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2023 Newsletter

If you would like to discuss any of these matters and how they affect you, please do not hesitate to contact us.

This newsletter is intended for general information only and should not be used as an alternative for detailed professional advice.

GST Invoicing and record keeping

The requirement to use tax invoices is being replaced by a more general requirement to provide and keep certain records known as 'taxable supply information'.

Businesses can still choose to use the wording tax invoice, but they may choose to update this to taxable supply information, invoice or to not name their documents at all.

From 1 April 2023, the 3 threshold requirements for GST supplies are:

1. \$200 or less
2. More than \$200 and up to \$1,000, and
3. More than \$1,000.



- 1) For supplies of \$200 or less, taxable supply information includes the seller's name or trade name, the date of invoice, or, where no invoice is issued, the time of supply, a description of the goods or services, and the total amount payable. This information could be contained in an invoice, or it could be contained in your business records.
- 2) For supplies of more than \$200 and up to \$1,000, your taxable supply information must show all the previous details plus the seller's GST number, and a clear indication of the amount of GST included in the sale price.
- 3) For supplies of more than \$1,000, your taxable supply information must show all the previous details plus information to identify the buyer of the goods or services. The taxable supply information does not need to include details relating to the quantity or volume of the supply. However, this information should be captured elsewhere in your business records.

Minimum Wage Increase

From 1 April 2023, the adult minimum wage increased from \$21.20 to \$22.70 per hour. Also increased at the same time, were the minimum wage rates for both starting-out and training employees. The increase was from \$16.96 to \$18.16 per hour.



Brightline Test

Reminder: If you are looking at any land transactions to have a chat with us **before** signing anything to make sure it is not caught by the Brightline Test rules. In most cases, if it is your main home, it is likely to be exempt from the rules, but there are exceptions.

If the property is not your main home, then be aware it could be taxable, unless you meet certain exemptions. So best to get in touch with us.



Interest on Rental Properties

For those properties acquired before 27 March 2021 interest deductions are being phased out.

<i>Date interest incurred</i>	<i>Percentage of Claimable Interest</i>
1 April 2022 to 31 March 2023	75%
1 April 2023 to 31 March 2024	50%
1 April 2024 to 31 March 2025	25%

No interest can be claimed from 1 October 2021 for residential property purchased on or after 27 March 2021.

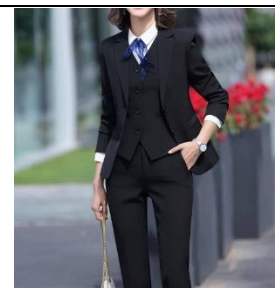
There is a 'New Build' exemption for a property that received its code compliance certificate on or after 27 March 2020. Interest relating to new builds is eligible to be deducted for up to 20 years from the time the property's code compliance certificate is issued. This exemption will apply to both the initial purchaser of the new build and any subsequent owner within the 20-year period.

If a property has both residential property and non-residential property on the same title, only the portion of the interest that relates to the non-residential property can be deducted.

Clothes for Work

You can claim specialist gear that isn't suitable for personal use, such as uniforms; protective clothing (like overalls, goggles, steel toecap boots), safety clothing and distinctive clothing you wouldn't wear other than for carrying out your job.

You cannot claim for everyday clothing (even if you wear it for work). That includes clothes you buy specifically for work like an expensive suit that you wouldn't otherwise have purchased (unless it is clearly branded).



Reporting requirements for domestic trusts

The IRD are requiring more information to be included in the tax returns in relation to trusts so, if you haven't already done so, please provide us with the name, date of birth, IRD number and address for the beneficiaries of your trust.

COVID 19

Go to covid19.govt.nz for official government guidelines and resources. See the following link workandincome.govt.nz/covid-19 for details on financial support available.

Please note that the IRD no longer has a tick box option to indicate you were impacted by COVID19 and automatically remitting penalties and interest. In order to get remission now you need to contact IRD and they will assess it on a case by case basis.

Small Business Cashflow Loan

For most businesses the two-year interest free period for the Government loan has finished, so you should have either repaid the loan in full to avoid interest or begun a repayment plan with the IRD.

Covid19 Leave Support Scheme

There is still a support payment available to help pay wages for self-employed and employers for when you or an employee test positive for covid19 and are required to isolate at home. The application must be completed within 8 weeks of the end of their isolation. \$600 for full time workers (20 or more hours per week) and \$359 for part time workers (20 or more hours per week).

Titbits of Information

- Remember a gift (cash, voucher or otherwise) to an employee over a certain amount could incur Fringe Benefit Tax. However, there are permissible thresholds that incur no tax liability.
- Buying your lunch/dinner or a 'coffee and slice' is not tax deductible. It is only allowable in some circumstances.
- Entertainment/business meetings are an area the IRD look closely at. Be prepared to provide details of who was at the meeting and matters discussed.
- Remember to take care to make sure you pay your taxes to the correct period and tax type, otherwise the IRD may refund your money and consider the payment late with the associated penalties and interest incurred.

***Please remember to give us a call if you have any questions,
we are here to help you***