KEY FINANCIAL DATA FOR 2010

DecisionMakers

All data and information is current as at 1 April 2010 and subject to change and verification

Individual income tax rates (including sole traders)

PAYE rates from 1 April 2010 (excluding ACC earners' levy)		PAYE rates from 1 April 2010 (including ACC earners' levy)	
Income to $14,000	12.5%	Income to $14,000	14.5%
$14,001 - $48,000	21%	$14,001 - $48,000	23%
$48,001 - $70,000	33%	$48,001 - $70,000	35%
$70,001 and over	38%	$70,001 and over	40%
No notification	45%	No notification	47%

1. Maximum income ACC earnings' levy is charged on is $110,018 or 'maximum ACC earners' levy is $2,200.36
2. ACC earners' levy rate for the tax year 1 April 2010 to 31 March 2011 is 2.0 %($2 per $100). Please note the ACC earners' levy rate for the tax year 1 April 2009 to 31 March 2010 was 1.7% ($1.7 per $100).

KiwiSaver Contribution Rates

Contributor	From 1 April 2010
Employees	• New employees: 2% of gross pay • Existing employees: choose 2%, 4% or 8% of gross pay
Employers (compulsory)	2% of gross pay
Self-employed, Contractors, Unemployed, Beneficiaries	As per contract with scheme provider
Government	• Up to $1,042.86 pa to employees as tax credit • Up to $5,000 deposit for first home purchase • $1,000 kick-start for new accounts

Company and trust tax rates

Company rate	30%
Trust income	33%
Widely-held super fund, unit trust, GIF	30%

Secondary tax thresholds – with non student loans . Tax codes are excluding ACC earners' levy)

Annual income range	Tax code	Tax rate
0 - $14,000	SB	12.5%
$14,001 to $48,000	S	21%
$48,001 to 70,000	SH	33%
$70,001 or over	ST	38%

Goods and Services Tax (GST)

GST rate	12.5%

GST registration

- Compulsory if turnover (taxable supplies) is:
  - >$60,000 for last 12 mths
  - expected to be >$60,000 for next 12 mths
- Must apply within 21 days of becoming liable

Residents Witholding Tax (RWT) - on interest income

Annual total income range	1 April 2010 onwards
Must provide a certificate of exemption from IRD	0%
$0 - $14,000	12.5%
$14,001 - $48,000	21%
$48,001 - $70,000	33%
$70,001 or over	38%
Companies	The issuer may apply a RWT rate of 30%
Dividend income	33% less imputation credits
If no IRD number	38%

Fringe Benefit Tax 2010-2011 (FBT)

Income range	Tax rate
$0 - $12,250	14.29%
$12,251 - $39,110	26.58%
$39,111 - $53,850	49.25%
$53,851 or over	61.29%
Option: pay 61% on all fringe benefits rather than applying multi-rates	

Prescribed Investor Rate (PIR)

NZ tax resident individuals	12.5%, 21% or 30%
Non-NZ tax residents	30%
Registered Charities	0%
Companies, PIE Proxy, superannuation funds	0%
Trusts	Elect 0% 21% or 30%
Testamentary trusts can also choose the 12.5% PIR	
CAPPED AT 30%	

Independent Earner Rebate (from 1/4/10)

- Net income more than $24,000 pa
- From 1 April 2009, $10 per week, abated at 13c (This rate also applies for the tax year 1 April 2010 to 31 March 2011)
  per dollar above $44,000 (max $48,000)
- Not available to those receiving NZ superannuation, overseas pensions, other Government benefits and working for families tax credits.

Tax codes (up to 31 March 2011)

Code	Applies to…
M	• Main source of income • When ML or MSL do not apply
ML	• Main source of income • work more than 20 hrs/wk in all jobs and do not qualify for Working for Families tax credits • Income < $9,880 • Does not apply to a child or attending student
M SL	• Main source of income • Student loan borrower AND • Total income is > $19,084
ME	• Income between $24,000 and $48,000 and qualify for Independent Earner Tax Credit
ME SL	• Income between $24,000 and $48,000 and qualify for Independent Earner Tax Credit • Student loan borrower
S	• Secondary source of income • When other 'S' rates do not apply
SB	• Secondary source of income • Total income is under $14,000
SH	• Secondary source of income • Total income is over $48,000 and not more than $70,000
SH SL	• Secondary source of income • Total income is over $48,000 and not more than $70,000 • Student loan borrower
ST	• Secondary source of income • Total income is over $70,000
ST SL	• Secondary source of income • Total income is over $70,000 • Student loan borrower
WT	Scheduler payments
CAE	Earnings of casual agricultural employees
EDW	Earnings of election day workers
NSW	Pacific Island Workers employer under the Recognised Seasonal Employers scheme
STC	Special tax code

FIF rules apply to

- If you hold a shareholding of less than 10% in a foreign company or unit trust and it is an attributing interest
- If you hold a shareholding of more than 10% in a foreign company or unit trust and the CFC and the grey list rules don't apply.
- FIF investments held by an individual where the total cost is in excess of $50,000 at any time in that income year. There is a small range of trusts that also qualify for the $50,000 threshold (e.g. estates of a deceased person).
- FIF investments held by a company or trust.

AND in all cases none of the FIF exemptions listed below apply.

FIF rules exemptions

- Australian listed companies (shares on All Ords index, Australian resident which have a franking account). Refer to IR871 for list of exempt Australian shares. Staple securities do not qualify for Australian listed exemption.
- GPG (5 years from 2007/08 income year).
- **DE-MINIMIS EXEMPTION:** Interests in FIFs with a total original cost of less than NZ$50,000 (NZ$100,000 for a couple) at all times in that income year, if you are a resident individual investor or an eligible trust. Pay tax only on dividends received.
- Shareholdings of 10% or more that come within the Controlled Foreign Company (CFC) rules for any type of investor. Passive income is attributed from a CFC that fails the active business test.
- Investments in Australian unit trusts that meet minimum investment turnover requirements or distributions and use the RWT proxy rules.
- Venture capital investments in grey list companies that were previously resident in New Zealand and maintain significant NZ presence.
- Offshore shares acquired through employee share purchase schemes in a grey list company if there are restrictions on the disposal of the shares. The exemption applies only for the duration of the restrictions.
- Shareholding of 10% or greater in grey list company and the person holding the interest is not a PIE, superannuation scheme, unit trust, life insurer, or a group investment fund.
- Specific exemptions for Australian regulated superannuation savings.
- Specific exemption for non-resident or transitional residents.
- Foreign exchange control exemption.
- New resident's accrued superannuation entitlement exemption.
- Non-resident's pension or annuity exemption.

- Refer to IRD website (http://www.ird.govt.nz/technical-tax/determinations/other/) for an up to date list of funds that have obtained an IRD determination as to which FIF calculation method applies to that particular product.

Calculating FIF Income

Calculation method	Taxable Income
Fair dividend rate (FDR)	= *(Opening Market Value at beginning of income year) x 5% + Quick Sale Adjustment* • Primary method to calculate tax on FIF unless investments prohibited from FDR rules • Tax is still payable if total return is a loss. However, individuals and family trusts can use the CV method to reduce tax liability. If the CV method gives rise to a tax loss, the loss is not recognised. • Tax is calculated on total FIF portfolio, excluding any investments prohibited from FDR.
Comparative value (CV)	= *(Closing Market Value + Gains) - (Opening Market Value + Costs)* • All realised and unrealised capital gains and income streams (e.g. dividends) are taxed • Losses can be claimed against other income unless the investments are also subject to FDR rules (see above where individuals and family trusts use CV method to calculate tax liability for their investments subject to FDR). • CV method applies to: – Foreign equities offering guaranteed or fixed rate returns; – Interest held in offshore entity which invests 80% or more by value in fixed rate shares or financial arrangements that are denominated in NZ dollars or hedged to NZ dollars.
Cost method	= *Opening Value x 5% + Quick Sales* • 4 different methods can be used to obtain opening value
Branch equivalent	= *(Branch equivalent income/loss) x (income interest)*
Accounting profits	= *(Accounting net profits/losses of FIF - foreign tax) x (income interest)*
Deemed rate of return	= *(Opening book value at end of previous income year) x deemed rate* • The deemed rate is set by Governor General for the income year.

Definitions

Foreign investment fund (FIF)	An offshore investment held by a NZ-resident taxpayer who holds: • Shares in a foreign company or units in a foreign unit trust; • An interest in a life insurance policy where a FIF is the insurer and the policy is not offered or entered into in NZ; • An interest in a foreign superannuation scheme. It does not include term deposits, bonds, debentures or money lent.
FIF income	Income derived from an attributing interest in a FIF, even though you may not have received any income at that point in time.
Attributing interests	• A direct income interest in a foreign company or unit trust, or • A right to benefit from a foreign superannuation scheme, either as a beneficiary or a member, or • A right to benefit from a life insurance policy where a certain foreign investment fund is the insurer and the policy was not offered or entered into in NZ.
Quick Sale Adjustment	Calculated when you both buy and sell attributing interest in the same FIF in the same income year.

Working For Families

Tax credits available	Eligibility	Weekly payments	
Family Tax Credit (previously Family Support)	If main family income is from: • Salaries, wages, or self-employed earnings • Student allowance • NZ Super or ACC Ineligible if you receive: • A foster care allowance, orphan's benefit or unsupported child's benefit for 1+ children, or a parent's allowance • Income over $36,827pa	First child if <16yrs	$86.29
		First child if 16+ yrs	$99.96
		Subsequent child rate if <13yrs	$59.98
		Subsequent child rate if 13-15yrs	$68.40
		Subsequent child rate if 16+ yrs	$89.44
In-Work Tax Credit (previously In-Work Payment)	• Have dependent children <18yrs • Couples must work >30hrs/wk between them • Sole parents must work >20hrs/wk	If you have 1-3 children	Up to $60/wk
		If you have more than 3 children	$15/wk for each add'l child
Minimum Family Tax Credit (previously Family Tax Credit)	• Total annual family income must be <$20,800 after tax. • Couples must work >30hrs/wk between them • Sole parents must work >20hrs/wk. • Ineligible for the weeks your family income includes an income-tested benefit, parent's allowance or veteran's pension.	Ensures a minimum income of $395 per week after tax	
Parental Tax Credit	• If you are a family with a newborn or adopted baby within the first 56 days after birth. • Can not get if the total family income for the full eight weeks includes, paid parental leave, NZ Super, a veteran's pension, a student allowance, an income tested benefit or accident compensation from ACC.	Up to $150/wk for the first 56 days after birth	
Paid Parental Leave	• Working mothers and adoptive parents who take parental leave from their job(s) to care for their newborn or adopted child (< 6yrs old) with eligibility determined by Employment Relations Service (Dept of Labour)	Your normal pay (before tax) up to a maximum of $429.74/wk before tax for a maximum of 14 weeks	

NZ Superannuation and Veterans Pension Rates at 1 April 2010

Category		Weekly rate (net)	Annual rate (gross)	Weekly rate (net)	Annual rate (gross)
		With "M" tax code		*With "S" tax code*	
Single, living alone		$318.12	$19,425.12	$295.23	$19,425.12
Single, sharing		$293.65	$17,814.16	$270.76	$17,814.16
Married person or partner in a civil union or de facto relationship		$244.71	$14,592.24	$221.82	$14,592.24
Married, civil union, de facto: both qualify	**Total**	$489.42	$29,184.48	$443.64	$29,184.48
	Each	$244.71	$14,592.24	$221.82	$14,592.24
Married, civil union, de facto: non-qualified partner including **on or after** 1 Oct 1991	**Total**	$465.48	$27,649.44	$420.42	$27,649.44
	Each	$232.74	$13,824.72	$210.21	$13,824.72
Married: non-qualified partner incl. **before** 1 Oct 1991	**Total**	$489.42	$29,184.48	$443.64	$29,184.48
	Each	$244.71	$14,592.24	$221.82	$14,592.24
Partner in rest home, with non-qualified partner		$242.63	$14,462.24	$219.74	$14,462.24
Hospital rate		$35.55	$2,108.60	$32.15	$2,108.60

Eligibility

- Be aged 65 or over
- Be a NZ citizen or permanent resident
- Normally live in NZ at time you apply and must have lived in NZ for at least 10 yrs since turning 20 and 5 yrs since turning 50
- ACC payments may affect pension

Living allowances for child support paying parents from 1 April 2010 - 31 March 2011

Eligibility	Annual rate (gross)
Single person with no dependents	$14,158
Married or with a civil union or de facto partner and with no dependent children	$19,379
Single, married or with a civil union or de facto partner, with one child living with the paying parent	$27,417
Single, married or with a civil union or de facto partner, with two children living with the paying parent	$30,234
Single, married or with a civil union or de facto partner, with three children living with the paying parent	$33,051
Single, married or with a civil union or de facto partner, with four or more children living with the paying parent	$35,868

Student Loans

Total annual interest rate For 2011 tax year	Interest free unless borrowers are away for 6 months (184 days) or more. If you are overseas the interest rate is 6.6%
Application deadline for amnesty on late payment penalties	31 March 2008
Repayment threshold 2010 and 2011	$19,084
Repayment obligation	10 cents for every dollar earned over the threshold
Eligibility for interest free loans	Borrowers living in NZ for 183+ consecutive days
Interest write-offs	Applies to interest charged from 2001-2006 tax years. From 1 April 2007 interest write offs are based on whether a borrower is NZ or overseas based.

Gift Duty

Value of gift during 12-mth period	Rate of duty
$0 to $27,000	Nil
$27,001 to $36,000	5% of amount over $27,000
$36,001 to $54,000	$450 plus 10% of amount over $36,000
$54,001 to $72,000	$2,250 plus 20% of amount over $54,000
Over $72,000	$5,850 plus 25% of amount over $72,000
A gift statement is also required for any combined total over $12,000 in a 12-month period	

IRD Contact Numbers

Monday - Friday 8am-8pm and Saturday 9am-1pm	
Calling within New Zealand	0800 227 774
Calling from cellphone	04 978 0738

Useful Websites

- www.ird.govt.nz
- www.winz.govt.nz
- www.studylink.govt.nz

Provisional Tax Due Dates

Balance date (BD)	Not GST registered	GST registered			
		Standard / estimation method		Ratio method	
		1- or 2-mthly	6-mthly	1- or 2-mthly	6-mthly
31 March	28-Aug, 15-Jan, 7-May	28-Aug, 15-Jan, 7-May	28-Oct, 7 May	28-Jun, 28-Aug, 28-Oct, 15-Jan, 28-Feb, 7-May	Not available
Not 31 March	28th day of the 5th, 9th, 13th month after BD	28th day of the 5th, 9th, 13th month after BD	28th day of the 7th, 13th month after BD	28th day of the 3rd, 5th, 7th, 9th, 11th, 13th month after BD	Not available

1. Standard method: where the 2009/2010 tax return has been filed, 2011 provisional tax can be based on 105% of the 2009/2010 residual income tax; or if the return is not filed, then it is based on 110% of the 2008/2009 residual income tax.
2. Estimation method: it is the fair and reasonable estimate of the 2011 residual income tax.
3. GST ration method: Applies to GST registered taxpayers whose previous year's residual income tax is between $2,500 and $150,000. This option calculates provisional tax by reference to GST taxable supplies in the relevant provisional tax instalment period.

Determining your PIR (based on NZ taxable income received in previous two tax years)

NZ TAX RESIDENT INDIVIDUAL INVESTORS		
In either of the two income years before the current tax year		
Was your taxable income…	*And your taxable income and PIE income…*	*Your PIR is*
$14,000 or less	$48,000 or less	12.5%
$48,000 or less	$70,000 or less; and you do not qualify for 12.5% rate	21%
If you do not qualify for 12.5% or 21% rate		30%
No notification of IRD number		30%
No notification of PIR		30%
INVESTORS LEAVING OR ARRIVING IN NZ		
If you are…	*…and…*	*Your PIR is*
an investor who has become a NZ resident	you have not previously invested in a PIE	12.5% (for 2 years only)
a NZ resident invested in a PIE	who ceases to be a resident	30% rate would apply for the whole year, unless the investor withdraws and re-invests . (PIE systems may not be able to cope with residence rate change during the year.)
OTHER INVESTORS		
If you are a…	*…and…*	*Your PIR is*
Non-resident individual, company, partnership or trust		30%
Company, incorporated society, PIE or portfolio investor proxy (PIP)		Can choose a PIR of 0% (must include PIE income in your tax return)
Trustee (excluding charitable trusts) and Super funds		Trustees that choose a PIR of 12.5% and 21% must include PIE income and pay any applicable tax themselves and will receive a credit for tax paid by the PIE. However, these trustees cannot include PIE losses in their trust's tax return.
Registered charitable trust		0% Tax exempt (provided a tax exempt certificate is obtained. Do not have to declare PIE income.
Joint investment, partnership or unincorporated society	Each partner has the same individual PIR (for example 21%)	21%
	All partners have different individual PIRs	0%, 12.5%, 21% or 30%. Split investment and provide individual PIRs and IRD numbers to the PIE.

Restart

What is it?

Restart is financial and job search assistance for people who have been made redundant, or are no longer self-employed, due to the economic downturn. It has three parts:

- - ReCover – a payment if you have a dependent child or children and you were eligible for the in-work tax credit before being made redundant but no longer qualify, and/or
- - RePlace – up to an extra $100 in additional to Accommodation Supplement depending on your circumstances and/or not have received a redundancy payment of $25,000 net or more
- - ReConnect – help to get you back into a job.

ReStart assistance will be paid for a maximum of up to 16 weeks or until you return to a full time job, whichever happens first.

Eligibility

To get ReStart you must:

- be a New Zealand citizen or permanent resident and usually live in New Zealand
- have been working continuously for at least six months before you were made redundant – although you could have worked for more than one employer
- be looking for a full time job
- have been made redundant from a full time job – this means your employer has stated that your job no longer exists, or
- have been self employed and have no continuing work.

Full time work means:

- any person working 30 hours or more a week
- 20 hours a week or more for a sole parent
- a person in a relationship must have been working enough hours so that when combined with their partner the total adds up to 30 hours or more.

RePlace provides extra help with accommodation costs. It is available to anyone who has been made redundant and is receiving the maximum amount of Accommodation Supplement. RePlace may be available to single people, sole parents and couples (with or without children) and provides up to $100 extra a week, depending on your circumstances, such as where you live and how many children you have. People who receive more than $25,000 as a redundancy payment will not be eligible for RePlace – though you may be eligible for Accommodation Supplement depending on your circumstances.

ReCover is for families with children who are no longer eligible for the in-work tax credit – $60 a week for families with one to three dependent children and $15 a week for each extra child. ReCover is only available if you have children and were eligible to get the in-work tax credit before being made redundant, but no longer qualify because of redundancy. This means you would have been working the required hours and earning under an income limit before being made redundant.

ReConnect can help you find another job. Anyone can get ReConnect whether or not they are receiving a benefit, RePlace or ReCover. Help to get another job could include support to develop a CV and prepare for interviews, help with career planning, support for training to get new skills or information about job vacancies.

Important Dates

7 July 2010	• Income tax returns due
28 August 2010	• Student loan interim payments due and provisional tax instalments due for people and organisations with a March balance date
30 September 2010	• Student loan repayments for overseas-based borrowers who are not on a repayment holiday are due
15 January 2011	• Provisional tax instalments due for people and organisations with a March balance date