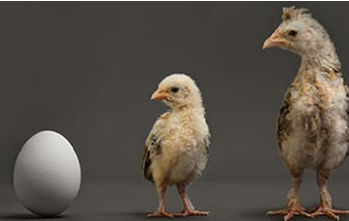




bennettsproactive

Nurture. Grow. Boost. Support wherever you are in your journey.



Unbelievable... December is here!

The Christmas and New Year break is fast approaching. We're sure you are all looking forward to a much deserved break as much as our team is; spending precious time with family and friends in the sunshine while putting your feet up.

So, what have we had for 2022? Another tough year has been dealt to us. We managed through the Covid restrictions of the past with a degree of ease however, this year we have fought more interruptions than normal with sicknesses and staffing shortages putting additional pressure on the team and our workflow schedule. From our desks, there has been a lot of positivity out there and our practice continues to see positive growth from internal and external measures. Our clients continue to develop, grow and succeed even through certain industry pressures especially amongst horticulture, construction and investment to name a few as well as the ever evolving legislation changes for other industries such as rental investment clients; we think a general conclusion is that it has been a long and hard year!

So, what does the 2023 year hold for us? Well that's a million-dollar question that no one is willing to take a gamble on. We are hearing that 2023 will create a difficult and confusing environment with uncertainty being certain! With so many predictions in the past that have not essentially gone to plan due to contradicting impacts, the question is pain now or pain later? And this is softened by creating smaller accidents now rather than a train wreck at the end? The continued increase of the OCR (to 4.25% 23 November 2022) has quickly overshadowed the extremely low rates we've experienced and there are predictions the OCR could peak at around 5.5% - 5.75% yet, so more pain is on the way. This has a number of impacts on businesses and households such as interest rate rises, the pricing of goods or services which affects spending, wage pressures are impacted, movements in the unemployment rate putting pressure on the escalating labour shortages and wealth or profitability becoming either squished or widened - depending on what side of the fence you sit

Firstly, we thank you for your understanding and patience while we have worked through this year, it's not yet over and with 3 months remaining of the financial year we still have a lot to achieve as well as a strategy to nail to ensure we slide into the new financial year with ease. Lastly, we wish you and your families a safe and enjoyable break over the Christmas/New Year period. We do look forward to working together for a prosperous 2023.



IN THIS ISSUE:

Page 2

Office News

GST- P/E 30 Nov 22

Christmas holidays 22/23

Provisional Tax Payment

Page 3

Key Tax Dates

Payday filing for PAYE

Page 4

Entertainment, gifts & bonuses

Page 5

Goods and Service Tax (GST)

Page 6

Tax Updates

Covid 19 Assistance payments

Changes to Tax Credits

Client Christmas Function



Office closure for the Christmas period

The office will close: **midday Thursday 22nd December 2022** and **reopen 8:30am Monday 16th January 2023.**

If you know of any matters requiring our attention please let us know as soon as possible so that we can assist you without the added pressure of the office closure.

Over that period, if you do require assistance then please contact Lance (lance@bennettsproactive.co.nz) or Michelle (michelle@bennettsproactive.co.nz), they may be available to assist you if urgent.



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

All information in this newsletter is to the best of the authors' knowledge true and accurate. No liability is assumed by the authors, or publishers, for any losses suffered by any person relying directly or indirectly upon this newsletter. It is recommended that clients contact us before acting upon this information.

www.bennettsproactive.co.nz

8 Queen Street, Te Puke

Phone (07) 573-8446

News in and around the office...

Congratulations are in order!

Congratulations to **Amanda** who has recently been promoted to an Associate position.



Amanda has been with Bennett's Proactive for 7 years now, starting in a junior position straight from University. She has quickly shown competency and passion for her career. During the past 7 years she has completed her Chartered Accountancy designation and grown a great relationship with her clients and we look forward to seeing what the future holds for Amanda.

New marketing strategy

You may have noticed that we have recently changed our marketing strategy to modernise and complement our services. While our focus remains on taking you to the next level we have now incorporated the offer of support within your journey wherever you are. This could just be keeping you in safe hands, nurturing or growing your business or providing the boost you need to really amp things up.

GST—Period ended 30 November 2022



To ensure that we are able to complete and lodge your GST returns by the due date, we require your GST records in the office by **5:00pm on Friday 9th December 2022**. GST is due for payment by **15th January 2023** which will fall payable by **16th January 2023**.

All who bring their records into the office in full by this date will go into the annual prize draw.

Christmas holidays 2022/2023

The upcoming Christmas public holidays are observed this year as follows:

NZ Public Holiday	Actual Date	Observed Date
Christmas Day	25 December (Sunday)	27 December (Tuesday)
Boxing Day	26 December (Monday)	26 December (Monday)
New Year's Day	1 January (Sunday)	3 January (Tuesday)
Day after New Year's Day	2 January (Monday)	2 January (Monday)

All employees are entitled to public holiday benefits provided it would normally be a working day for that employee, whether they are casual, fixed term, part time or full time. There is no minimum period of time an employee has to be employed to get a public holiday entitlement. However, an agreement can be made between the employer and the employee to transfer the observance of the public holiday to another day if the observed date is not convenient for either party.

If an employee works on a public holiday, then the employee will be entitled to time and a half for the time worked and an alternative holiday day must be provided as a minimum. If employee Employment Agreements offer a more favorable entitlement then those conditions must override legislation.

Provisional Tax Payments - March Balance Date

We will be issuing payment notices for your 2nd instalment of 2023 Provisional Tax by **Tuesday 20th December 2022**. These are due for payment by **15th January 2023** which will fall payable by **16th January 2023**. There will be no further reminders.



If you require a payment barcode then please let us know before the office closes for the Christmas break.

Key Tax Dates



Due Date (Next working date-due)	Taxes payable
20 December 2022	PAYE—Period ended 30 November 2022
15 January 2023 (16 January)	GST—Period ended 30 November 2022 2023 Provisional Tax (2nd instalment) for March balance date taxpayers
20 January 2023	PAYE - Period end 31 December 2022
28 January 2023 (30 January)	2023 Provisional Tax (3rd instalment) for December balance date taxpayers
7 February 2023	2022 Terminal Tax due for taxpayers that do not have a tax agent (this will not apply to our clients)
20 February 2023	PAYE - Period end 31 January 2023
28 February 2023	GST - Period end 31 January 2023 2023 Provisional Tax (2nd instalment) for May balance date taxpayers
20 March 2023	PAYE - Period end 28 February 2023
28 March 2023	2023 Provisional Tax (2nd instalment) for June balance date taxpayers
7 April 2023	2022 Terminal Tax due for taxpayers that have a tax agent (this is for our clients)

Tax payments must be made on or before the due date. For a payment to be received “in time” it needs to be electronically paid or direct credited to an IRD account on or before the due date. For payments that are due on a weekend or public holiday (including a provisional anniversary day if you usually make tax payments over the counter at a Westpac Branch), payments will be “in time” when it is received on or before the next working day.

With the Christmas and New Year break approaching and a number of tax payments due around or over this period, we need to ensure that we have addressed all the GST and Provisional Tax payments by **5:00pm on Friday 16th December 2022** - Provisional Tax Notices will be released the following week on either the Monday or Tuesday. If you have any queries regarding these over the shutdown period, then please do contact Lance (lance@bennettsproactive.co.nz) or Michelle (michelle@bennettsproactive.co.nz) and they will be able to assist.

Payday filing for PAYE employees and contractors over the Christmas period

Normally pay day returns are required to be submitted within 2 working days of the date your employees or contractors were paid.

IRD do not consider the period from 25th December and up to 15th January (inclusive) to be working days, therefore for any Pay Day disclosures that fall within that period you will have until **16th January 2023** to file.

Payment dates do not change over this period and normally there are no payment's due – PAYE and associated employer taxes will fall due by 20th January 2023, unless you are classified as a “Large Employee” and pay twice monthly.

For clients where we manage the payroll function, Cheryl will have already touched base with you to plan for the processing over the break.

Entertainment, gifts & bonuses - Our annual reminder!

The season for giving and entertaining is nearly here, so now is an appropriate time to refresh your understanding of the entertainment, gift and bonus deductibility rules. There have been no changes with these rules.

Entertainment – Business related entertainment expenses are claimable however that claim could be 100% deductible or limited to 50%, depending on the nature of that expense.

The 50% deductibility rule will apply if the main purpose is for entertainment and not business promotion. A deduction will be limited to 50% if entertainment is provided that includes a private element such as: providing entertainment away from the workplace or out of usual work hours including corporate boxes or similar, holiday accommodation, recreational boats, also food and drink at work for social events, food and drink offsite, and gifts of food and drink. Where a deduction is limited to 50%, GST is only claimable on 50%.

Entertainment also could be subject to the FBT rules if the benefit is enjoyed by employees in their own time, at their own leisure and at a place they choose to enjoy it, for example gift vouchers.

Copies of invoices/receipts must be kept to support these deductions.

Entertainment expense	50% Deductible	100% Deductible
<p>Providing food and drinks on the workplace premises Tea, Coffee, light morning or afternoon tea celebrations for the team, for employees while working overtime, during work training events (say 2 hours of training undertaken), during work meetings (board room or executive dining as part of the job).</p>		<input checked="" type="checkbox"/>
<p>Providing food and drinks while off the workplace premises Employees traveling out of town for work, for employees while away at a conference or other business related event (say 4 hours of time committed), meals for an out-of-town sales rep.</p>		<input checked="" type="checkbox"/>
<p><i>Remember that if there is a private element to the expenditure then the limitation rules will apply. Example 1 : Travel out of town for a job however you take the boat and family for a day at the lake - the sole purpose of that out of town trip is not work related! Example 2 : You take a business contact or a client to the boat show and then for dinner and drinks at the Auckland Viaduct just because you are both interested in boating, no shop talk or purpose.</i></p>		
<p>Providing food and drinks while on the workplace premises Friday night work drinks, after work drinks for employees and/or customers.</p>	<input checked="" type="checkbox"/>	
<p>Providing food and drinks while off the workplace premises Work Christmas parties, work dinner and/or drinks at a restaurant, Customer and/or supplier entertainment that is not promotional, employee meals when not working overtime.</p>	<input checked="" type="checkbox"/>	

Gift Vouchers – Vouchers are 100% deductible, however, will be subject to the FBT rules for Companies or private limitation for all other entities as the recipient is able to spend and enjoy the voucher as they like - in their own time, at their own leisure and at a place they choose to enjoy it. This may also be applicable for membership and subscriptions paid on behalf of employees. There is no GST claim allowed when purchasing vouchers as there is not a supply of a good or service. The redemption of a voucher will, however, trigger a GST Disclosure.

Bonuses – Bonus payments made to employees are deductible to the business and taxable at the lump sum or “extra pay” rate as part of the employees wages. These payments could include annual or special bonuses; cashed in annual leave; retiring or redundancy payments or back pay. Your payroll software should be able to calculate a lump sum payment tax deduction or alternatively the IRD website shows how this calculation should be done. Remember that KiwiSaver is also payable on bonus payments.

Goods and Services Tax (GST)

If you are registered for GST and if relevant, you may have recently received two lots of communication which has been directly released by the IRD.



The first being around carrying on a taxable activity and being registered for GST. This communication was released in November 2022 and would have been applicable to tax payers that consistently file nil GST Returns, suggesting that you no longer carry on a taxable activity. The communication advised that the IRD intended to cease the GST registration. For a taxable activity, there are 4 requirements that must be satisfied which include the activity being continuous or regular and involve either the supply or intention to supply goods or services for money or other reward. If you have ceased your taxable activity and your GST registration is no longer required then please do talk to us first. There are a number of matters we need to consider to ensure we get the correct tax outcome and timing of the change. For example, just because you have ceased your taxable activity, if you continue to hold assets or the like where input tax has been claimed, then we need to consider a change in use and adjust by way of an output tax adjustment.

The second being the upcoming changes in GST invoicing and record keeping. The majority of these take place from 1 April 2023 and include changes to terminology, rules and documentation requirements.

From 30 March 2022, changes to expense claims and buyer-created tax invoices came into play to simplify. Previously, you needed to keep a tax invoice to claim GST on any supplies costing more than \$50 (including GST) you bought for your taxable activity. While you must still keep records to support your expense claims, including a tax invoice if you receive one, you can now keep other records that are sufficient on their own, or in combination to support your expense claims. For example, invoices, supplier agreements, contracts and bank statements. Sellers still need to produce tax invoices when they sell goods and services for more than \$50 (including GST) until 31 March 2023. Previously, if you wanted to issue buyer-created tax invoices, you needed to get Inland Revenue's approval beforehand. Approval is now no longer required and GST registered buyers and sellers can just enter into an agreement to use buyer-created tax invoices (criteria applies).

From 1 April 2023, further changes are introduced to simplify record keeping. A new term 'taxable supply information' will replace 'tax invoices' and 'supply correction information' will replace Debit/Credit notes. If you use an electronic cashbook such as Xero, we expect that this will automatically update. There will also be certain record keeping requirements for supply less than \$200, \$200 - \$1,000, more than \$1,000, imported goods and secondhand goods – summary below of what is required:

Supply	Sellers details	Buyers details	Date	Information on the goods/ service	Payment information
Less than \$200	Name or trade name	Not required	Date of issue or supply	Description	Consideration
\$200-\$1,000	Name or trade name	Not required	Date of issue or supply	Description	Consideration— including split of net, GST and gross
More than \$1,000	Name or trade name	Details— including name, addresses, phone numbers, NZBN numbers	Date of issue or supply	Description	Consideration— including split of net, GST and gross
Imported Goods	Name or trade name	Not required	Date of issue or supply	Description	Consideration— no criteria, but splitting remuneration and interest
Secondhand Goods	Name or trade name	Not required	Date of issue or supply	Description required including quantity/ volume	Consideration

Continued on Page 6

Taxable supply information must be provided to GST registered buyers within 28 days of a request for the taxable supply information (or by an alternative date agreed to by the parties) for supplies over \$200. For supplies of \$200 or less, sellers are required to keep a record of the supply, but they are not required to provide taxable supply information. Supply correction information must be provided when the taxable supply information included an incorrect amount of GST, or when the seller has included an incorrect GST amount in their GST Return and there is specific information required on this form.

Our preference is that you continue to hold a supporting document for all business related transactions. This will help us when preparing your year end work.

Tax Updates

Not too much has happened in this space over the last quarter which is a bit of a relief!



Covid-19 Assistance Payments

If you received a Covid-19 Assistance Payment (either the Resurgence Support Payment, the Support Payment or the Small Business Cashflow Loan) in error, IRD have commenced a post payment verification for taxpayers who may not meet all eligibility criteria. If you receive a request for information then please do let us know. We can assist and provide the right information to the IRD on your behalf.

Changes to the Family Tax credit and Best Start Tax Credits

Effective from **1 April 2023**, the Family Tax Credit and the Best Start Tax Credit increase as a result of an inflation-indexed increase. The Family Tax Credit increases for the eldest child from \$6,642 to \$7,121 and the subsequent child rate from \$5,412 to \$5802; and the Best Start Tax Credit increases from \$3,388 to \$3,632.

Further to that, the minimum Family Tax Credit threshold increases from \$32,864 to \$34,216.

Client Christmas Function

It is with great regret that we have again made the decision not to proceed with our annual Client Christmas Function for this year, for your safety and for ours.

Whilst we are disappointed, we can ensure you that it was not made lightly. However our priority is to make every effort to keep our clients and our team safe at all times.

For clients dropping into the office, there will be a treat at reception so please do pop into the office when you are passing.

