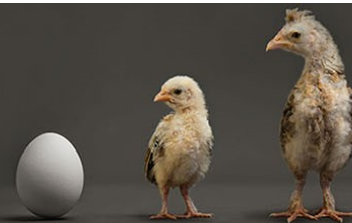




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Audit Shield



All current Audit Shield policies are due for renewal on **31 July 2023**. We have started to work through the renewal process and will shortly invite all our clients to participate in this offer for the 2024 year. Audit Shield is available to all clients and is a policy that we encourage you to participate in.

The Government continues to allocate funding towards tax compliance improvement and risk reviews, either by way of initiating enquiries, review or audits. The past couple of years compliance resources have been allocated to service the needs of tax payers however there is indication that there will be a return to a higher level of checking and especially with AI systems in behind the scenes, more questions are being asked! Audit Shield claims currently are predominately in relation to GST verification, followed by Income Tax disclosures.

Audit Shield covers all professional fees incurred from a simple phone call enquiry to an audit. it covers all tax types (excluding social policy and subsidies) relating to all lodged returns within New Zealand. This has recently been extended to cover Brightline, Cryptocurrency and some Covid-19 relief measures. The invoice for professional fees will depend on the complexity of the questions asked, the information required or the timeframe required to complete the request or audit.

Thus, we strongly recommend that you accept the Audit Shield offer to keep your fee costs under control.

The Budget

The recent budget wasn't full of surprises really, a conservative approach and most certainly the 'no frills' approach Government had indicated as we head into an election year.

But what were the tax changes? The big change announced was around the change to the Trustee tax rate. Currently this is 33% flat rate and the change will see an increase to 39% aligning it with the top personal marginal tax rate. This change is expected to apply from **1 April 2024**. This change was in response to the High-Wealth individuals research work that has been completed and is seen as a way of equalising the tax system with the change expecting to generate another \$350m of extra tax revenue. This research is full of mistruths and bias results but this government will ram it through if elected.

So what does this mean? At this point we are unsure... this is just an announcement at this point, legislation has not yet been passed so we are as in the dark as you are. For now, we ask that we have time to read and consider the legislation when it is passed so that we can consider the impact on you and your business. By the way, switching to a Company structure is not the easy way out here and IRD will be checking restructuring going forward (A good case for Audit Shield)!



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A snapshot of recent Tax changes

Here is a snapshot of the latest updates that may affect you or your business

Changes in allowances – Each year the Inland Revenue Department release amended rates as a result of CPI adjustments. The following increase of rates have been announced:

- Standard-cost household services for boarding providers has increased from \$207/week to \$222/week. This means that if you have a boarder that pays below the standard-cost then there is no requirement to return income. If the boarding income exceeds \$222/week then you will need to declare that for tax purposes however, expenses can offset that income, either actual household costs as a % or the flat standard-cost rate if you are unable to determine the actual cost.
- Standard-cost household services for short-stay accommodation (eg Airbnb) providers has increased from \$55/day to \$59/day for guests staying at a owned property or from \$50/day to \$53/day for guests staying at rented properties. This means that if you make a property available to the public for short-stay accommodation, you can either claim as a deduction for income tax purposes the actual household costs as a % and based on nights occupied or the flat standard cost rate if you are unable to determine the actual cost.
- Motor Vehicle mileage rates have increased. The tier 1 rate (based on 14,000kms or less in a year) has increased from \$0.83/km to \$0.95/km; the tier 2 rates (based on additional mileage over 14,000kms) has also increased for petrol or diesel vehicles from \$0.31/km to \$0.34/km; for petrol hybrid vehicles from \$0.18/km to \$0.20/km and then for electric vehicles has increased from \$0.10/km to \$0.11/km.
- The Square Meter rate is an alternative calculation option for Home Office claim purposes. This option is used as a flat rate rather than working out your household expenses and taking a claim that way. It does exclude interest on your mortgage, rates or rent which you continue to claim as a percentage. The rate has increased from \$47.85/sqm to \$51.05/sqm effective for the 2023 financial year.
- IRD Use of Money Interest rates have increased over the last 12 months from 7.00% to 10.39% pa effective from **9 May 2023**. That is the rate of interest that the Inland Revenue Department will charge on unpaid or late paid taxes. The credit interest rate has also increased from 0.00% to 3.53% pa.
- Paid parental leave entitlements will increase on **1 July 2023**. For employees, this will match ordinary wages (actual or average) up to a maximum of \$661.12 a week (up from \$621.76 a week); for self-employed persons this will match wages up to a maximum of \$661.12 a week (up from \$621.76 a week) and there will be a minimum payment of \$212 a week (up from \$200 a week). It is also a requirement that the equivalent of 10 hours a week at the minimum wage will be paid.

Xero pricing increases



Xero have recently announced the Xero subscription prices for their business plans will increase from **13 September 2023**. The new prices are (excluding GST) below:

Subscription	Previous RRP/Month	New RRP/ Month	Bennetts Proactive Monthly price/Month
Starter	\$31.00	\$33.00	\$29.70
Standard	\$66.00	\$71.00	\$63.90
Premium	\$84.00	\$94.00	\$84.60

For our clients where we hold the subscription, we will change the monthly charge we invoice you and we continue to pass on our 10% discount.

Banking 7-day processing

You will have seen that major banks are now processing banking transactions 7 days of the week effective from **26 May 2023**. Participating banks include ANZ, ASB, BNZ, Bank of China, ICBC, Citi, HSBC, Kiwibank, TSB and Westpac along with The Co-Operative Bank and SBS. Payments include credit and debit card transactions, automatic payments, bill payments, direct debits and direct credit transactions.

The Inland Revenue Department have said that they will not change their payment processing. The current processing includes:

- Due dates for payments will move to the following business day if they fall on a weekend or public holiday.
- Working for Families credit payments will be paid early if they fall on a public holiday.
- Bank processing will not be sent on weekends or public holidays, these will fall to the next working day.

For payments made to the Inland Revenue Department, the effective date of the bank transfer will be the actual date, so if it is on a weekend or public holiday and the bank has processed it on that day then that will be the day that's reported.

Key Tax Dates



Date	Taxes payable
28 June 2023	GST— Period ended 31 May 2023
30 June 2023	KiwiSaver—Contributions of \$1,042.86 to receive the Government Tax Credit of \$521.43
20 July 2023	PAYE — Period ended 30 June 2023
28 July 2023	GST — Period ended 30 June 2023
20 August 2023 (21 August 2023)	PAYE — Period ended 31 July 2023
28 August 2023	GST — Period ended 31 July 2023
28 August 2023	2024 Provisional Tax (1st Instalment)
20 September 2023	PAYE — Period ended 31 August 2023
28 September 2023	GST— Period ended 31 August 2023

The first tax instalment of Provisional Tax for the 2024 year is due for payment on **28 August 2023**. We will issue notices closer to that payment date for all clients that are required to make a payment. If you are planning on being away during that time, please let us know so we can arrange to issue you a notice at an earlier date.

Please also ensure that your tax is paid in full and on time, and with the correct details on your internet banking such as IRD number and period. Failing that, the payment won't be recorded as being received in time and therefore interest and late payment penalties could apply.

2023 Work Scheduling

We didn't hide under the cover last year with letting you know we were struggling to get our work completed for various reasons. This year we have made significant changes with the plan of not repeating the past.

For now, we have not been able to schedule our work and advise you of that plan as we would usually do but we are working on it. If for some reason your work needs to be prioritised then we ask that you let us know, that way we can ensure we service all our clients needs.

News in and around the office...

Welcome — Bill Karaitiana

We welcome **Bill** to the Accounting Team. Bill has joined the team to take on the Accounting Team Leader position and assist with our compliance work.

Bill brings to the position a wealth of knowledge and experience having been in senior accounting roles as well as financial and management positions across his career.



Bill's normal working hours are Monday to Thursday 8:30am to 5:00pm and then Friday to 2:00pm.

Farewell — Michelle Oldfield

After 7 years, **Michelle** has decided that the opportunity at Bennetts Proactive isn't for her and therefore she has chosen to step away. Michelle's final day in the office is expected to be **30 June 2023**.

Michelle has thoroughly enjoyed her responsibilities within the office and we certainly thank Michelle for her efforts over the last 7 years and wish her well for the future.

This brings a number of changes within the office and we will communicate those with affected clients. You will continue to have access to a number of the team for whatever tasks are required just as you have done in the past.

All clients should now have received a notification as to whom their work responsibility has been handed to. Please read this notification carefully and respond if needed.

Matariki 2023

Office Closure

The office will be closed Friday **14 July 2023** to allow the team to celebrate **Matariki Day**.

We wish you a happy and safe break away from your work duties too.

