

Changes that apply from 1st April 2009

EMPLOYERS

- Minimum wage increases from \$12.00 to \$12.50 for employees aged 18 years and over. 16 or 17 year old “new entrant” will receive \$10.00.
- For Businesses with fewer than 20 workers there is a 90-day employment probation law which allows employers to lay off staff at the end of the 90 day trial period.
- Thresholds for secondary tax codes have changed:

\$0 to \$48,000	21%
\$48,001 to \$70,000	33%
\$70,001 upwards	38%

KIWISAVER

- The minimum employee contribution will reduce to 2% of your gross pay
- The compulsory employer contribution (CEC) will increase to 2% and won't increase further in future years
- The employer superannuation contribution tax (ESCT) exemption will be capped at the Compulsory Employer Contribution of 2%
- The employer tax credit (ETC) will be removed – this change affects employers, not KiwiSaver members
- The fee subsidy will be removed
- The KiwiSaver Act has been amended and the Employer Relations Act amendment relating to KiwiSaver has been repealed so that your gross pay can't be reduced if you join KiwiSaver. This change is effective from 15 December 2008.

PERSONAL TAX RATES

- 0 to \$14,000 12.5% currently 12.5%
- \$14,001 to \$48,000 21% currently 21% \$14,001 to \$40,000
- \$48,001 to \$70,000 33% currently 33% \$40,001 to \$70,000
- Over \$70,001 38% currently \$39%

TAX POINTS (PROPOSED & SHOULD BE PASSED 1 APRIL 2009)

- Reduction in the use-of-money interest rates to 9.73% for underpayments and 4.23% for overpayments.
- The GST payments threshold will be raised to \$2 million of GST turnover from \$1.3 million.
- The GST registration threshold will be raised from \$40,000 to \$60,000 of GST turnover.

- GST six-monthly filing threshold increased from \$250,000 taxable supplies to \$500,000.
- Businesses with business-related legal expenditure of \$10,000 or less will be able to fully deduct the expense in the year it was incurred, whether it is capital in nature or not.
- The PAYE once-a-month filing and payment threshold will be raised from \$100,000 annual PAYE liability to \$500,000.
- The FBT annual filing threshold will be raised from \$100,000 to \$500,000.
- The value of minor fringe benefits, such as chocolates or flowers, which can be provided to employees without attracting FBT will be raised to \$300 per quarter per employee, and to \$22,500 per year per employer.

DONATION THRESHOLDS

For the 2008/09 income year the thresholds have increased:

Individuals – can claim a tax credit of one-third of qualifying cash donations they make to donee organisations, up to the level of their taxable income.

Companies – will be able to claim a deduction for cash donations they make to donee organisations, up to the level of their net income (before deducting the donation amount).

More information on the above can be found on the following websites:

www.ird.govt.nz

www.ers.govt.nz

or by calling our office.