

BC'S BUSINESS BRIEFS

Christmas, New Year (and January!) have gone and we're well into 2007. What does this year hold in store for you? Here are a few thoughts on what this writer thinks may happen this year.

- 1 The impact of global warming will exert increasing pressure on world economies and more government focus will lead to laws worldwide aimed at slowing global warming which will impact on business. New Zealand will be no exception to this trend;
- 2 The NZ \$ may finish the year at around \$0.65 to the Aussie \$;
- 3 NZ Interest rates will drop to a level more in keeping with the developed world (only Brazil currently has higher interest rates than us);
- 4 We will see the government move into election mode with further spending promises;
- 5 The idea of a single economic market with Australia, as floated by the Aussies, will gain gradual public support as the public start to understand the benefits and logic of such a move;
- 6 The debate to move the NZ school holiday break from mid December/early February back by 3-4 weeks in order to pick up the better weather patterns will gain momentum;
- 7 John Bracewell will be looking for a new job – any takers for the new "Mitch"?

Kiwisaver

The Kiwisaver Act 2006 comes into force from 1 July 2007. IRD are embarking on an educational program to ensure that all affected people are aware of the requirements by the time 1 July rolls around. A synopsis of the major provisions follows:

- 1 If you are an employer, there are requirements that fall on you;
- 2 If you are an employee aged between 18 and 65, in all likelihood you will be affected at some point;
- 3 Employers will be required to make deductions from employees wages in broadly the same manner as PAYE deductions;
- 4 Employers will be required to provide all new employees who are subject to automatic enrolment with an information pack supplied by IRD;
- 5 All employers must select a Kiwisaver scheme for their company offered by one of the approved providers which is to be the scheme used where an automatically enrolled employee does not select a scheme;
- 6 When an employee starts a new job, they will automatically be enrolled as a Kiwisaver saver with their new employer unless they are already enrolled with their previous employer;

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- 7 Employees who have been automatically enrolled as a Kiwisaver may opt out of the scheme within the first 8 weeks of starting their employment;
- 8 Once a saver has passed the "opt out" period, the contributions are locked in for a minimum of 5 years after the first contribution, or the age of entitlement to NZ Superannuation, whichever is the later;
- 9 The government will make a one off contribution of \$1,000 to each Kiwisaver member;
- 10 Employees who are not enrolled may opt into the scheme voluntarily, but having done so cannot then opt out;
- 11 Contributions will be deducted from employees wages at the minimum rate of 4% of gross wages. Savers can opt for an increased contribution rate of 8% and can make lump sum contributions;
- 12 A number of default scheme providers have and will be approved by the government. The government does not guarantee any of the schemes.

Overseas Investment Tax changes

The new rules are now set in law and will apply from the 1st of April 2007. The writer will be attending briefings on this important subject in the next 2 weeks and will report in detail in the next edition of **BC's Business Briefs**.

Important Dates

7 March 2007 – 3rd instalment of 2007 Provisional Tax for 31 March Balance Date taxpayers.

20 March 2007 – Employer PAYE & Student Loan deductions for February.

30 March 2007 – February GST return & payment due.

7 April 2007 – 2006 Terminal tax due for 31 March Balance Date taxpayers.

All clients of this firm will be reminded of their payment commitments approx. 2 weeks before due date.

Please feel free to contact the writer should you wish to discuss any of the contents above further.

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