

2023 SGCA Winter Newsletter



What are we seeing out there?

Access to credit

A bigger problem than the cost of credit for some people, is actually getting to borrow money from the bank for a project or purchase that would have otherwise secured an easy deal.

The banks all say they have money to lend, but it appears to be only based on good deals. At the same time there are increased incidences of the banks putting pressure and control on having debt repaid.

Interest rates

It is a very regular conversation because it is real money that comes out of our bank accounts. It is an important one but often fruitless as the managers we deal with don't have much room at all to make movements, and the party line tends to be they are set by the banks internal mechanisms and that is what they are.

Make the call

If getting access to credit, high interest rates, impact of inflation, etc are having an impact on the profitability of your business and you are worried about it, or are having trouble paying your bills, taxes, then please phone us to talk about it. We are seeing more and more of this and can help make a plan.

Changing Banking goal posts

For a very long time the bank manager was seen as the person you went to see 'cap in hand' (almost nervous or fearful) hoping he/she would lend you some of the bank's money. Fast forward and the banking relationship has changed to be a lot more friendly or even matey, but we are seeing nearly a reversal to the 'cap in hand' approach although not so fearful.

After a few decades of conditioning when the banks all had plenty of money to lend, and at times phoning up to see if we wanted to borrow some more. We did get conditioned to the fact if we had the equity the bank would lend us the money and if they didn't we would try another one until someone did.

This has all changed

Serviceability - being able to meet your monthly requirements and actually demonstrating that you can pay all of the money back over a set period of time have become very important. This is all covered off in the Responsible Lending Code, set out in the Credit Contracts Act. We can understand and fully support this on a new deal and we have often said 'if the bank says no then that might be a sign', except if the next bank says yes!

BUT we don't agree with the number of occasions where we see the Banks putting existing loans and businesses through the same tests as a new proposal, effectively applying 'changed rules', and saying your business is no longer viable as it can't pay the debt back in 'x' number of years.

Far too many of us remember the days of being able to borrow the money against our own equity that we have worked hard for to invest in something that we can enjoy from our hard work. I get the feeling some of the banks credit people making these decisions have lost touch with one of the main reasons, their roles exist to lend money to people to enjoy the benefits from.

Written by Steve

"We are here to help you"



"Get the right advice"

Business: Are you buying or selling land? GST – Land Sales

If you are buying or selling land, GST advice will help you avoid costly mistakes.



The term 'land' includes any buildings or structures fixed to the land.

Mistakes with GST can be costly and difficult to put right.

Contact us for advice before you sign.

Information can also be found on IR730 and IR546 Form.

What income is not taxed before I get paid?

- Self-employment
- Rental property including Airbnb and Bookabach
- Overseas
- Shareholder salaries
- Director fees
- Estate
- Trust
- Partnership
- 'under the table' cash jobs
- Tips from customers
- Royalties
- Public Lending Right payments
- Taxable property sale
- Wage subsidies
- School students who earn less than \$2,340 annually from self-employment do not pay tax on that money.

Next Provisional Tax payment

28 June 2023 - **May** Balance Date

28 July 2023 - **June** Balance Date

28 Aug 2023 - **March** Balance Date

Pay provisional tax
in-line with your GST



Provisional tax will be calculated in conjunction with your GST Returns, based on the activity in that two month period.

This method is much better for budgeting purposes.

It's called AIM
Contact us if you are interested

Taxable Income Brackets

Tax rate	Taxable income bracket
10.5%	\$0 to \$14,000
17.50%	\$14,001 to \$48,000
30.00%	\$48,001 to \$70,000
33.00%	\$70,001 to \$180,000

Paying tax online

When you receive your Provisional and Terminal Tax Notices, **PLEASE CHECK the tax year.**

When making your payment online please be sure you are making it to the correct year. **This is important.**

By making payment to the incorrect year, then incurs a penalty, as the payment made has gone to the incorrect year.



Life is too short!

Grudges are a waste of happiness.
Laugh when you can, **apologise** when you should,
and let go of what you cant change.
Love deeply and **forgive quickly.**

Life is too short to be unhappy!!

Did you know?

In New Zealand anyone can set themselves up as an accountant.

It takes seven years to become a fully qualified CA (Chartered Accountant). It helps to know that they are bound by professional ethics and a code of conduct from the Chartered Accountants Australia and New Zealand (CAANZ) and once qualified there are continuing education courses and staying up to date with current laws and legislation.

Here at SGCA we are very proud to have a highly qualified team. Steve, Carli, Michael and Charlotte are all fully qualified Chartered Accountants (CAs) with the addition of also obtaining the higher certification being their Public Practice certificates.

2023 Financial Year

Please provide us with your financial information if you are **Balance dates – due now**

1st April 2022 – 31st March 2023 (March balance dates)

1st June 2022 – 31st May 2023 (May balance dates)

Please visit our website – www.sgca.co.nz/news
Checklists available outlining what information is required

Jobs in are processed on a 'first in – first out' basis

Spread the load

Pay your accounting fees by
12 flat monthly payments

We bundle all your services together and divide by 12 equal payments, invoiced on the 28th of each month and payable on the 20th of the following month.

Packages can include –

- Annual Accounts and Tax Returns
- GST Return and Monitoring Reports
- Xero Software Subscription
- Quarterly business meetings
- Budget and Cashflow Reports
- Annual Tax Administration and AML
- Companies Office annual filing fee
- Email and phone support throughout period

Give us a call – it's too easy!

Kelly can bundle all your services required, into an annual accounting package divided by 12 months! This gets emailed to you for approval, signing and return.

All done!

Are you with the right KiwiSaver Fund Provider?



Investing in KiwiSaver is all about getting the best results possible (after fees and taxes). The goal is to grow your money as much as you can before a first home or retirement. It's important – it's your investment, so get the right results.

Is it time to reconsider the following? Has your level of risk changed?

Defensive	Conservative	Balanced	Growth	Aggressive

Your age and how long the investment.

What are the fees for managing your fund?

Is it easy to get access and have good communication with your KiwiSaver Provider?

You can be in more than one KiwiSaver Fund but for most people one is enough.

Banking Changes

365 days a year
for processing payments

All payments will be processed on every day of the year. Previously payments were processed on the next business on the next business day for payments falling on a weekend or public holidays.

New Bank Rules

All payments will be processed on every day of the year. Previously payments were processed on the next business on the next business day for payments falling on a weekend or public holiday.

From 26 May loan repayments and any interest charges on loans will need to be made on the day they are due, even if it's the weekend or a public holiday.



Increased tax rate for trustees

This was announced in the 2023 budget, and has been increased from 33% to **39% effective from 1st April 2024.**

Tightening the belt?

It does all add up

Track your **spending habits**.

When did you last look at?

Electricity

Insurances (are they still current to your lifestyle & structures)

Subscriptions

Memberships

Smartphones and upgrades

Phone accounts – do your plans put in place still suit?

Vehicles

Paperless in the office

Coffees, lunches, entertainment

Petrol/travel

Relocation – downsize

Fees and interest



Summary of 2023 Budget

The government has committed \$71 billion across the next five years for new and existing infrastructure investments, in addition to funding set aside for projects that are still in the planning stage.

In addition to existing pipeline, they are allocating \$6 billion into a new National Resilience Plan to support medium and long-term infrastructure investments.

Cost of Living Support

\$1.2B Extending 20 hours ECE to 2 year olds

\$619M Scrapping prescription \$5 co-payment

\$327M Free public transport for kids under 13 and half price fares for under 25s.

\$20M Kiwisaver contributions for paid parental leave

\$403M Cheaper energy bills (heating & insulation)

Recovery and Resilience

\$609M Infrastructure investments in affected regions (ie Cyclone Gabrielle)

\$130M Business and community support

\$120M Protecting Communities

(helping Councils invest in future flood resilience)

Science and Technology

\$160M Supporting growth of gaming sector (20% rebate for video game developers)

\$400M Capital - Investing in scientific research centres

\$ 51M Operating – Scientific research centres

\$75M Operating - Support for industry transformation

\$27M – digital skills package

\$30M – Innovative horticulture technology industry

\$18M – better career opportunities, conditions, etc

Delivering services (housing, education, employment)

\$3.1B Capital – 3,000 new public housing plans

\$465M Operating – “

\$1.3B Capital – Education

\$3.6B Operating – Education

\$ 48M Capital – Supporting Kiwis into work

\$190M Operating - Supporting Kiwis into work

Health

\$ 1B increase pay rates and boost staff numbers

\$ 20M increase Covid-19 immunisation and screening

Maori & Pacific

\$223M Maori housing and infrastructure

\$282M Operating Whanau and Tamariki

\$128M Capital Whanau and Tamariki

\$60M Language, culture and identity

\$28M Pacific education, employment and wellbeing

Wellbeing

\$1.9B Climate Emergency Response Fund

\$864M Delivery of disability services

1.3B Cost pressures in physical and mental health

75M Training and technology infrastructure

www.budget.govt.nz/budget

Public holidays coming up

NZ has a total of 11 annual public holidays



King's Birthday – Monday, 5 June

Matariki – Friday, 14 July

Field days is back in June!

Wednesday 14 June - Saturday 17th June



To all our farming clients... and with most of you having just about dried off, we wish you all the best with your spring calving ahead.



Carli, Jeanette, Charlotte, Steve, Kelly, Julie and Michael.

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Weekly Office Days

Tues, Weds, Thurs

9am – 3pm

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.