



# 2024 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.*

## **Minimum Wage Increase**

From 1 April 2023, the adult minimum wage increased from \$22.70 to \$23.15 per hour. Also increased at the same time, were the minimum wage rates for both starting-out and training employees. The increase was from \$18.16 to \$18.52 per hour.

## **Brightline Test**

Note that the brightline timeframe is being reduced from 10 years to 2 years, from 1 July 2024 onwards. The rules regarding apportionment, if it was partly used as main home and partly used for other purposes (Airbnb, rental, holiday home etc), are also changing.

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**

In a turnaround, interest deductibility is being phased back in for residential rental properties for those properties acquired before 27 March 2021, interest deductions are as follows:

<i>Date interest incurred</i>	<i>Percentage of Claimable Interest</i>
1 April 2023 to 31 March 2024	50%
1 April 2024 to 31 March 2025	80%
1 April 2025 to 31 March 2026	100%



No interest could be claimed from 1 October 2021 for residential property purchased on or after 27 March 2021. This is to carry on for 1 April 2023 to 31 March 2024, however from 1 April 2024 onwards it is phased back in as follows:

<i>Date interest incurred</i>	<i>Percentage of Claimable Interest</i>
1 April 2024 to 31 March 2025	80%
1 April 2025 to 31 March 2026	100%

The 'New Build' exemption for a property that received its code compliance certificate on or after 27 March 2020, was eligible to be deducted at 100%. This will continue.

## Trust Tax Rate

From 1 April 2024 onwards, the tax rate for a trust is 39% for any income left in the trust. Income can still be allocated to the beneficiaries at their tax respective tax rates.

## Income Tax Rates

The Government's intention is to adjust the individual income tax thresholds. These are expected to come into force from 1 July 2024

Existing Tax Thresholds	Proposed Tax Thresholds	Percentage of Claimable Interest
\$0-\$14,000	\$0-\$15,600	10.5%
\$14,001-\$48,000	\$15,601-\$53,500	17.5%
\$48,001-\$70,000	\$53,501-\$78,100	30%
\$70,001-\$180,000	\$78,101-\$180,000	33%
\$180,000 and above	\$180,000 and above	39%

However, these are to be confirmed at the Budget in May 2024, and are likely to have flow on effects for Fringe Benefit Tax (FBT), Employer Superannuation Contribution tax (ESCT), Resident Withholding Tax (RWT) and Prescribed Investor Rate (PIR).

## APP Tax

From 1 April 2024 there will be a change to how GST is handled by some online platforms. The effect of the change is that online platforms that offer ridesharing, food delivery or short-term accommodation services will now need to charge GST, even if the underlying owner/driver is not GST registered and makes under \$60,000 per year.

Note that these changes are specific to listed services only and do not extend to impact other sectors, even if they are sold through a platform.

There are opt out rules for operators who have sales of more than \$500,000 or 2,000 bed nights per year.

If you offer ridesharing, food delivery or short-term accommodation services (AirBnB etc), get in touch with us so we can explain how this affects you.



## Titbits of Information

- 90 day Trial Periods for employees have been reintroduced for all employers, regardless of size of the business.
- Fair Pay Agreements have been repealed.
- 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**