



12 December 2007

We are pleased to enclose our final newsletter for 2007 together with a notice of our annual Christmas shutdown. We will be operating a skeleton staff over the holiday period so if you have any urgent matters requiring attention please e-mail or phone us and leave a message.

### **Provisional Tax Instalments**

A new method for the calculation and payment of provisional tax instalments is available from the 2008/09 tax year to eligible businesses who are GST registered. The ratio method bases provisional tax instalments on a percentage of your taxable supplies. Election is by choice and the existing method of calculation is still available.

Two major differences with the ratio method are that you will make six provisional tax payments each year rather than three and that use of money interest will not be charged by IRD if you have a provisional tax shortfall. The provisional tax payments are payable on the same date your GST payment is due.

Details of the ratio method including how your ratio is calculated is contained in the IRD brochure "A new way to work out your provisional tax" available from the IRD web site [www.IRD.govt.nz](http://www.IRD.govt.nz). Search for IRD publication IR851.

If you are likely to be a provisional taxpayer in the 2008/09 year and would like advice on your eligibility for the Ratio Method and if it is suitable for your business then please contact us prior to the end of your current financial year.

### **Standard Provisional Tax**

The dates for paying provisional tax for clients continuing to use the standard method are also changing for the 2008/09 year.

Instalments will now be due on 28 August 2008, 15 January 2009 and 7 May 2009 for clients with a March balance date. For clients with other balance dates, there is a list of payment dates on our website.

### **Charitable Donations**

This year's budget included the removal of limits on tax rebates for donations made by individuals, companies and Maori Authorities effective from 1 April 2008.

Individual donors will be able to claim a tax rebate of one third of their cash donations up to the amount of their annual net income. The current maximum is \$1,890.

All companies will be entitled to a deduction for donations made to charitable organisations up to the amount of the company's net income. Unlisted close companies (those with five or fewer shareholders) are currently excluded and the limit on deductions for companies is 5%.

The donation deductibility rules for Maori Authorities will be applied in a similar manner to company deductions.

### **Tax Exempt Status for Charities**

Charities such as charitable trusts and incorporated societies who wish to get or retain their tax-exempt status should voluntarily register with the Charities Commission. The registration process has been open since 1 February 2007 and closes on 30 June 2008. Applicants should have their paperwork or online applications submitted at least three months prior to the closing date with the expectation they will be individually scrutinised and may be returned for additional information or corrections. Registration is free.

Amendments to the acts controlling the tax exempt status of charities come into force on 1 July 2008. Being registered with the Commission means the charitable organisation will not have to pay either income tax or gift duty. A charity once registered will be assigned a registration number and be included on the register of charitable organisations.

Further information is available from the Charities Commission website at [www.charities.govt.nz](http://www.charities.govt.nz) including the definition of charitable purpose, registration procedures, requirements, forms, online registration links and annual filing obligations. There is also information regarding the tax-exempt status of amateur sporting organisations.

### **Simpsons Web Site**

Simpson's website can be found at [www.businessadvisors.co.nz](http://www.businessadvisors.co.nz). Here you will find links to publicly available information such as key dates for filing and paying IRD returns, information on topics like depreciation, FBT, entertainment, KiwiSaver, or tax penalties. There are useful links to Government, business, software and news organisation websites.

There is also a client secure area that has links to Banklink program set-up and update files, various authority and agency forms and annual accounting information checklists. Should you wish to access this secure area then you can log in with the user name "Simpsons" and password "Benson". If you require your own secure area for the safe transfer of files between your business and ourselves then please call us and we can set it up for you along with personal access permissions.

### **New Face**

We are pleased to welcome Kathy Ngeru to our staff ranks as the full-time receptionist. Kathy commenced in September so will already be familiar to many clients as the face at the front counter or the friendly voice on the end of the phone.

With best wishes for Christmas and the New Year.

Yours sincerely  
SIMPSONS  
*Chartered Accountants Limited*



Ronald W Sasse  
*Principal*

