts to drag on though, leave it. Nothing should take up your time, only enhance it.

Don't beat yourself up

Remember that you are only human, so don't get too down on yourself if you can't attend to everything on the list. Also remember to celebrate your achievements as you do them. Reward yourself for the items you do tick off the list because completions can act as a form of motivation for other tasks.

It's not easy to do all of these things at once, but by gradually incorporating each tool into day to day work and play, you might find that over time, stress levels will be lower and life more enjoyable.

