

Broadbase International Ltd Newsletter – April 2010

We hope that you enjoyed a suitably chocolate-filled Easter. Rabbit-ravaged Central Otago marked the occasion as usual with its annual Easter Bunny Hunt netting over 23,000 rabbits, as well as other pests such as hares, possums and stoats. Recent migrants sometimes report finding news images of rows of dead rabbits at Easter quite disturbing, but it is a practical and uniquely Kiwi response to a [massive problem](#).

In our newsletter this month we ponder the 4-year anniversary of New Zealand's Transitional Resident's Tax Exemption, update you on some recent pensions legislation, look at what changed in New Zealand tax, and pass on a few other small but important pieces of news.

Transitional Resident's Tax Exemption

April 2010 marks the 4-year anniversary of the introduction of New Zealand's [Transitional Resident's Tax Exemption](#), a 4-year tax break for migrants on tax on most overseas investment income. If you've been claiming this exemption (available to migrants who arrived in New Zealand since 1st April 2006) but your 4-year anniversary is approaching, it may be a good time to re-assess your UK investments to make sure that you don't end up with a big New Zealand tax bill. Please [contact us](#) for more information.

Frozen Pensions Decision

The European Court of Human Rights last month rejected an appeal by a group of expat Brits over Frozen Pensions, so UK pensioners living overseas will continue to have their state pension "frozen" at the rate it is when they leave the UK. This is less of an issue for Brits living in New Zealand, [where the British pension is "topped up" by New Zealand Superannuation](#), than those living in many other countries.

Australian Pensions Update

The ability to bring [Australian Superannuation funds over to a New Zealand KiwiSaver](#) (and vice versa) came one step closer in March, with a new Double Tax Agreement being signed between Australia and NZ agreeing that pensions that are tax free in one country are also tax free in the other. We'll keep you updated on any further progress.

A Couple of Updates

With the new financial year in New Zealand starting on the 1st of April, there were a couple of notable changes to New Zealand tax and incomes:

- The [minimum wage](#) in New Zealand is now \$12.75 an hour, a 25 cent increase.
- The ACC earners' levy, taken with [PAYE tax](#) from wages and salary to help to fund [ACC cover](#) for non-work accidents, increased from 1.75% to 2%.
- [Government Superannuation](#) rates have increased slightly to keep them in line with 66% of the after-tax average wage for a couple.
- [Resident Withholding Tax \(RWT\)](#) rates have been changed to bring them more in line with income tax rates. RWT is the tax charged on interest earned on money held in banks, building societies and similar institutions. You'll need to let financial institutions you invest or deposit money with know which tax bracket you are in to get the right amount of RWT deducted.
- [Portfolio Investment Entity \(PIE\)](#) tax rates on income from PIE investments including [KiwiSaver funds](#) have also been brought more into line with income tax rates, so your PIE provider will need to know your Prescribed Investor Rate so that you're taxed at the right rate.

UK Budget

[UK's 2010 Budget](#) was delivered on March 24th. With the general election looming on May 6th, it was a fairly low-key affair. We could not see any proposals in the 2010 Budget which will directly affect Brits who have already settled in New Zealand or intend to settle here, or returning New Zealanders.

New Zealand's 2010 budget will be delivered on Thursday 20 May.

New Zealand Marketing Opt-Out Lists

One of the smaller pleasures of emigrating to New Zealand is that you won't get any dinner-time calls from telemarketers and unsolicited addressed junk mail for a while – until the marketers catch up with you, which they inevitably do! You can take your name off any lists of Marketing Association Members on the Marketing Association website, <http://www.marketing.org.nz/index.php> - check the Do Not Call and Do Not Mail links on the menu on the right hand side.

Christchurch Departure Tax

Those of you who are based in Christchurch will be pleased to hear that the \$25 separate departure tax for international travellers from Christchurch International Airport will be replaced from 1st July 2010 by a passenger departure charge that will be folded into airline ticket prices.

Important Dates

Anzac Day (similar to Remembrance Day in the UK) is commemorated in New Zealand on the Sunday 25th of April.

An early reminder for **Mother's Day** in New Zealand, which is on Sunday 9th May.

Until Next Month...

Wishing you well until we are next in touch. Please feel free to contact us anytime if you have any questions about the financial side of life in New Zealand.

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