

Summer 2022 Newsletter



**“Tis the season for xmas dos,
office closedowns & holidays”**



Office Closing & reopening dates

Close:

Wednesday, 21st December at 12pm

Open:

Wednesday, 11th January 2023 at 9am

Merry Christmas



*“From the team,
we wish you an enjoyable Christmas and New Years.”*

From Steve....no doubt some of you would have had your xmas dos, or are about to finish the year up in the next week or so, and another year comes to an end.

On reflection there has been a lot happen. A war, the death of QEII, increasing inflation, increasing interest rates, no Covid lockdowns, property and world markets dropping.

The black ferns won the world cup.



*It was such a
good game to
watch.*

Good on them!

Yet somehow, it seems like just another loop in the cycle, although slightly off centre.

Take the time to relax and enjoy the summer amongst family and friends, but don't forget to try to plan to make the most of 'next year' by setting a clear achievable plan.

**GRAB A
CUPPA**

and enjoy the read



Public/Stat Holidays

Xmas Day

Sunday, 25th December

To be taken on Tuesday, 27 December.

Boxing Day – Monday, 26th December 2022

New Year's Day – Sunday, 1st January 2023

To be taken on Monday, 2nd January 2023

Day After New Year's Day

Tuesday, 3rd January 2023



**A good time to
review** your financial
structures, is during the
holidays when there are no
work pressures.

ie. fixed and floating rates, insurances and premiums (do they match up or do you still need them, or maybe need more?), investments/percentage rates and returns, etc.

Make sure you are paying the right tax and coding it to the right year.

Code to the correct tax type

If you get this wrong, you could incur penalties

www.ird.govt.nz



Due

15th January (November 22 period)

28th January (December 22 period)

28th February (January 23 period)



Due

15th January - Sept, July, May, March, Jan, Nov

28th January – Oct, Aug, June, April, Feb, Dec



PAYE

Due 20th January



Due 20th January

Set up your pay earlier – save the stress

If you can, get your pay set up earlier in the week before Christmas so you're not leaving it until the last minute.

There is a great guide to Public Holidays over the Christmas period for wages and planning.

Go to 'Employment NZ' site for further information.

Filing employment information about payment

2 working days if you file electronically

10 working days if you file manually

The banks will be closed



Banks are NOT processing on the Monday and Tuesday after Christmas

If you're paying wages on a Monday or Tuesday then you will need to process this on the Friday beforehand.

Please see the Statutory/Public holidays on the front page.



Know your Income Tax Rate

Annual Income:	Tax Rate:
Up to \$14,000	10.5%
Over \$14,000 & up to \$48,000	17.5%
Over \$48,000 & up to \$70,000	30%
Over \$70,000 & up to \$180,000	33%
Remaining income over \$180,000	39%

Example – Harry's wage calcs

Harry is on a salary and earns **\$181,000**, which is taxed at -

\$181,000 Income brackets	Tax Rate	Income (tax portions)	Tax (to pay) breakdown
0.01 - \$14,000	10.5%	\$ 14,000	\$ 1,470
\$14,001 - \$48,000	17.5%	\$ 34,000	\$ 5,950
\$48,001 - \$70,000	30%	\$ 22,000	\$ 6,600
\$70,001 - \$180,000	33%	\$ 110,000	\$ 36,300
\$180,000 - \$181,000	39%	\$ 1,000	\$ 390
Total Income Tax	Average tax rate 28.1%		\$ 50,710

Secondary Tax Rates

If you have more than one source of income, you need to pay secondary tax. This helps you pay the right amount of tax so you do not get a bill at the end of the year.

The amount of secondary tax you pay depends on the secondary tax code you give your employer.

Total income from all sources	Secondary tax code for the second source of income	Secondary tax rate (before ACC levies)
\$14,000 or less	SB	10.5%
Over \$14,000 & up to \$48,000	S	17.5%
Over \$48,000 & up to \$70,000	SH	30%
Over \$70,000 & up to \$180,000	ST	33%
Over \$180,000	SA	39%

Purchasing a business?

Information to request:

A sale document from the seller which should have the following information:

- Asking price – ideally broken down into assets, stock and goodwill
- General background and information about the business
- Lease details or other long term commitments with suppliers
- Details of bookings made in advance if relevant
- Trading hours
- Staffing requirements – eg hours worked in the business each week
- Schedule of Assets
- Statement of Financial Performance (Profit & Loss) for 3 years
- Any other information they can provide that is pertinent to the sale of the business

Other things to think about:

- What are the setup costs in addition to the business purchase, eg: accounting costs for a business valuation, company set up costs, legal fees, and having a cash reserve to cover working capital needs
- What are the major expenses the business incurs. Are they likely to be affected by price increases in the future? Run some “what if” scenarios around income dropping unexpectedly or costs increasing.
- What is happening in the business environment that could affect the industry the business is in – proposed legislation, price increases etc.
- The assets and fixtures – are they likely to be needing to be replaced in the near future. Are they priced relevant to the fair market value.
- Will the business provide a reasonable wage for the time you work in the business?
- How quickly will the business payback your investment with the profits earned by the business? Ideally the profits generated would repay your investment in 3 years.
- If you are borrowing to invest in the business - what is the interest rate on the borrowings, and how does this impact the profit? Will cashflow be able to cover loan repayments?
- If you are investing your savings – what is the projected rate of return of the business, and is it better than what you’d get if your savings remained invested?
- What is the future potential of the business – is there potential for growth – either in increase in customers, increasing the average transaction value, or in being more efficient and effective in expenses and systems.

“earn the money,
pay the tax,
enjoy the rest!”



First year of business

If it's your first year in business, you still need to pay income tax.

Any tax from your first year is usually due by 7 February the following year, or 7th April if you have a tax agent.



Levy Overpayments

“Yes, there is such a thing as an ACC Levy refund, and yes we are looking into this for you”

Earlier this year we became aware that a new accounting software platform, built specifically for the management of MyACC for Business accounts, was identifying that significant number of people nationwide had historically been overcharged ACC levies.

SGCA became one of the innovation partners for the accelerate Engine software platform and we have identified significant amounts of ACC Levy overcharges which we are now in the process of assisting clients to have refunded.

If you have an ACC levy account, and we have identified that you have been overcharged, you will be contacted by us in the first instance.

It's important to be vigilant against online scams, so you will receive an email directly from us giving you explicit instructions on what is happening next, or what to do.

4 STAGES OF LIFE

1. YOU BELIEVE IN SANTA CLAUS.
2. YOU DON'T BELIEVE IN SANTA CLAUS.
3. YOU ARE SANTA CLAUS.
4. YOU LOOK LIKE SANTA CLAUS.

Xero Monthly Subscriptions



Increase in monthly fees

- Starter Plans** – Increase of \$2.00 plus GST per month
- Standard Plans** – Increase of \$4.00 plus GST per month
- Premium Plans** – Increase by \$6.00 plus GST per month

This increase was effective from 15th September 2022



“Be in to Win”
Go into the draw to
win a \$200
Fahrenheit Voucher

Question:

Who is this actor above who played Santa Clause?

Email your answer to Kelly@sgca.co.nz
before 10am Tuesday, 21st December

Winner will be notified by telephone

all participants will be emailed of winner on or shortly after
2pm, Tuesday, 21st December

Families receive childcare support from 1st April 2023

The policy means a family with two parents both working 40 hours per week on \$26 per hour with two children under the age of five who will not have been eligible for childcare assistance, now will be eligible for \$252 per week from 1st April 2023.

This means..

- 54% of all NZ families with children will now be eligible for subsidised childcare.
- Over 10,000 additional children eligible for support
- Nearly every sole parent in NZ will be eligible for childcare.
- Policy reverses freeze on income thresholds for childcare.



Death and Taxes

**We talk about tax,
not so much about death.**

It's just a fact of life and happens to all of us.



Make it easier on the ones we leave behind.

Create a plan for what needs to be done when you die.

We have booklets available (free)
‘just ask’

“My Life and Legacy Record Booklet”

It's the small details that matter...

Funeral planning (music, pallbearers, venue, format, etc)

Executors, beneficiaries, your trustees,

Family/personal information

Financial and legal information

Subscriptions/passwords

Gifting and special requests

**This document should be held by
someone trustworthy and in safe keeping.**



*“We have enjoyed
working with you
all throughout the
year, and take
this opportunity
to wish you all a
very happy
Christmas and
holiday period
with your family
and friends.*

*See you back at
the office in
2023”*

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

Remote Days
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.