

# Business Advice



## Business Matters

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## Tax Round Up

### INCOME TAX

#### **New Tax Rules for Limited and General Partnerships**

The Limited Partnerships Bill 2007 was introduced 7 August 2007. The Bill establishes a new regulatory and tax regime in New Zealand for limited partnerships, which are an internationally preferred structure for investing in venture capital.

Limited Partnerships operate by having general partners who are liable for all debts

and liabilities of the partnership and limited partners who are liable only to the extent of their contribution to the partnership.

There must be at least one general and one limited partner. The income and expenses of the partnership will flow through to each partner on the basis of the partnership agreement. A limited partner's loss will be restricted in any year to the limited partner's economic loss. Special rules will apply where a partner leaves or joins a limited partnership.



## Tax Round Up

### **GST**

#### **Trustees in the Context of the GST Act 1985**

The IRD have recently answered questions regarding associated persons as defined in the GST Act 1985. The question related to whether a person acting in their capacity as a trustee was acting in a different capacity from when they were acting in their personal capacity.

The IRD have stated that a person acting in their capacity as a trustee of a particular trust will be treated as acting in a different capacity from when they are acting in their personal capacity. A person who is a trustee of more than one trust is also to be regarded as possessing a separate trustee capacity for each particular trust.

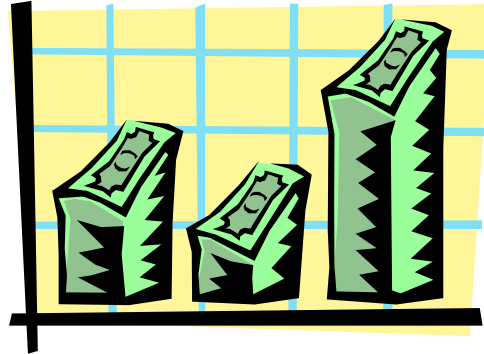
#### **GST and Provisional Tax Alignment - Ratio Option**

The IRD have indicated that they are starting to send information to all GST Registered taxpayers about the GST ratio method of calculating provisional tax. The communication is also intended to remind tax payers that they will soon have to pay both GST and provisional tax on the same day. The ratio method is only available for those GST registered tax payers whose Residual Income Tax is between \$2,500 and \$150,000.

### **FBT/ EMPLOYERS**

#### **Low-Interest Loan Rate Set to Rise**

The prescribed rate used to calculate fringe benefit tax on low-interest, employment related loans will rise to 10.37% from 1 October 2007.



### **KIWISAVER**

#### **Early Signs are Positive**

The number of people enrolling in KiwiSaver is well ahead of the Treasury forecasts of 30,000 per month. As at mid-August, approximately 92,000 had enrolled. The majority of those enrolling are actively choosing their own scheme with about half of those enrolling via their employer.

#### **Charities Eligible for KiwiSaver Employer Tax Credit**

The Minister of Revenue, Peter Dunne, has reassured charities and other exempt organisations that make employer contributions to KiwiSaver schemes that they will be eligible for the new Employer Tax Credit once it is enacted.

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