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SOSA Office Closed - April 24th 2023

Our office will be closed on Monday 24th of April and will reopen on Wednesday 26th of April for ANZAC.



Life Flight
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Business Bites

March 2023



Carissa will celebrate her 25th Anniversary with Southey Sayer on 9 March 2023!

Rules change again on tax payment dates

Inland Revenue has modified the rules, again, on tax payment dates. Previously, if the due date for payment was at a weekend or fell on a public holiday such as an anniversary day, you were entitled to pay on the next working day.

However, if you usually pay your tax electronically, the banking system still operates and therefore the time is not extended to the next working day.

If you pay physically at Westpac bank, you still get allowed that extra day.

Note April 7 is on Good Friday. Be sure to follow the new rules.



Fair Pay Agreement Applications

As at 25 January 2023, no applications to initiate bargaining for a Fair Pay Agreements have been approved by MBIE.

We encourage you to visit the [Fair Pay Agreements dashboard](#) on the MBIE website regularly to check the status of any proposed agreements, and to see if public submissions have been called for any proposed agreements.

The [Employment New Zealand website](#) has further information and guidance about the Fair Pay Agreement system.

Prepare now for tax year!

**Start getting ready, now, for the end of your financial year.
Some things need to be done in advance:**

Bad Debts

If you have customers who are not paying their debts and you have taken all reasonable steps to collect the money, write off the bad debt before you get to balance date or you will not be able to claim that cost as a tax-deductible expense.

Kilometre rate

If you claim for the running costs of your motor vehicle on a kilometre rate basis, make a note to get an odometer reading on balance date. The rate is calculated based on the total number of kilometres travelled in the year and the proportion of them used for business. If the total number of kilometres exceeds 14,000, there is a two-step process for the calculation.

Vehicle logbook

If you need to keep a logbook you must do so for a three-month period at least once every three years.

Stock

If you are a retailer, this is a good time to start organising your stock ready for counting it. Get rid of obsolete stock. If you keep it, it still has to be valued at either what you paid for it or its current market value – for which you must have evidence.

Maintenance of equipment

Any maintenance you carry out before the end of your financial year is tax-deductible for that year. If you are planning maintenance in the short term, it might save you tax if you got on with it before the end of the financial year. Maintenance means bringing the asset back up to its original condition.

Replacement for tax invoices from 1 April 2023

Tax invoices are on their way out. In their place the buyer must hold “taxable supply information”.

This information can be kept in any form, such as a receipt. These new rules are effective from 1 April 2023. They require less information so you can continue using your current tax invoices.

For purchases of less than \$200 the seller must provide: supplier name, date of invoice, description of goods or services and the amount to be paid.

For purchases \$200 up to \$1000 the supplier must add the GST number and either the GST exclusive amount, amount of GST being added and the total inclusive amount, OR the GST inclusive amount and a statement saying it is the GST inclusive amount.

For purchases of more than \$1000 the vendor must also include some additional information. For full details see www.ird.govt.nz and search “Rules for tax invoices”.

Click on “show all”. Down the page you will see “GST recordkeeping requirements” and a box inviting you to “Choose your taxable supplies”.



Statistics New Zealand Surveys

NZ Farmers are required by law to complete an Agricultural Production Census every year that is administered by Stats NZ and the MPI. These surveys are sent to almost 60,000 agricultural enterprises including farmers, commercial growers, and forest owners.

Stats NZ identifies the businesses that meet their requirements and collects the data to create timely, quality, and comprehensive national agricultural statistics with the reports being due out in May 2023.

These statistics provide the information needed to enable evidence-based discussions and decision-making. The information is used by government, industry organisations, researchers and the wider farming community for forecasting, planning, policy advice, trade negotiations and national and international reporting.

This year, the rural sentiment from farmers towards the Agricultural Production Census has been more negative than normal, some in protest of the new emissions legislation as there is a difference of opinion on what formula should be used for measuring farm greenhouse.

There is the risk of fines for farmers who refuse to complete this survey by the due date of up to \$2,000 for an individual and up to \$12,000 for organisations.

Business Bites

Minimum Wage Increase

From 1 April 2023 the adult minimum wage will increase to \$22.70 per hour.

The training and starting out wages will also both increase to \$18.16 per hour, remaining at 80% of the adult minimum wage.



Borrowing money for your company

Given a choice, it's safer for a company to borrow money than its shareholders.

Inland Revenue has argued, successfully, that interest paid on money borrowed by shareholders for their company is not a tax-deductible cost for the company. This is because the company didn't borrow the money.

Many companies have been caught out by this and had the unpleasant surprise of discovering interest had not been a tax-deductible cost for some years. Inland Revenue has disallowed the expense, increased the taxable income, and collected extra tax, together with a hefty Use of Money Interest charge.

If your company needs to borrow money, make sure it's indeed the company that does the borrowing.

If you find a loan is in your name, you can still do something about it.

- Lend the money to the company and charge interest for the loan. The interest charged needs to be based on the market and charging the same as the bank is charging is acceptable and the simplest. Unfortunately, if the interest the company pays (excluding interest to banks) exceeds \$5,000 in an income year RWT will have to be deducted and paid.
- An alternative is the money could have been borrowed as agent for the company.

In both cases the paperwork matters. Get professional help and get it right.



Business Bites

Increase your chances of getting the right staff

New Zealand is desperately short of employees.

To increase your chances of attracting staff when you advertise, remember these rules:

- Since you want potential employees to read the advertisement, get them excited about working for your firm. What's so special that they would want to come and join you? Remember "what's in it for me"? That's what the potential employee wants to hear.
- For print advertisements, don't forget the importance of a powerful headline. You've got to catch the reader's eye.
- Make the advertisement easy to read. Reverse type for text (white on black or similar) is not noticed as easily or as readable as standard black type and doesn't usually work well on newspaper.
- Make it as easy as possible for potential employees to contact you. Many will read the ad outside normal working hours. You might just have to be prepared to answer the phone when it suits them.

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An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own circumstances, as they are intended as general information only.

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Increased compliance costs arising from property taxation rules and domestic trust disclosure requirements

Increased compliance costs and taxpayer uncertainty brought about by the Government's recent changes in property taxation rules and domestic trust disclosure requirements are noticeable findings in Chartered Accountants ANZ and Tax Management NZ's survey released in November.

The survey received a record number of respondents focused on Inland Revenue's services, COVID-19 support measures, recent property tax changes and the new trust disclosure requirements.

Approximately 90 per cent of respondents believe recent changes to the bright-line test and new financial reporting and disclosure rules for trusts will increase compliance costs.

Moreover, 80 per cent of respondents rated the increase as "significant" or "somewhat significant".

CA ANZ NZ Tax Leader John Cuthbertson FCA says the responses backed up CA ANZ's consistent submissions which detailed that the relevant tax legislation will add to increased taxpayer uncertainty and compliance costs with little time to educate and advise taxpayers of the new rules.

Taxpayer certainty is a critical element of our tax system. Certainty is enhanced when the legislation is written as simply as possible and accords with the stated policy intent, says Cuthbertson.

Recent bright-line changes and residential property interest limitation rules announced by Government immediately prior to the applicable income year were provided as examples where the process resulted in a period of uncertainty for taxpayers and their advisors. Final legislation was not passed until late March 2022.

When it came to rating IR's services, perception of their responsiveness has declined since last year while somewhat paradoxically, the average time to receive information has improved.

Inland Revenue agent account managers and the service they provided was rated highly by respondents. Survey findings also show that respondents are highly engaged digitally, self-serving their needs through My IR.

It will come as no surprise however that the quality of Inland Revenue's phone service was singled out as needing improvement. Negative sentiment will likely not have been helped with the removal of the dedicated tax agents' line through the COVID response period and the reallocation of IR staff to assist with calls. Respondents stated that IR need to upskill the technical knowledge of staff to improve responsiveness.

The phone service has an important on-going minimum role to play in terms of overall interaction and engagement with IR. Interactions will cascade to the phone service when other channels are unavailable, or a fast response time is required.

Encouragingly the survey found that the key (non-tax) COVID-19 response measures (COVID-19 support payment, Resurgence support payment, and the small business cashflow loan) were well-used and well-rated. Most respondents also found that it was much easier to get a tax deferral arrangement in place as compared to the prior year. This likely reflects the introduction of a digital application channel and greater familiarity with the application process and supporting information required.

Respondents' limited awareness of the extension or variation of tax measures was more concerning. It is likely however, that respondents benefited from the impact of relevant variations without being aware that they provided the basis for the favourable treatment or timing concession utilised. Those respondents who were aware, agreed that the measures were useful in alleviating the impact of COVID-19.

