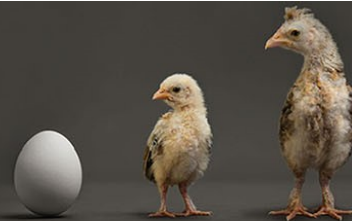




bennettsproactive

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



IN THIS ISSUE:

Page 2

Office News

GST- P/E 30 Nov 23

Christmas Holidays 23/24

Provisional Tax Payment

Page 3

Key Dates

Payday Filing for PAYE

Page 4

IRD Warning

New Tax Policies

Page 5

Entertainment, Gifts &
Bonuses - Annual Reminder!

From Lance's desk!

2023 has been one of the longest, hardest, shortest, most frustrating and craziest years of my professional career and what's more it is nearly Christmas again.....

We got horribly behind when trying to complete our 2022 financial years work and so we were very late starting the 2023 years Financial Statements and Taxation Returns. On top of that I had a couple of months out of the office due to some health challenges (I am 100% ok now), following the shortages of accounting personnel of 2022 and 2023 and a couple of other team members decided to move on as they reconsidered their life choices.

It is actually a miracle that I have any hair left really, but I am still smiling, still standing and alongside my team we are ready to continue to serve and work out how to continue to improve our service levels.

We have been extremely fortunate recently and have made a number of very good additions to our team. Nadia Ferreira (currently on maternity leave however), Kim Little who came here from Warkworth with her family, Maria Livingstone who is a Te Puke local (see Maria's introduction later in this newsletter) and indeed Maria has worked for the firm before. With these ladies onboard and a bunch of other changes we have made we are quickly catching up on 2023 and will head into the Christmas break in a good space. We are still on the lookout for the right person to join our Accounting Team for 2024 and beyond.

I need to take a moment to thank my excellent team for sticking with us and working out how to get your jobs done, sometimes under extreme pressure. We have always tried really hard to meet any deadlines or requirements you may have. They are a fantastic team and will certainly deserve their Christmas break in a few week's time.

Which leads me to offer to you all from Angela and myself along with the whole team at Bennetts Proactive a very Merry Christmas and a safe and enjoyable New Year. We look forward to working with you all through 2024 and beyond.

Merry Christmas,

Lance



Office closure for the Christmas period

The office will close: **midday Thursday 21st December 2023** and **reopen 8:30am Monday 15th January 2024.**

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 Amanda (amanda@bennettsproactive.co.nz), they may be available to assist you if urgent.



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

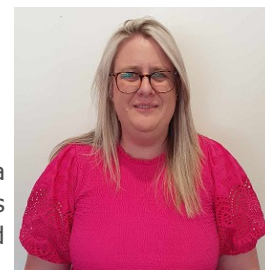
All information in this newsletter is to the best of the authors' knowledge true and accurate. No liability is assumed by the authors, or publishers, for any losses suffered by any person relying directly or indirectly upon this newsletter. It is recommended that clients contact us before acting upon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

www.bennettsproactive.co.nz

8 Queen Street, Te Puke

Phone (07) 573-8446

Welcome—Maria Livingstone



We welcome **Maria** to the Accounting Team!

Maria has recently joined the team as a fully qualified Senior Accountant after a move from a local Tauranga firm. Maria has a wealth of knowledge in the commercial and rural sectors and is looking forward to assisting Bennetts Proactive clients with their business goals and challenges.

Outside of the office, Maria enjoys spending time with her family.

Maria's normal working hours are **Monday to Thursday 8:30am to 4.30pm and then Friday to 2pm.**

GST—Period ended 30 November 2023



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 Wednesday 6th December 2023.** GST is due for payment by **15th January 2024.**

All who bring their records into the office in full by **Wednesday 6th December** will go into the annual prize draw.

Christmas holidays 2023/2024

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

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

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 override legislation.

Provisional Tax Payments - March Balance Date

We will be issuing payment notices for your 2nd instalment of 2024 Provisional Tax by **Tuesday 19th December 2023.** These are due for payment by **15th January 2024.** 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 Dates

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 Monday 18th December 2023** - Provisional Tax Notices will be released that 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 Amanda (amanda@bennettsproactive.co.nz) and they will be able to assist.

Due Date (Next working date-due)	Taxes payable
20 December 2023	PAYE—Period ended 30 November 2023
15 January 2024	GST—Period ended 30 November 2023 2024 Provisional Tax (2nd instalment) for March balance date taxpayers
22 January 2024	PAYE - Period end 31 December 2023
28 January 2024 (29 January)	2024 Provisional Tax (3rd instalment) for December balance date taxpayers
7 February 2024	2023 Terminal Tax due for taxpayers that do not have a tax agent or are not eligible for EOT (this will not apply to our clients)
20 February 2024	PAYE - Period end 31 January 2024
28 February 2024	GST - Period end 31 January 2024 2024 Provisional Tax (2nd instalment) for May balance date taxpayers
20 March 2024	PAYE - Period end 29 February 2024
28 March 2024	2024 Provisional Tax (2nd instalment) for June balance date taxpayers
7 April 2024 (8 April)	2023 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.

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 **17th January 2024** 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 **22nd January 2024**, 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.

IRD Warnings

There are a couple of new and very active IRD audit programmes running at the moment. Please take a minute to read this and if you think these issues might apply to you please contact us with some urgency.

GST Returns:

- Either refunds all the time or nil returns (for a continuous 12 months). The IRD are mining their GST database to find these and then checking if that registration is still valid. If not, they are cancelling registrations and sending large bills (e.g. Land purchased zero rated as part of a business but today's current market value is \$500,000 - GST payback required is \$65,000 if registration is cancelled).
- They are also searching for change of use of a business asset from business use to either non-use or private use. Both of these generate the requirement for a change of use adjustment and payback of GST.

Income Tax:

- Flowing on from the above, if the IRD believe you are not carrying on a business capable of making a profit, then any losses claimed against other income could be cancelled. This could go back multiple years. If this happens, the tax bills could be significant (also potential penalties and interest).
- Offshore income is also being checked carefully. Any investment, rental property, superannuation fund or bank account in another country generates a tax obligation in New Zealand. This cannot be hidden anymore, tax departments around the world now talk to each other and share information about those who earn income in their country but who don't live there.

The IRD have now reactivated their audit teams and they are busy after being quiet in the audit / review space for some time. If you get a letter from the IRD about any one of these matters please let us know immediately and we will respond accordingly for you.

This of course will require some time to respond to the IRD carefully (even if we are 100% correct in the first instance) so it is recommended that you talk to Nicola about Audit Shield Insurance to cover the cost of our fees incurred to respond on your behalf. Once the letter comes from the IRD it is too late to activate the insurance cover.



New Tax Policies

With the coalition talks only just concluded, all bets are off as to what tax changes we may see next year.

My crystal ball broke the other day when I was asked what might be happening in that space. Honest answer is, your guess is as good as mine.

We can hope that some of the massive complexities of modern tax compliance will be rolled back as promised, so much of the additional work we have to do for you now is adding little value to the economy but we have no choice but to comply.

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</p> <p>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>		
<p>Providing food and drinks while off the workplace premises</p> <p>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>		
<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</p> <p>Friday night work drinks, after work drinks for employees and/or customers.</p>		
<p>Providing food and drinks while off the workplace premises</p> <p>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>		

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 employee's. 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 GST matters.

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.