

Autumn 2023 Newsletter



We hope you managed to have a relaxing summer season despite the unusual weather, and in particular Cyclone Gabrielle.

It's been one after another, which is a reminder that the weather is something we cannot control.

It's coming up to the end of the financial year for **31st March balance dates.**

This is a good time to tidy up internal processes and do some financial housekeeping.

- Don't have a spend up to reduce tax
- do a stock-take
- write off any uncollectable bad debts
- reconcile all bank accounts in your accounting systems

Gather up all paperwork that we require as at 31st March

- ✓ Bank statements dated 31st March 2023
- ✓ Loan Statements dated 31st March 2023
- ✓ Investment Reports dated 31st March 2023
- ✓ Full Insurance breakdowns and invoices
- ✓ Any assets purchased (all information and invoices)
- ✓ Donations (receipts)

Get your books in early, to know your tax position

Cyclone and flood recovery support for businesses

The government is providing \$25 million in recovery support to businesses in seven regions affected by Cyclone Gabrielle and January floods in the North Island.

Regions are:

Northland	Bay of Plenty	Tairāwhiti (Gisborne Area)	
Auckland	Hawke's Bay	Coromandel	Tararua

Businesses can apply for grants up to \$40,000.00.

Criteria must be met including being in one of the 7 regions being self-employed, a sole trader, or an employer.

Applications must detail key information such as name, location, nature of business, number of staff and impact on business.

Visit www.business.govt.nz



Our offices are shut

Good Friday – 7th April
Easter Monday – 10th April
Tuesday - 11th April

Tax Payments Due:

Terminal tax

7 April 2023

Provisional tax

28 March 2023 (June balance date)
7 May 2023 (March & May balance dates)
28 June 2023 (March & May balance dates)
28 July 2023 (June balance date)

Statements will be sent as a reminder closer to the due dates.

Please pay to avoid penalties or falling behind.

Wage Increase as from 1st April 2023

Adult Minimum Wage - \$22.70

(over 16 years)

Starting-out Wage - \$18.16

(Aged 16-17 years)

(Aged 18-19 years - have not worked over 6 months)

Training Minimum wage - \$18.16

(employees aged 20 years or over)

School Age workers wage

(there is no minimum wage for employees who are under the age of 16 years)



Tax Interest and payments

Interest charged by Inland Revenue is not a penalty

Interest is a charge for the use of money.

Use of Money Interest (UOMI) and Fringe Benefit Tax (FBT)

This is used for calculating fringe benefit tax on low interest loans.

Use of money interest rates increased from 17 January 2023.

The new rates are:

Underpayments – 9.21% (up from 7.96%)

Overpayments – 2.31% (up from 1.22%)

If you overpay any tax or duty Inland Revenue will pay you back with interest.

If you underpay tax, Inland Revenue will charge you interest and may also charge a penalty with interest.

This is called 'use of money interest' or 'UOMI'

Inland Revenue do not apply interest for amounts under \$100 or child support payments.

Times change,
people change,
situations change,
relationships change.

If you have had a change recently, then please let us know.

This could also be your phone numbers, addresses, email addresses, etc

Employing Staff some tips and reminders

When you employ staff, there are obligations to meet.

You must register with Inland Revenue as an employer when you start employing staff.

All employees must fill in either an IR 330 Tax code declaration or an IR330C Tax rate notification for contractors receiving schedular payments.

You need to deduct tax from employees.

You may be required to make deductions for other payments on behalf or for your employees.

You must file employment information to Inland Revenue each payday. ie:payday filing.

If staff hand their notice in or leave, you must notify Inland Revenue that you intend to cease employment within 30 working days after you stop employing.

As an employer, you are required to –

- Offer Kiwisaver Superannuation Scheme and deduct the chosen ratio accordingly.
- Make PAYE deductions from your employees who earn a wage, salary or schedular payments and pay on their behalf by the due date to Inland Revenue.

If you pay your employees other benefits and allowances, including employee share schemes (ESS) you also have obligations to meet.

You are required to keep a full and accurate wage record for a period of 7 years.

PAYE (Pay As You Earn)

The amount of PAYE deducted depends on the tax code provided. These are on the back of the IR 330 form.

The PAYE also includes a contribution towards ACC on behalf of your employees.

The ACC earners' levy is a flat rate and may change each year. You can find the current rate and more information about ACC levies on the ACC website.

Various deductions made from salary and wages –

- Student loan repayments
- Child support
- Kiwisaver contributions
- Repayments for tax or Working for Families.

Extra deductions, could be –

- Extra student loan repayments
- Employer superannuation contribution (ESCT)
- Contribution to other retirement savings schemes, ie Kiwisaver
- Donations to charities and similar organisations



Would you prefer to pay for your accounting services monthly?

We can bundle all your services required for a 12 month period, and then divide the total by **12 equal monthly payments**.

By making payment this way, you know exactly all the services you are paying for.

Our Process –

1. Kelly and your accountant will put together a package based on what services we think you require.
2. The proposal is then emailed to you for your approval, signing and return.
3. You will then receive an invoice on the 28th of each month, and monthly thereafter for the flat monthly fee, payable by the 20th of the following month

Email Kelly if you are interested - Kelly@sgca.co.nz

Financial Reporting Technology

Financial Statements

These are formal records that convey the financial activities and performance of a business, person or entity for an annual period. Financial Statements include Balance Sheet, Income Statement and Cashflow Statements.

Balance Sheet

The balance sheet provides an overview of assets, liabilities and share equity as a snapshot in time.

Income Statement (Profit and Loss)

The income statement primarily focuses on a business's revenues and expenses during a particular period. Once expenses are subtracted from revenues, the statement produces a business' profit figure aka net income.

Cashflow Statement

The cashflow statement (CFS) measures how well a company generates cash to pay its debt obligations, fund its operating expenses and fund investments.

Cashflow Forecast

Forecasting allows you to take your historic cash numbers and project them forward in time. You can see where the cashflow holes may appear in weeks or months in advance.

Provisional tax

Why wouldn't you pay every two months?



It's called 'AIM'

Provisional tax/AIM

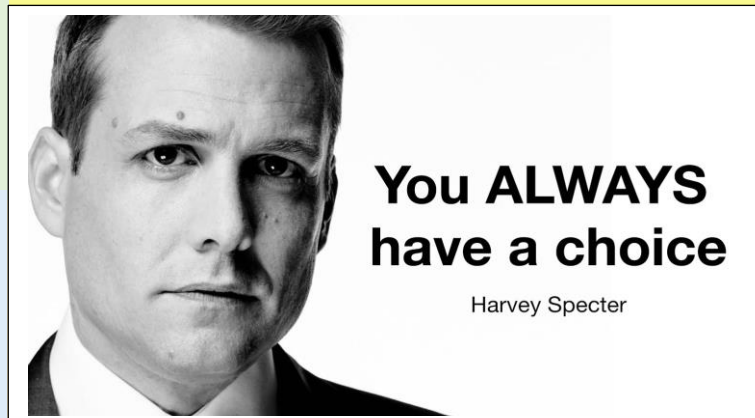
is calculated and filed in conjunction with your GST Returns, based on the activity in that two month period.

We recommend this process for business people paying Provisional Tax, by making a payment every two months.

This applies to companies and individuals (sole traders) only.

AIM will suit your business if –

- Your business is growing
- You are making profit
- You are new to business
- Your income has reduced significantly since last year
- You have irregular or seasonal income
- It's hard to forecast your income accurately



We are seeing and hearing unsettling stories of care and wellbeing.

We are here to help, and if you or your business need help then please feel comfortable to contact us.

Other resources available

If you or your employees are feeling overwhelmed or anxious, there is free help available, 24 hours a day, 7 days a week.

- **Visit First Steps** for support for small business owners, ranging from dealing with anxiety to tackling insomnia.
- **Call or text** 1737 for support from a trained counsellor
- **Call Lifeline** on 0800 543 354 or text 4357
- **Call Samaritans** on 0800 726 666



Enjoy what is left of
daylight savings

This ends Sunday, 2nd April 2023

Bright Line Test Ruling

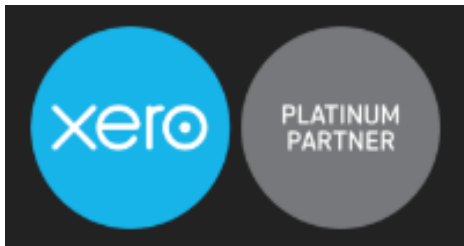
If you are buying or selling residential property, it is important to know the tax rules. Check first if you have to pay income tax.

If you sell a residential property you have owned for less than 10 years you may have to pay income tax on any gain on the sale, unless an exclusion applies. This is the bright-line property rule which also applies to NZ tax residents who buy overseas residential properties.

The bright-line property rule does not apply to properties acquired before 1 October 2015.

The date you acquire property determines which bright-line period applies -

- On or after 27 March 2021 and sold within the 5 year bright-line period for qualifying new builds or within the 10 year bright line period for all other properties
- Between 29 March 2018 and 26 March 2021 and sold within the 5 year bright-line period
- Between 1 October 2015 and 28 March 2018 and sold within the 2 year bright-line period.



Need help
with Xero?

We can provide
training
Just ask



Identification Required

This is now a part of our requirements as a result of AML
(Anti-money laundering) Act



If you haven't already done so, can you please provide us with a copy of your Driver's Licence or Passport to be held confidentially with your records.

KiwiSaver - Government contribution

The government contribution is an annual contribution to reward you for growing your KiwiSaver. For every dollar you put into your KiwiSaver account, the government will put in 50 cents – up to a maximum of \$521.43 a year.

To get that full amount, you just need to have contributed at least \$1,042.86 by 30th June every year.

Bank Loan Requirements

The following is basic information required before you go to the bank for any lending –

- Proof of identity and proof of address.
- A good credit history (this shows you can make repayments).
- A good banking history (not living beyond your means).
- A good form of employment or income.
- Evidence of employment over a certain period of time
- Application for a realistic loan amount -v- your income
- Details of assets owned, etc.

Additional to this there could be more information required and you will need to take into account the various fees to be applied, depending on your type of loan, ie application fees, legal fees, etc.

Some banks will cover or subsidise bank application fees.

If you need assistance with having the correct structures in place or for planning ahead in readiness then please contact us.

T: 07 871 3430
E: admin@sgca.co.nz
W: www.sgca.co.nz

Weekly Office Days
Tues, Weds, Thurs
9am – 3pm

Postal Address
8 Teasdale Street, Te Awamutu

Remote Days (from home)
Monday & Friday 10am-3pm

Disclaimer

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.

Please contact us if any of the content is of interest to you or would like to know more.