

SOME GST SIMPLIFICATION

Sales of Land now Zero Rated – In the past, whether GST should be added or not to the sale of land, has sometimes been a complex matter. From 1 April 2011 these transactions will be zero rated, as long as the following apply as at settlement date:

- The purchaser declares in writing that the property is to be used for a GST activity, and
- The purchaser is GST registered

RISK REVIEW LETTERS

The IRD has increased the number of “Risk Review Letters” being sent out to taxpayers. A risk review letter is to be distinguished from a formal audit notification letter, and can be seen as a friendly warning that the IRD have identified what they perceive to be a tax risk, and seek more information rather than commencing an audit.

MINIMISING SHAREHOLDER EMPLOYEE ACC LEVIES

Changes were made last year enabling shareholder employees to be classified under their individual occupation rather than the business activity of their employer company. This change can make quite a difference to the levies you pay. For example, the levy rate for an office manager is much lower than that of a factory supervisor.

GST ON BUSINESS ASSETS USED PRIVATELY

From 1 April 2011 assets purchased by sole traders and partnerships for use in the business and privately need to have the business use percentage identified. GST can now only be claimed on the business use percentage (old rules allowed a claim of 100% GST if principal use was greater than 50% and periodic adjustments were required). For example if you expect the business usage to be 80%, then you simply claim 80% of the GST on the cost of the asset. Changes to the business use of more than 10% require an adjustment to be made and there is also a wash up calculation when the asset is sold.

Please contact us if this situation applies to you, as the adjustment and wash up calculations are complicated.

FRIENDLY REMINDERS

- All those clients that have an LAQC (Loss Attributing Qualifying Company) were sent a letter outlining the abolishment of the LAQC regime effective 01 April 2011. If you would like advice regarding new structures and whether the Look Through Company regime would be advantageous to you please send in your signed authority for HWI Limited to review your particular situation.
- If you would like HWI Limited to act as your agent for ACC just in the same way as we act as your agent for Inland Revenue, please send back your signed ACC Authority to Act form.

Welcome to the HWI Newsletter Issue July 2011

Reminders for your Diary

<u>July</u>	<u>Due</u>
<i>FBT 1st Quarter</i>	<i>20/7</i>

<i>GST periods ended</i>	
<i>30 June</i>	<i>28/7</i>

<u>August</u>	<u>Due</u>
<i>GST periods ended</i>	
<i>31 July</i>	<i>28/8</i>

Prov Tax 1st Instalment 28/8
2mthly GST Registered

Prov Tax 2nd Instalment 28/8
Ratio Basis

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