

Welcome to our second 2017 newsletter.

Budget 2017

The budget was announced yesterday and includes changes to the individual tax bands. You will pay less tax and have more take home pay. Currently the tax thresholds look like this:

| Income tax bracket | Tax rate |
|---------------------|----------|
| \$0 - \$14,000 | 10.5% |
| \$14,001 - \$48,000 | 17.5% |
| \$48,001 - \$70,000 | 30% |
| \$70,000 and higher | 33% |

From 1 April 2018, they will look like this:

| Income tax bracket | Tax rate |
|---------------------|----------|
| \$0 - \$22,000 | 10.5% |
| \$22,001 - \$52,000 | 17.5% |
| \$52,001 - \$70,000 | 30% |
| \$70,000 and higher | 33% |

The Independent Earners Tax Credit (\$520 or less tax rebate) has been removed which will lessen the tax gains above for some of you.

If you earn up to \$52,000 then you will take home an extra \$20.38 per week.

The government is also increasing the Working for Families tax credit rates and decreasing the abatement threshold. They are increasing the Accommodation Supplement and the Accommodation Benefit for eligible Student Allowance recipients, by up to \$20.

Mileage Rate Change

IRD have updated their mileage rate from 72 cents per kilometre to 73 cents. Please make sure you update your spreadsheets and calculations if this applies to you.

Fringe Benefit Tax

Thinking of buying a new work car?

If so then please let us know so we can advise you the best person to buy the vehicle and how best to claim costs.

Remember if the vehicle is 'available to be used personally' then a personal adjustment will be needed in most situations. Better to tell us now and know the full details than later on.

Upcoming 2018 Provisional Tax Dates

For non-registered GST persons and 2 monthly GST Registered Persons with a standard March year end:

- 1st payable by 28th August 2017
- 2nd payable by 15th January 2018
- 3rd payable by 7th May 2018

For 6 monthly GST registered persons:

- 1st payable by 28th October 2017
- 2nd payable by 7th May 2018

Please do let us know if your circumstances have changed so we can advise you accordingly.

Use of Money Interest

IRD have made changes to the way they calculate use of money interest. Historically if you had underpaid tax, IRD would calculate interest and back date it to your first provisional tax instalment date of 28th August.

For this year onwards IRD will only charge interest if you have underpaid tax back dated to the third provisional date of 7th May. This will save a lot of interest in the future.

Payroll Service

Just a reminder that we do offer the service of processing your payroll for you either weekly, fortnightly or monthly. It can be very time consuming and confusing to process wages. Please let us know if you need further details.

Emailed Tax Payment Advice

Many of you will have received an email from us with your tax payment advice attached for the 2017 terminal tax. IRD has opened up the ability to do this and I know for some of you this is the best way to send this information to you.

Please let us know if you would like a hard copy to be posted to you instead.

New Receptionist at BJKing

We have a new receptionist at BJKing, Petrina Taylor. Please introduce yourself next time you are in the office. She has replaced Amanda who has decided to return to full-time studying. We wish her all the best for the future.

Finding it hard to pay tax

If you are struggling to make a payment to the IRD by the due payment date, then its best to call IRD to make a repayment arrangement before you are late.

What is the benefit to making an arrangement? IRD will cease late payment penalties (unless you miss an agreed payment). This will make repayment of the debt a lot quicker.

We can call on your behalf if you prefer.

E-Abode Sign Tax Returns

We now have the ability to send you an electronic version of your tax return to sign using 'e-Abode' to pdf sign instead of having to print, sign and scan back to us.

A link can be emailed to you through our system. Once you have signed this it will download back to our system, send us a confirmation and then direct to Inland Revenue. You will however still need to sign paper or pdf copies of any sets of financial statements or minutes.

If you would like to receive an 'e-Abode' link to sign your tax returns in the future then please let us know.

Always Happy To Help

Remember to speak to us if you have any of the following:

- Overseas bank accounts or investments
- Received historical untaxed foreign superannuation
- Thinking of selling rental properties
- Would like to discuss the benefits of starting a new company or a Family Trust
- Thinking of providing an employee with a meal or travel allowance
- Want to discuss the options of buying a company vehicle and how personal use is taxed.
- Or just simply want to talk about your business

Going Away or Need your tax prepared in a hurry?

We will try our best to prepare in time but please note our normal processing time is to complete the returns in a 6 to 8 week period.

Thinking of selling a rental Property?

Tax could be payable in particular if you have owned the property for a number of years. Please contact us to discuss further and we can determine if this will apply to you and when is the best time to pay this tax to IRD.

B.J. King & Associates Ltd

1/721 High Street, Boulcott, Lower Hutt 5010

Ph: 04 5677263 W: www.bjking.co.nz

E: Sally@bjking.co.nz