



Taking you to the **next** level



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Let's kiss the winter blues goodbye!

Well that is another winter done and dusted as we now wake to beautiful days but fresh mornings. It is also nice to see it starting to get lighter at the end of the day and I'm sure the return of day light savings will be a treat at the end of the month.

It's been a tough winter, and one that feels tougher than normal with the outbreak of colds, illnesses and Covid still lurking around in the background. Our office has certainly not got off lightly with a number of our staff being away for weeks at a time which has definitely put the pressure on the workflow and the delivery expectations. I know we are not isolated with this problem, a number of businesses that we talk to have also found themselves with the same problem and we sympathise with you all.

With this added pressure in the office we do ask that you bear with us as we try our absolute best to work through the backlog of jobs, as well as the ever changing tax rules and interpretations that we need to keep up with. We will catch up, however if your work is urgent or you believe there is a need to prioritise your job then please do let us know. We prefer a heads-up rather than having a huge rush to get your job out the door under extreme pressure.

It has not been all doom and gloom though. It is nice to see clients travelling overseas again with some great trips having taken place. There is also continued business and property acquisitions and sales with houses still being built so it's good to see the world is still turning.

From here on in, we will be head down tail up as we head towards the Christmas break!

Congratulations—Michelle Oldfield

Congratulations to Michelle for her recent successful completion of her CAANZ Public Practice certification which followed the completion of her Chartered Accountancy designation last year.

To achieve this, Michelle had to undertake a Public Practice programme provided by CAANZ as well as submission of acceptable practicable experiences and references.



A snap shot of recent tax changes



The latest updates that may affect you or your business!

- Extension of the reductions on fuel excise duty, road user charges and half price public transport until 31 January 2023.
- Use of Money interest rates have increased effective from 30 August 2022. The debit interest rate is 7.96%p.a, an increase from 7.28%p.a; and the credit interest rate is 1.22%, an increase from 0.00% which had been applicable since May 2020.
- Screening tests for the Cost of Living payment ahead of the 2nd payment due 1 September 2022 – this will put extra checks in place meaning those that are no longer living in NZ or have passed away should no longer receive the payment.

The ones in the pipeline!

- Exemption from the interest deductibility changes for new and existing build-to-rent flats if there are 20 or more dwellings in one single development and if they offer 10 year tenancies (other conditions will apply) – this will help only a handful and we expect the number of taxpayers that will benefit from this change will be minimal.

The one abandoned quicker than we could blink an eye!

The proposal to standardise the application of GST to fees and services of managed fund providers took a fairly quick U turn. The proposed amendment would have required GST to be charged at the standard rate of 15% rather than the current rate which could be as low as 0%. This of course would have been passed on by the provider and therefore having the overall effect of reducing the savers funds.

Key Tax Dates

Date	Taxes payable
20 October 2022	PAYE - Period ended 30 September 2022
28 October 2022	GST - Period ended 30 September 2022 Provisional Tax - 6 monthly GST filing frequency
20 November 2022 (21 November)	PAYE – Period ended 31 October 2022
20 December 2022	PAYE – Period ended 30 November 2022
15 January 2023 (16 January 2023)	GST—Period ended 30 November 2022 2022 Provisional Tax (2nd Instalment)

Labour Weekend Office Closure

Our office will be closed for labour weekend from **5pm Thursday 20th October** and reopening at **8:30am Wednesday 26th October 2022**.

This is longer than the standard long weekend to allow our staff the extra time to unwind, relax and enjoy the time out of the office with family and friends before we head into the mad Christmas rush.

We wish you an enjoyable long weekend break too.

Xero pricing increases



Xero have recently announced the Xero subscription prices will increase from 15 September 2022.

The new prices are (excluding GST) below:

Subscription	Previous RRP	New RRP	Bennetts Proactive Monthly Price
Starter	\$29/mth	\$31/mth	\$27/mth
Standard	\$62/mth	\$66/mth	\$58/mth
Premium	\$78/mth	\$84/mth	\$73.50/mth

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

We also understand that the Cashbook subscription prices are also changing, however that is not until March 2023.

Welcome—Nadia Ferreira

We welcome Nadia to the Accounting Team.

Nadia recently joined the team after a change from a local Tauranga firm and is fitting in well. She brings to our team a good understanding and knowledge of the NZ tax system. Prior to Nadia's move to NZ with her family in November 2019, her career evolved within Accounting firms in South Africa.

Outside of the office, Nadia enjoys spending time with her family, and can be found making her way round the Bay by bicycle.

Nadia's normal working hours are Monday to Thursday to 4:00pm and then Friday to 2:00pm.



Have you signed up to Audit Shield yet?

You have been invited to participate in the Audit Shield programme. This is a cover for professional fees (accounting, legal, tax specialist) incurred as a result of a direct notification or request for information and could be for any tax type, return disclosure or risk review.



Over the past few years, the IRD has not had the resources to undertake reviews however our expectation is that extra resourcing has been allowed for so we may see an increase in this space.

We have certainly seen an increase in information requests for large GST refunds or GST that are out of an ordinary pattern, Covid wage subsidy and Resurgence payments that have already been processed and Trust tax return disclosures that are new for the 2022 year.

Ever wondered what the answer was ?

Can income tax deductions be claimed for overseas travel costs (other than meal costs)?

Income tax deductions can be claimed for overseas travel costs (other than meal costs) but only to the extent that they have a connection with deriving assessable income or carrying on a business.

Income tax deductions cannot be claimed for any part of the costs that are of a private or domestic nature, of a capital nature, or incurred in deriving exempt income or income from employment. If the costs need to be apportioned between deductible and non-deductible amounts, then this must be done on a basis that is reasonable in the circumstances.

These are new guidelines issued on this topic just recently by the Inland Revenue Department.



Brightline!

Q. Does the sale of a family home from myself to the Trust trigger a Brightline issue ?

There are certain rollover measures from transactions within the Brightline rules where the transferors are beneficiaries and at least one is a principal settlor. There have been recent changes and interpretations here, with a recent update on the rollover for trusts by principal settlors.

This means that the Trust will (from 1 April 2022) inherit the original purchase date and the transferee (Trust) will pick up the same Brightline period, so there is no need to worry for the change of periods from 5 years to 10 years. This applies to transfers with a cost attached at either original cost, lower or higher than original value.

Q. So then, does the sale of my family home from my Trust to myself trigger a Brightline issue?

This has the same rules essentially as above however, the settlor does not need to be an original settlor. The rules previously applied to property that was originally transferred in by the principal settlor and has been changed to include property that has been acquired by the Trust provided the transferee was a principal settlor at the time the property was acquired.

Q. A home was purchased on the 24 June 2021, from the period of acquisition to move in, which was 1 June 2022, the property was under renovation. Now there is a change in circumstances and the property will be sold on the 20 September 2022. Will this trigger a Brightline issue ?

Under the changes in the rules, the main home exemption will apply. The reason here is that although the property was only occupied for 112 days, the period that it was unoccupied was 341 days and therefore less than the 365 days and becomes classified as predominant main home days.

This changes from what we previously knew which was if you didn't occupy it for 'most' of the time, or more than 50% of the time, you fell within Brightline.

So you can see that small tweaks to the rules are removing some of those unintended consequences.

Scenario: 2 houses are owned, one in Tauranga which is a main family home and a city centre apartment in Wellington. Both of these were acquired 25 April 2022. 36 months down the track there has been a relationship breakdown, he will take the Tauranga house and she will take the Wellington apartment as part of the settlement. This transaction itself does not trigger a Brightline issue as rollover relief measures apply, meaning that the acquisition date will be the original date for Brightline for the individual parties.

However, 2 months down the track it is decided that the Wellington apartment will be sold. This will trigger Brightline issues as the property does not meet the requirements of the main home exemption for the period where it was not used as the Main House. For any gain, the tax will be calculated on an apportion basis based on the owned period (1095 days) and Main Home period (62 days), so 1003/1095 days.

The Tauranga property will be OK if that was also sold as it was the Main Home when the relationship was intact and then the Main Home of his after the relationship breakdown.

Queens Remembrance Day

Our office will be closed for this Public Holiday on **Monday 26th September** as we remember Queen Elizabeth II.