

Resident Withholding Tax

Deducted from resident withholding income before the investor receives it.

	Rate
Dividend (gross)	33.0%
Interest	
Companies	30.0%*
Individuals	
Non-Declaration (default rate)	38.0%

Other: (from 1 April 2010)

Marginal tax rate	Current rate	New Rate
12.5%	19.5%	12.5%
21.0%	19.5%	21.0%
30.0%	33.0%	30.0%*
33.0%	33.0%	33.0%
38.0%	38.0% or 39.0%	38.0%

* Change from 1 April 2011, but at payer's option earlier from 1 April 2010

Non Resident Withholding Tax

Withholding tax on certain types of income paid to non-residents. Generally rates are:

	Tax Treaty	Non Treaty
Interest and Royalties	10% or 15%	15%
Dividends	15%	30%

Exceptions include the Australia-NZ and the US-NZ Double Tax Agreements, which have different rates.

For qualifying loans, NRWT can be substituted by an Approved Issuer Levy of 2% on interest paid. Also note NRWT can effectively be reduced or eliminated on dividends through the FITC regime.

KIWISAVER

Currently the minimum employees' contribution to Kiwisaver is 2% of their gross salary or wages deducted. Employers are also required to contribute a minimum of 2%. It is only compulsory for employer's to make this contribution where an employee is also contributing. New employees are automatically enrolled in the scheme but are able to opt out; existing employees must be offered an opportunity to join if they request it.

REBATES

Charitable donations and housekeeper and childcare rebates must be applied for on a separate form, IR526. All other rebates are claimed through the tax return.

The previous limits for claiming for charitable donations of \$1,890 and 5% of net income respectively have been removed for both individual and corporate taxpayers. For donations made in the tax year ending 31 Mar 2009 and future years, individuals can claim the lesser of 33.33% of the total donations made, or 33.33% of their taxable income. Companies now get a deduction for donations.

PAYE THRESHOLD

Once a month filing and payment threshold for PAYE increased from \$100,000 to \$500,000 from 1 April 2009.

FRINGE BENEFIT TAX

FBT is payable by employers on non-cash benefits that employees receive as a result of employment. From 1 Apr 2009, different FBT rates apply in line with new income tax rates. This can be at the new flat rate of 61% or a multi-rate based on the new rates in the table below:

Fringe Benefit Inclusive Net Cash Remuneration	FBT*	Cumulative Balance
\$0 - \$12,250	14.29%	\$1,750
\$12,251 - \$39,110	26.58%	\$8,890
\$39,111 - \$53,850	49.25%	\$16,150
\$53,851 +	61.29%	
Unattributed (non shareholder)	49%	
Unattributed (shareholder)	61%	

FBT is deductible for income tax purposes.

GOODS AND SERVICES TAX 12.5%

GST registration is compulsory if annual turnover exceeds \$60,000. After this threshold GST must be charged on all taxable supplies made.

GST is due on the 28th of month following the end of your GST return month. For example, GST return and payment due for the period ended 29 February 2008 is due on 28th of March 2008. The exceptions to this are payments due on 28 December, which will be payable on 15 January and 28 April, which will be due on 7 May, due to Christmas and Easter.

The six-monthly GST filing threshold has increased to \$500,000.

REDUNDANCY

From 1 December 2006 a redundancy rebate of 6 cents in each \$1 can be claimed on redundancy payments up to \$60,000. A maximum rebate of \$3,600 is available regardless of the level of other earnings.

R&D CREDITS

R&D tax credit legislation has been repealed with effect from the 2009/2010 income year.

However, the tax credit remains available for qualifying expenditure on R&D activities carried out in the 2008/2009 income year.

GIFT DUTY

Value of Gifts*	Duty
\$1-\$27,000	Nil
\$27,001-\$36,000	5% of excess over \$27,000
\$36,001-\$54,000	\$450 + 10% of excess over \$36,000
\$54,001-\$72,000	\$2,250 + 20% of excess over \$54,000
Over \$72,000	\$5,850 + 25% of excess over \$72,000

* Aggregate value of gifts within 12 months

Tax Facts 2010

Updates for this year are noted in
LIGHT BLUE text

PERSONAL TAX RATES

Income Band	Rates
\$0 - \$14,000	12.5%
\$14,001 - \$48,000	21.0%
\$48,001 - \$70,000	33.0%
\$70,001 +	38.0%

The Government's promised further tax rate cuts relating to the 2011 and 2012 income years were withdrawn in the 2009 budget.

A 6.7% early payment discount on income tax is available for individual new small-business taxpayers who meet certain criteria.

COMPANY TAX RATES

Companies pay tax at 30% from the 2008/09 year. This also applies to certain savings vehicles.

The maximum imputation credit ratio has reduced to 30:70 from the 2008/09 year; however a transitional period will apply until 31 March 2010 during which companies may continue to attach credits at the old ratio of 33:67. The QCET rate has also fallen to 30%. RWT on dividends has remained unchanged at 33% therefore companies might need to adjust their dividend payments to reflect this.

INDIVIDUALS' PIE TAX RATES

Current PIE Rates (to 31 March 2010)

Taxable Income	Taxable + PIE income	Rates
\$0 - \$38,000	\$0 - \$60,000	19.5%
\$38,001 +	Any	30.0%
Any	\$60,001 +	30.0%

New PIE Rates (from 1 April 2010)

Taxable Income	Taxable + PIE income	Rates
\$0 - \$14,000	\$0 - \$48,000	12.5%
\$0 - \$14,000	\$48,001 - \$70,000	21.0%
\$14,001 - \$48,000	\$0 - \$70,000	21.0%
\$48,001 +	Any	30.0%
Any	\$70,001 +	30.0%

PROVISIONAL TAX

Provisional tax dates have been aligned with GST due dates. In general terms, provisional tax is to be paid in the 5th, 9th and 13th months after balance date.

For most March balance date clients not registered for GST, provisional tax is payable on or before 28 August, 15 January and 7 May.

Taxpayers can make provisional tax payments on the same form as GST payments. Taxpayers can now choose to base their provisional tax payments on a percentage of their sales, utilising the GST ratio method.

TERMINAL TAX

For March balance date taxpayers whose tax returns are not filed by a tax agent, terminal tax is due on 7 February of the following year. If your tax return is prepared by us, this is extended to 7 April (i.e. 13 months after balance date).

PENALTIES

Late filed GST returns now incur a penalty regardless of whether GST is payable or refundable.

Late Filing/ Late Payment Penalties

A 30-day warning will now be given the first time a return/payment is late. A new date will be set for late payments, usually giving 2 months. A 1% / 4% penalty applies if a return remains outstanding and the breach is not remedied. Where the taxpayer accounts for GST on an invoice/payments basis, a \$250/\$50 penalty will apply. Any further late payments within 2 years will mean that the taxpayer loses the 2-month grace period.

Shortfall Penalties

Tax position	% of resulting tax shortfall payable
Lack of reasonable care	20%
Unacceptable tax position	20%
Gross carelessness	40%
Abusive tax position	100%
Evasion or similar act	150%

Voluntary Disclosure

Disclosure pre-notification of audit/ investigation

- Not taking reasonable care/ unacceptable tax position	100%
- Gross carelessness	75%
- Post-Notification disclosure	40%
Temporary shortfall (4 year reversal)	75%
Good behaviour reduction	50%
- Income Tax	4 years
- GST, PAYE, FBT, RWT	2 years

USE OF MONEY INTEREST

The IRD will charge/pay interest to some individuals and most trusts/companies on under/over paid tax. The rates are:

	From 08/03/07	01/03/09	22/06/09
Underpayment	14.24%	9.73%	8.91%
Overpayment	6.66%	4.23%	1.82%

Safe Harbour Taxpayers

Natural persons who are provisional taxpayers but have not estimated their provisional tax payments, with residual income tax of less than \$50,000 will not incur/earn UOMI until after their terminal tax date.

SECONDARY TAX RATE

A new lower secondary tax rate introduced from 1 April 2010:

Income Band	Rate
\$0 - \$14,000	12.5%
\$14,001 +	21.0%

Employees may elect to be taxed at 33% or 38% by electing tax codes "SH" or "ST" respectively.

ACCIDENT COMPENSATION LEVIES

ACC payments are now invoiced directly by the ACC.

Employer Premium

Payable on employee earnings and self employed income at applicable industry rates to cover work related injuries.

Earners Premium

The rate has changed. The new rate to use for 2009/2010 year is \$1.70 per \$100 of employee earnings or income.

TAX DEDUCTIONS

Extra Pay

Extra pay includes payments such as a bonus, or redundancy payment. The new applicable threshold has been aligned to the new income tax thresholds:

Rates (for 2009/10 and subsequent income years)

\$0- \$14,000	12.5%
\$14,001- \$48,000	21.0%
\$48,001-\$70,000 (or if recipient elects)	33.0%
Over \$70,001 (or if recipient elects)	38.0%

(Excluding current earner premium rate)

Employers' Contribution to Superannuation fund

If a superannuation contribution is made on behalf of an employee, withholding tax must be deducted. This will be at the rate of 33% unless otherwise elected. However, employer contributions to Kiwisaver schemes will be exempt from the Employer Superannuation Contribution Tax (ESCT) up to 2% compulsory employer contribution. Any voluntary employer contributions above 2% will be taxed.

Schedular Payments (previously Withholding Payments)

The rates at which tax must be deducted from schedular payments are set out in Schedule 4 of the Income Tax Act 2007. Examples include:

	Rate
Directors' Fees	33.0%
Sales Commissions; Labour-only building contractors	20.0%
Non-resident contractors	15.0%

Generally companies are exempt from having schedular payment deductions.

FOR FURTHER INFORMATION PLEASE CONTACT:

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