

∞ **Staff Farewell** ∞

After 18 years of dedicated service to our firm we will be farewelling **CLAIRE WILLIAMS** on 31 August. Our best wishes go with Claire as she embarks on her long anticipated retirement.

Change in Inland Revenue Numbers

Current projections indicate that the 8-digit number range will come to an end by June 2007.

To ensure there is a smooth and successful changeover to a 9-digit number, the IRD is working with other Government Departments and commercial organisations to alter their systems and forms to introduce the new 9-digit IRD and GST numbers from 1 April 2007.

Taxpayers with existing numbers will not be required to do anything except to note that they will be automatically moved to the new number range by adding a zero to the beginning of

their 8-digit numbers. They will need to use the new 9-digit format from 1 April 2007.

For example, 12-345-678 will be converted to 012-345-678.

Individuals and organisations applying for IRD and GST numbers from 1 April 2007 will automatically be issued with a new 9-digit number.

Those who use their own internal payroll systems will need to add a leading zero to all employee numbers in order to be compliant with the new format.

Tax Payments Received in Time

There are several different payment options designed to make it as easy as possible for you to make your tax payments in time to the Inland Revenue Department.

Payments by post

Your payment will be in time as long as it's postmarked on or before the due date. If you live in a rural delivery area, the date of payment is when it's received by New Zealand Post. It is not when the payment is placed in your personal mailbox for collection.

Electronic payments

Your payment will be received in time when it has been electronically paid or direct credited to Inland Revenue, either on or before the due date for payment. Internet payments must be completed before the end of the bank's online business hours to be recorded as received on that specific day. Internet payments after these online business hours will be processed on the next business day.

Westpac payments

You may also make payments at most branches of Westpac in New Zealand. Payments can be made over the counter or through drop-boxes in the bank. The payment is received in time if it is physically handed to a teller or placed in the drop box at a Westpac branch by the close of business on the due date.

Post-dated cheques

The IRD will not bank post-dated cheques until the specified date. If you send a post-dated cheque please highlight the date. A cheque that is post-dated after the due date, even though it is received on or before the due date, will be treated as late.

Weekends and public holidays

If a due date for payment falls on a weekend or public holiday (including a provincial anniversary day), IRD will accept payment without charging a penalty when it is handed in or posted on the next working day. If you make an electronic payment on a weekend or public holiday, your payment will be accepted as received in time when it's credited to Inland Revenue on the next working day.

Note

The payment policy on due dates falling on weekends and public holidays does not apply for goods and services tax (GST). GST payments are due on the last working day of the month except for GST payments due on the last working day of December-which are due on 15 January.

Paid Parental Leave extended to Self-employed Parents

A recent law change means self-employed people can now apply for paid parental leave.

From 1 July this payment has been extended to help self-employed people becoming parents, and those planning to adopt children under the age of six.

Paid parental leave payments will equal the self-employed parent's average weekly earnings over the last six or 12 months, up to a current maximum of \$357.30 a week before tax.

Those who make a loss or earn less than the minimum wage for at least 10 hours work a week will be paid for 10 hours a week at the highest rate of minimum wage. Currently this payment is \$102.50 a week before tax.

Self-employed parents who choose to take up paid parental leave must stop working while they receive payments, but will be able to continue to oversee their business to some degree (doing occasional administrative tasks such as completing GST returns).

They will also be able to earn income generated by work done before going on parental leave, or by work done by other people for the business during the leave period.

A self-employed person applying for payments must fill in the applicable Inland Revenue form (IR 888 and/or IR 889) - available on the website www.ird.govt.nz or the Department of Labour website www.ers.dol.govt.nz/parentalleave

A self-employed parent who decides to take parental leave can apply any time, right up until they return to work or cease self-employment.

The application must also include verification:

- that the applicant is a self-employed person and meets one or more of the definitions of being self-employed,
- of their total net income for the six or 12 months before the expected date of birth or the date they start caring for the child they intend to adopt, and
- of their average weekly earnings for the six or 12 months before the expected date of birth or the date they start caring for the child they intend to adopt.

This verification would be either:

- a self-declaration made by the applicant and notarised by a JP, or
- a statement and declaration by a Chartered Accountant in respect of the applicant.

Paid parental leave – who's eligible?

Self-employed mothers having a baby

Paid parental leave will be available to self-employed mothers who:

- have a baby due or born on or after 1 July 2006, and
- have been working an average of 10 hours or more a week for the six or 12 months immediately before the expected date or birth.

Self-employed mothers will be able to transfer all or part of their payment to eligible spouses or partners (who can be either employed or self-employed).

Self-employed parents adopting a child

Paid parental leave is available to a self-employed parent (male or female) who:

- starts caring for a child under the age of six on or after 1 July 2006 whom they intend to adopt, and
- has been working an average of 10 hours a week or more for the six or 12 months immediately before they start caring for the child.

Student Loan Interest

Students who live in New Zealand will no longer be charged interest on their student loans. They are required to be present in New Zealand for at least 183 consecutive days before they are eligible for the interest write-off.

The interest write-off will be credited to their student loan account at the end of each tax year if the 183 day requirement is met.

The IRD may grant exemptions from the 183 day rule if the borrower (student) is overseas and:

- works for New Zealand Government overseas; or
- has an unplanned absence; or
- has an unexpected delay in returning to New Zealand; or
- studies full-time at post graduate level overseas; or
- is overseas because of employment by a New Zealand business; or
- works for a charitable organisation overseas with no or very little pay; or
- is an accompanying life partner of someone who meets any of the above exemptions.

Changes to Minimum Wages

Employees 18 & over: rate rises from \$9.50 an hour to **\$10.25**.

16-17 year olds: rate rises from \$7.60 to **\$8.20**.

Trainees: rate rises from \$7.60 to **\$8.20**.