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GENERATION WEALTH MANAGEMENT

Working for Families			
Tax credit	**Eligibility**	**Weekly payments**	
Family	• For dependent children ≤18yrs • Payment depends on family income, number of dependent children and their age • Ineligible if receive a foster care allowance, orphan's benefit or unsupported child's benefit for a child.	First child	$113.04/week
		Subsequent children	$91.25/week
In-work	• For dependent children ≤18yrs • Couples must work 30+ hours/week between them. Sole parents 20+ hours/week • Ineligible if receive income tested benefit, student allowance, parent's allowance or children's pension.	1-3 children	Up to $72.50/week
		3+ children	A further $15/week for each extra child
Minimum Family	• Have dependent children ≤18yrs. Tops up after tax income of a family to $26,156 • At least one parent must be working for salary/wages. • Couples must work 30+ hours/week between them. Sole parents 20+ hours/week. • Ineligible for weeks family income includes any income tested benefit, parent's allowance or veteran's pension, or if you/spouse/partner on leave, sick leave without pay, on strike or locked out.	Ensures minimum after tax family income of $503/week or $26,156 per year	
Best Start	• Paid to all resident families for first year of child's life • For years 2 and 3, support only available for low and middle-income families and abated at 21% for income above $79,000.	$60 per week ($3,120 per year) per child	
Paid Parental Leave	• Working employee parents and adoptive parents who take parental leave from their job(s) to care for the new-born or adopted child (< 6yrs old), Home for Life parents, whāngai, grandparents with full time care, and permanent guardians with eligibility determined by Employment Relations Service. • If you're self-employed and earn less than the minimum wage, for at least 10 hours work a week, the payment is $157.50 each week before tax.	Your normal pay (before tax) up to a maximum of $538.55/week before tax for a maximum of 18 weeks.	

Living Allowances (for child support paying parents)	
Eligibility	**Annual rate (gross)**
Living allowance	$19,585.00
Living allowance if receiving supported living payments	$22,392.00
Minimum rate of child support	$919.00
Inflation factor	1.6%

Independent Earner Tax Credit

- Must be NZ tax resident earning between $24,000 and $48,000 pa.
- $10 per week, abated at 13c per dollar earned above $44,000 up to $48,000.
- Not available to those receiving any pension, overseas pension, other income tested government benefits and Working for Families Tax Credits.

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Determining PIR (based on NZ taxable income received in previous two tax years)		
NZ tax resident individual investors: If in either of the two income years before the current tax year		
If your taxable income was …	And your taxable income and PIE income was …	Your PIR is
$14,000 or less	$48,000 or less	10.5%
$48,000 or less	$70,000 or less, and you do not qualify for the 10.5% rate	17.5%
If you do not qualify for 10.5% or 17.5% rate		28%
Do not advise IRD of your IRD number		28%
Do not notify IRD of you PIR		28%

Investors leaving or arriving in NZ		
If you are …	and …	your PIR is
an investor who has become a NZ tax resident	you have not previously invested in a PIE	determined as if you were a NZ tax resident individual investor. However you must include your 'worldwide' income in the calculation of taxable income in determining your PIR, in the year you become a NZ tax resident.
a NZ tax resident invested in a PIE	you cease to be a resident	28% rate would apply for the whole income 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	-	28%
Company, incorporated society, PIE or portfolio investor proxy (PIP)	These entities must all choose 0% and therefore include the PIE income in their tax return. However please note a PIE does have the ability to elect either 28% or 17.5%.	
Joint investment, partnership or unincorporated society	Each partner has the same PIR	0%, 10.5%, 17.5% or 28%
	All partners have different PIRs	0%, 10.5%, 17.5% or 28%. Split investment and provide individual PIRs and IRD numbers to the PIE.
Trusts (excluding charitable trusts) and Super funds.	Resident trustees investing in a PIE can choose either: • a PIR of 28% as a final tax, applied to income and losses, or • a PIR of 17.5%, 10.5% (testamentary trusts only) or 0% and have the income included as trustee/beneficiary income. (The rate chosen will depend on the best interests of the beneficiaries and specialist tax advice is recommended)	
Registered charitable trust	0%	Tax exempt (provided a tax exempt certificate is obtained). Do not have to declare PIE income.

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Tax Codes

Code	Applies to main source of income	Code	Applies to secondary source of income
M	• When ME does not apply • No student loan	SB	• Total income is $14,000 or less • No student loan
M SL	• Student loan borrower • When ME does not apply	SB SL	• Total income is $14,000 or less • Student loan borrower
ME	• No student loan, income between $24,000 and $48,000, and NZ tax resident • Not entitled to Working for Families Tax Credits or an overseas equivalent, and not receiving NZ superannuation, or a veteran's pension, or overseas pensions	S	• Total income between $14,001 and $48,000
ME SL	• Student loan borrower, income between $24,000 and $48,000 and NZ tax resident • Not entitled to Working for Families Tax Credits or an overseas equivalent, and not receiving NZ Superannuation, or a Veteran's pension, or overseas pensions	S SL	• Total income between $14,001 and $48,000 • Student loan borrower
Other tax codes		SH	• No student loan • Total income between $48,001 and $70,000
WT	Schedular payments	SH SL	• Total income between $48,001 and $70,000 • Student loan borrower
CAE	Earnings of casual agricultural employees, shearer or shearing shed hand		
EW	Earnings of election day workers		
NSW	Recognised seasonal workers	ST	• Total income over $70,000 • No student loan
STC	Special tax code worked out to suit individual circumstances		
		ST SL	• Total income over $70,000 • Student loan borrower

Student Loans

Total annual interest rate for 2019 tax year	Interest free unless borrowers are away for 6 months (184 days) or more. If overseas, interest rate is 4.3%
Repayment threshold	$374 per week or $19,448 annually (You will start making repayments, once your income is over the threshold, no matter whether you are still studying or not)
Repayment obligation	12 cents for every dollar earned over the threshold

Goods and Services Tax (GST)

- GST rate is 15%
- GST payments threshold < $2 million in annual revenue (to account for GST on a payments basis)
- GST registration threshold ≥ $60,000 in annual revenue
- GST six-monthly filing turnover threshold < $500,000

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Individual Income Tax Rates (incl. sole traders)

Income	PAYE excl. ACC earners' levy	PAYE incl. ACC earners' levy*
$0 to $14,000	10.5%	11.89%
$14,001 - $48,000	17.5%	18.89%
$48,001 - $70,000	30%	31.39%
$70,001 and over	33%	34.39%
No notification	45%	46.39%

KiwiSaver Contribution Rates

Contributor	Rate
Employees	• Choose 3%, 4% or 8% of gross pay (default is 3%)
Employers (compulsory)	• Minimum 3% of gross pay (less withholding tax)
Self-employed, Contractors, Unemployed, Beneficiaries	• As per contract with scheme provider
Government	• Maximum of $521.43 pa as member tax credit contribution (subject to meeting criteria).

Resident Withholding Tax (RWT)

Annual total income range	Rate
With certificate of exemption from IRD	0%
$0 - $14,000	10.5%
$14,000 - $48,000	17.5%
$48,001 - $70,000	30%
$70,001 or over	33%
Companies (issuer may apply rate)	28% or 33%
Dividend income (divs + imp credits)	33%
No IRD number	33%

NZ Superannuation and Veterans Pension Rates

Category		Fortnightly rate (net)	
		"M" tax code	"S" tax code
Single, living alone		$801.74	$764.04
Single sharing		$740.06	$702.36
Married, civil union, de facto (both qualify)	Total	$1,233.44	$1,158.04
	Each	$616.72	$579.02
Married, civil union, de facto (one qualifies)	Total	$1,172.36	$1,096.96
	Each	$586.18	$548.48
Qualified partner in rest home		$538.30	$500.60
Hospital Rate		$89.06	Only taxed at "M" rate

ESCT Rate for Contributions

Salary/wages for year end 31 Mar **	Rate
$0 - $16,800	10.5%
$16,801 - $57,600	17.5%
$57,601 - $84,000	30%
$84,001 and over	33%

Company and Trust Tax Rates

Company rate	28%
Trust income and minor beneficiary income (exemptions may apply)	33%
Widely-held super fund, unit trust, GIF	28%

* For income year 1/04/18 to 31/03/19, max. liable earnings for ACC earners' levy is $126,286pa and max. levy payable is $1,755.37. If self-employed max. payable is $1,724.33 on max. liable earnings of $124,053pa.

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** Incl. gross superannuation employer contributions.

Provisional Tax Due Dates (Balance date 31 Mar)				
Not GST registered	**GST registered**			
	Standard / estimation method		**Ratio method**	
	1 or 2-monthly	6-monthly	1 or 2-monthly	6-monthly
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	Option not available

Note: if your balance date is not 31 March, or you file 6-monthly GST returns, please talk to your tax agent or the IRD for more information.

Provisional tax can be calculated using four methods:

1. Accounting income method (AIM): If you are using MYOB, Reckon or Xero and your turnover is less than $5m, you can pay provisional tax as you earn profit. Please check with your accountant if you can use this method.
2. Standard option: Provisional tax is calculated based on the last income tax return filed. If the previous year's tax return has been filed, the provisional tax amount is the residual amount, plus 5%. If the previous year's tax return has not been filed, then the calculation is on the year prior to the previous year, plus 10%. For example, provisional tax for 2019 will be 2018's residual income tax (RIT) + 5%, or 2017's RIT + 10%, depending on when the last income tax return was filed.
3. Estimation method: It is the fair and reasonable estimate of the 2019 RIT.
4. GST ratio method: Applies to GST registered taxpayers whose previous year's RIT 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.

Important Dates	
7 Jul 2018	• 2018 income tax returns due if you have a March balance date and do not have an extension of time or a tax agent.
28 Aug 2018	• 1st instalment for 2019 Provisional tax and student loan interim payments are due for people and organisations with a March balance date.

Use of Money Interest (UOMI): Generally paid by IRD on overpayments of tax and charged by IRD on underpayments of tax. UOMI rates from 8 May 2017:

- 8.22% on underpayments of tax (deductible)
- 1.02% on overpayments of tax (assessable)

Depreciation: From the 2011/2012 income year no depreciation can be claimed on buildings with a useful economic life of 50 years or more.

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Calculating FIF Income	
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). • If practical, the CV method must be applied 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. NOTE: If it is NOT practical to use the CV Method, then the Deemed rate of return must be used.
Cost method *= (Opening Value x 5%) + Quick Sale Adjustment*	• 4 different methods can be used to obtain opening value.
Deemed rate of return *= (Opening book value at end of previous income year) x deemed rate*	• The Deemed rate is set by the Governor-General for the income year.

Definitions	
Foreign investment fund (FIF)	An offshore investment held by a NZ tax resident who holds: • Less than 10% of the shares in a foreign company or of the units in a foreign unit trust that is a CFC and otherwise not exempt from the FIF rules; • Shares in a foreign company that is not a CFC and otherwise not exempt from the FIF rules; • 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 in limited circumstances. • It does not include term deposits, bonds, debentures, pensions, rental investments, money lent or foreign employment.

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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. • No exemption applies.
Quick sale adjustment	An adjustment amount calculated when you both buy and sell attributing interest in the same FIF in the same income year.

FIF Rules Apply:

- If you hold a shareholding of less than 10% in a foreign company, foreign superannuation scheme, foreign life insurance policy 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 rules don't apply. Note: investors that hold a 10%-50% shareholding in non-portfolio FIFs (10-50% in FIFS) that have passive income of less than 5% of their total gross income will not be required to attribute taxable income from that FIF interest. This applies retrospectively to income years starting on or after 1 July 2011.
- 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

- 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, unless the shares are held on revenue account.
- ASX-listed Australian companies. Refer to Australian share exemption list for exempt companies. Stapled securities do not qualify for Australian listed exemption.
- Australian unit trusts that turn over 25% of profitable assets or distribute 70% of income, and for which the investor has a RWT proxy.
- 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.
- Shareholding of 10% or greater in an Australian FIF and the person holding the interest is not a PIE, superannuation scheme, unit trust, life insurer, or a group investment fund.
- 10 year exemption for venture capital companies emigrating to grey list country and for grey list company owning a NZ venture capital company.

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- Shares in a grey list company acquired under a venture investment agreement.
- Employee share purchase scheme in grey list company.
- Foreign exchange control exemption.
- Income interest of non-resident or transitional resident.
- Non-resident's pension or annuity exemption.
- Most interests in a foreign superannuation scheme.

Refer to IRD website 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.