What your clients need to know

Most of the focus in the Budget was on the return to surplus. While no major initiatives were announced ahead of the upcoming election, there are some changes which your clients should be aware of.

issues emerging from the 2014-15 New Zealand Budget

**BUSINESS MEASURES**

1. **Research and development tax rebates for start-ups**
   - Loss-making start-up companies will be able to cash out all or part of their tax losses from R&D expenditure. This will assist with cash flow as eligible companies will receive cash rather than having to carry forward their losses.

2. **Research and development – all businesses.**
   - All businesses will be allowed tax deductibility for R&D “black hole” expenditure that is currently neither deductible nor able to be depreciated. This means all capitalised costs on depreciable, intangible assets will be deductible over time. Additionally, a one-off tax deduction will be allowed for capitalised development expenditure on intangible assets that are written-off for accounting purposes.

3. **ACC levies**
   - The government has announced its intention to cut ACC levies by around $480 million in 2015-16, depending on the outcome of public consultation. While the final decision will be made after consultation, it is likely the bulk of the cuts would be for motor vehicle levies.

4. **Trade and Enterprise**
   - $69 million for New Zealand Trade and Enterprise to expand New Zealand’s presence in China, South America and the Middle East. The money will be spent over the next four years to support the export development of nearly 200 New Zealand businesses into Asian, Latin American and Middle Eastern markets.

5. **Apprenticeships**
   - Up to $20 million in 2013/14 and 2014/15 for a further 6,000 apprentices in the Apprenticeship Reboot programme, taking the number of places to 20,000. The programme provides subsidies of $1,000 to $2,000 per trainee with employers eligible for an equal amount.

**INDIVIDUAL TAXPAYER MEASURES**

6. **Measures for families**
   - $42.3 million to increase the parental tax credit from $150 a week to $220 a week, and increase the entitlement from eight weeks to 10 weeks, from 1 April 2015
   - Paid parental leave is being extended gradually to 18 weeks from its current level of 14 weeks. Parental leave will be extended by a fortnight in April 2015 and a further fortnight, taking it to 18 weeks, in April 2016
   - Free doctor visits and prescriptions, currently available to children up to six years old, will be extended until children turn 13 years old.