

NEWSLETTER

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BENEFIT INCREASES

for New Zealand Households

From 1 April, several benefit payments for New Zealand households will see an increase. Here's what to expect:

1. Working for Families Scheme

Family Tax Credit

The rate will rise to a maximum of \$144 per...pg 6

NEW ZEALAND 2024 TAX CHANGES

As we step into 2024, New Zealand prepares for significant tax adjustments that will impact individuals, businesses, and the economy. Here's what you need to know:

1. Income Tax...pg 7



ACCOUNTING 101

Consumables/Supplies vs Assets



In our new "Accounting 101" section, we aim to share some fundamental accounting principles. It is particularly crucial for business owners to differentiate between consumables/supplies and assets, understanding their respective impacts on a company's profit...pg 3

Kia Ora!



As another financial year draws to a close, we are thrilled to bring you the latest updates and insights, including new tax regulations and essential information on FBT rules and director's responsibilities. With the growing number of business owners, it is vital to stay informed and steer these changes effectively.

2024 Client Questionnaires

Now available!

Our comprehensive 2024 Client Questionnaires are ready for completion. Designed to various industries, we have six distinct forms to match your specific business enterprise:

➤ **Business**
Designed for general companies.

➤ **Individual**
For shareholders of the company.

➤ **Rental**
Ideal for investors who own and rent out properties.

➤ **Sole Trader**
For self-employed individuals or those earning sole trading income.

➤ **Trust**
For trusts.


➤ **Farmer**
For farm businesses.

To expedite the processing of your documents, we encourage you to gather all necessary information and submit your completed questionnaire promptly. Please note that submissions will be processed on a first-come, first-served basis.

Additionally, we invite you to schedule a meeting for your annual review or business plan. Booking a meeting ensures that we can address any questions or concerns you may have and provide personalized guidance for your financial goals.

Download your questionnaire today and take the first step towards seamless financial management!





Tax Due Dates Reminders

Stay on top of your schedule by marking these upcoming tax due dates in your calendar. Remember, these dates are designed for businesses with a balance date of 31 March and serve as a helpful guide.

DATE	DETAILS
7 May	GST return due for period ending 31 March 2024
7 May	Provisional tax due for all methods (ratio, standard, estimation, or AIM)
20 May	Employer deductions due for April 2024 for businesses whose gross annual PAYE and ESCT is less than \$500,000 a year

For more information: [ir328-2024-25.pdf \(ird.govt.nz\)](#)



Accounting 101

Consumables/Supplies VS Assets



In our new "Accounting 101" section, we aim to share some fundamental accounting principles. It is particularly crucial for business owners to differentiate between consumables/supplies and assets, understanding their respective impacts on a company's profit.

Definition and Characteristics

Consumables/Supplies

These are items that are utilized within a short period, typically less than a year.

In a construction business, consumables/supplies include materials that are used up during the course of a project and are typically expensed immediately.

Examples of consumables/supplies in a construction business may include:

- Nails, screws, bolts, and other fasteners.

- Paint, primer, and other finishing materials.
- Sandpaper, abrasives, and other abrasive materials.

These consumables are essential for completing projects but are consumed relatively quickly and do not retain their value over time.

Assets

Assets, on the other hand, are resources with a longer lifespan that contribute to revenue generation over time.

Examples of assets in a construction business may include:

- Heavy machinery such as excavators, bulldozers, and cranes.
- Vehicles used for transportation of materials and equipment, such as trucks and trailers.
- Construction equipment like scaffolding, concrete mixers, and power tools.
- Land and buildings owned by the construction company for office space or storage facilities.
- Specialized equipment such as surveying instruments or laser levels.

These assets are typically capitalized on the balance sheet and may be subject to depreciation over their useful life. They contribute to the company's ability to undertake and complete construction projects, thereby generating revenue over an extended period.

Accounting Treatment



Consumables/Supplies:

Consumables are expensed in the period they are consumed. This means that the cost of consumables directly impacts the company's expenses and, consequently, its profit for that period.

Assets:

Assets are capitalized on the balance sheet when acquired and depreciated over their useful life.

Depreciation expenses are recorded on the income statement, spreading the cost of the asset over time, and affecting profit margin differently.

Effect on Company Profit



Consumables/Supplies: The immediate impact of consumables on profit is evident through increased expenses, leading to lower net profit in the short term.

Assets: While assets require an initial investment, they contribute to revenue generation over their useful life. Consequently, the impact on profit is spread out over time, influencing profit margin differently from consumables.

Importance of Proper Classification



Accurate classification of consumables/supplies and assets is important for several reasons:

- Compliance with accounting standards ensures transparency and reliability in financial reporting.
- Providing a true and fair view of the company's financial position and performance aids stakeholders in making informed decisions.

Strategies for Optimization



To optimize profit, consider implementing the following strategies:

- Efficient inventory management systems for consumables to minimize wastage and control costs.
- Regular evaluation and maintenance of assets to maximize their lifespan and value, thereby enhancing their contribution to revenue.

New Minimum Wage Increase



Business owners or managers must prepare for the upcoming increase in minimum wage rates effective 1 April 2024.

Here are the specifics of the increase:

- The adult minimum wage will rise from \$22.70 to \$23.15 per hour.
- Starting-out and training minimum wages will increase from \$18.16 to \$18.52 per hour.
- All rates are stated before tax and lawful deductions, such as PAYE tax, student loan repayments, or child support.

Steps to Prepare for the increase:

- Notify employees promptly about the new rates and update employment contracts accordingly.
- Ensure payroll systems are adjusted and discuss any potential impacts on business budgets and employee pay relativity.
- Familiarize yourself with minimum wage obligations, noting exceptions such as employees under 16 and those with special permits.

For more information:

[Benefit rates at 1 April 2024 - Work and Income](#)

Benefit Increases for New Zealand Households:

What you need to know



From 1 April, several benefit payments for New Zealand households will see an increase. Here's what to expect:

1. Working for Families Scheme

Family Tax Credit

The rate will rise to a maximum of \$144 per week for the oldest child and \$117 per week for subsequent children.

Best Start Tax Credit

For families with a household income below \$97,726, the rate for the first year increases to \$73 per week. The Best Start credit is paid to all families until their baby turns one, provided they are not receiving paid parental leave.

2. Jobseeker

Couples on Jobseeker Support with children will receive an additional \$56.48 per fortnight, while single parents will get \$44.02 more.

A single person over 25 on Jobseeker will receive \$353.46 weekly after tax, a single parent on Jobseeker will get \$494.80, and couples with children will qualify for \$635.10 weekly.

3. Supported Living Payment

Couples without children will receive \$684.48.

4. Superannuation



Couples on NZ Super or the Veteran's Pension will receive \$71.08 more per fortnight, and single individuals living alone will get \$46.20 more per fortnight.

5. Student Allowance

Eligible students living away from home and under 24 will receive an additional \$27.94 in student allowance, up to a maximum of \$314.15 per week after tax.

For more information: [Benefit rates at 1 April 2024 - Work and Income](#)

New Zealand's 2024 Tax Changes



As we step into 2024, New Zealand prepares for significant tax adjustments that will impact individuals, businesses, and the economy. Here's what you need to know:

1. Income Tax Threshold Changes

From 1 July 2024, the government proposes changes to tax rate thresholds, the proposed adjustment are:

Existing Threshold	Proposed Threshold	Rate
\$14,000	\$15,600	17.50%
\$48,000	\$53,500	30%
\$70,000	\$78,100	33%

2. Independent Tax Earner Credit (IETC)

Independent Tax Earner Credit (IETC) eligibility extends to \$70,000 (up from \$48,000).

The Independent Earner Tax Credit (IETC) is available to individuals earning between \$24,000 and \$48,000 annually, provided they are not receiving Working for Families Tax Credits, do not have an income-tested benefit, or are not receiving New Zealand Superannuation.

3. Trust Tax Rate Increases



Effective 1 April 2024, Trust tax rate rises to 39%, except for trusts earning under \$10,000 annually, which remains at 33%.

4. Interest Deductibility and Bright-line Test

From 1 April 2024, the ability to interest deductions will be phased back in:

Date Incurred	Percentage that can be claimed
1 Apr 2024 - 31 Mar 2025	80%
1 Apr 2025 onwards	100%

For properties sold on or after 1 July 2024, the bright-line property rule will only apply if the property is sold within 2 years of purchasing it.

For properties sold before 1 July 2024, the current bright-line periods will continue to apply.

5. Commercial Building Depreciation



Anticipated change from 1 April 2024, the depreciation claims for commercial building will be removed.

The reinstatement of depreciation claims for non-residential buildings was initiated as part of the COVID economic stimulus measures. However, with the conclusion of the COVID response situation, the depreciation rate will revert to 0% starting from the 2024-25 income year.

6. GST Changes



Starting 1 April 2024, online marketplace operators registered for GST must collect and remit 15% GST for 'listed services' performed, provided, or received in New Zealand. This applies regardless of whether the seller is GST-registered.

Online marketplaces, such as websites or apps (e.g., Uber, Air BnB), serve as platforms for sellers to offer goods and services to customers. This regulation applies to both New Zealand-based and offshore online marketplaces.

Key points of the new rules include:

- Introduction of a flat-rate credit scheme for sellers not GST-registered.
- Opt-out provisions for large sellers meeting specific criteria.
- Listed services encompass ride-sharing, food/beverage delivery, and taxable accommodation, excluding principal residences.
- Marketplace operators will collect 15% GST on listed services in New Zealand. They will distribute 8.5% to unregistered sellers and remit the remaining 6.5%.
- Unregistered sellers can voluntarily register for GST to opt out of the flat-rate credit scheme, subject to standard GST obligations.
- Marketplace operators must inform sellers monthly about the total flat-rate credits allocated.
- Flat-rate credits received by non-GST-registered sellers are considered excluded income for tax purposes.
- Sellers must provide their name, IRD number, and GST registration status to the marketplace operator. They must also notify the operator of any changes in their GST status.
- The \$60,000 threshold for drivers, deliverers, and accommodation hosts to register for GST remains unchanged. They must register under existing rules when applicable.

For more information: [Changes coming in April 2024 \(ird.govt.nz\)](https://www.ird.govt.nz)

Fringe Benefit Tax on Company Vehicles



Fringe Benefits Tax (FBT) applies to benefits provided to employees or shareholder-employees, including motor vehicles for private use.

Employers are responsible for FBT even if benefits are provided through third parties or enjoyed by an associated person of employees.

If your business provides a vehicle for employees' private use, including shareholder employees and their associated persons, you may be liable for FBT, regardless of actual usage.

Exemptions from FBT on motor vehicles include:

1. Work-Related Vehicle Exemption:

Applies when a vehicle is used solely for essential work purposes.

Conditions include the vehicle being branded with company logos and used mainly for carrying goods or passengers for work.

Employees must receive a letter restricting private use, and quarterly checks are required to ensure compliance.

2. Double Cab Utes:

While considered work-related, double cab Utes are not automatically exempt from FBT and must meet specific criteria.

3. Vehicle above Gross Laden Weight of 3,500kg:

If a vehicle exceeds the gross laden weight and is used for private purposes, it may be treated as an unclassified benefit. Regular checks are necessary to ensure appropriate use.

4. Emergency Call Exemption:



FBT does not apply when an employee attends emergency calls during certain hours for essential services.

The visit must take place between 6pm and 6am during the work week, or at any time on a Saturday, Sunday, or statutory public holiday.

5. Business Travel Exemption:

FBT may not apply if an employee stays overnight for work purposes, is away for over 24 hours, and requires the vehicle for work.

6. Vehicles Broken Down or Repaired:

FBT exemption applies when a vehicle is unavailable for at least 24 hours due to breakdown or repairs.

Sole Traders and Partners in a Partnership

Sole traders and partners in a partnership do not pay FBT on business vehicles but must make income tax and GST adjustments for private use.

For more information: [Employer provided motor vehicles for private use \(ird.govt.nz\); ir409-2023.pdf \(ird.govt.nz\)](#)

Understanding your Role as a Company Director



Being a director of a registered company entails significant duties and responsibilities outlined in the Companies Act 1993. Here's what it means to be a director:

Definition of a Director

A director is an individual appointed to manage a company's business and affairs. Every registered company must have at least one director, and their information is recorded on the Companies Register.

Developing Director Skills



Being an effective director contributes to the company's success and reputation.

Explore online governance resources available at business.govt.nz to enhance your skills.

Key Responsibilities:

As a director, your responsibilities include:

- Implementing policies and making decisions.
- Handling statutory document preparation and filing.
- Convening meetings, including annual shareholder meetings.
- Maintaining records and binding the company to contracts.

Additional Duties

Your company constitution, if applicable, may outline further duties and responsibilities.

Responsibilities You Can Delegate



You can delegate certain responsibilities, including updating information on the Companies Register, keeping company records, and filing annual returns and financial statements.

Non-Delegable Duties

However, certain duties cannot be delegated. These include acting in good faith and in the best interests of the company, exercising a duty of care, and trading sensibly.

Compliance with Legal Requirements

Directors must act honestly and in the company's best interests while complying with the Companies Act 1993 and the company's constitution. Recent amendments emphasize considering environmental, social, and governance matters.

Company Meetings

Directors are responsible for calling meetings of shareholders as required by law and the company's constitution, including annual shareholder meetings.

Filing Obligations

Directors must ensure the company meets its filing obligations with the Companies Office, including reporting and accounting requirements.

Accounting and Company Records



Maintaining records such as the constitution, meeting minutes, director interests register, and accounting records is essential for compliance.

Financial Responsibilities

Directors must act prudently to avoid substantial risk of loss to company creditors, known as reckless trading. Seeking professional advice on resolving financial issues is advisable.

Legal Consequences

Failure to fulfil directorial duties may lead to personal liability and prosecution.

In cases of financial distress, voluntary administration, receivership, or liquidation may be necessary.

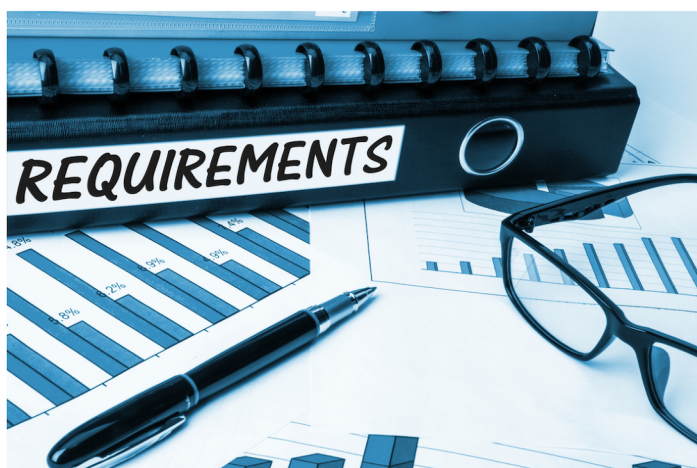
For more information: [What it means to be a director](#) | [Companies Register](#)
(companiesoffice.govt.nz)

Changes for Incorporated Societies:

New Incorporated Societies Act 2022

The enactment of the Incorporated Societies Act 2022 and Incorporated Societies Regulations 2023 brings significant changes to the legal framework governing incorporated societies in New Zealand. Here's what you need to know:

Re-registration Requirement:



- All current incorporated societies must apply to re-register under the 2022 Act from 5 October 2023 to 5 April 2026.
- Failure to re-register during this transition period will result in the loss of incorporated status and dissolution of the society.

New Registrations:

- Any new society seeking incorporation after 5 October 2023 must register under the 2022 Act.

Constitutional Changes:

- To re-register, incorporated society constitutions must align with section 26 of the new Act.
- This may necessitate adding or amending rules to comply with the Act's requirements, providing an opportunity to review and remove unnecessary provisions.
- For instance, redundant clauses regarding financial statement preparation and audit may be eliminated due to comprehensive requirements in the new Act.

Financial Reporting:



- Under the old law, incorporated societies were not obligated to prepare financial statements according to XRB accounting standards unless registered as a charity.
- However, the new Act mandates the use of XRB accounting standards for financial statement preparation unless the society qualifies as small.
- A society is considered small if it meets specific criteria related to expenditure, assets, and charitable status, allowing it to maintain current reporting practices.

For more information: [Law changes for incorporated societies](#) | [Incorporated Societies \(companiesoffice.govt.nz\)](#); [What the new Incorporated Societies Act 2022 means](#) | [CA ANZ \(charteredaccountantsanz.com\)](#)

Growth Empowerment:

The OARBED Model



Have you acquainted yourself with the OARBED Model? It is not just a fancy concept—it is a game-changer for both personal and business growth.

Rooted in the principles of Ownership, Accountability, Responsibility, and juxtaposed with Blame, Excuse, and Deny, this model offers a transformative approach to behaviour and decision-making.

In Your Personal Life:

1. **Ownership:** Take charge of your actions and decisions. It is all about owning up to who you are and what you do.
2. **Accountability:** Hold yourself to high standards and own your mistakes, recognizing the impact they have on yourself and others.
3. **Responsibility:** Step up and fulfil your duties, whether it is to yourself, your family, or your community. It is about showing up and doing what needs to be done.

Against Blame, Excuse, and Deny:

1. **Blame:** Refrain from shifting responsibility onto external factors or individuals, instead focusing on solutions and growth opportunities.
2. **Excuse:** Avoid making excuses for shortcomings or failures, choosing to learn from setbacks and strive for improvement.
3. **Deny:** Be honest with yourself and others. Do not shy away from reality—embrace it and take action.

In Your Business:



1. **Ownership:** Create a culture where everyone feels a sense of ownership. Encourage your team to take pride in their work and contribute their best.
2. **Accountability:** Hold yourself and your team accountable for results. It is about taking ownership of your roles and delivering on your promises.
3. **Responsibility:** Lead by example and prioritize ethical practices in your business. It is about doing the right thing, even when it is not the easy thing.

Against Blame, Excuse, and Deny:

1. **Blame:** Foster a culture of collaboration and problem-solving. Addressed challenges collectively rather than assigning blame.
2. **Excuse:** Encourage a growth mindset among employees, where failures are viewed as opportunities for learning and innovation.
3. **Deny:** Keep the lines of communication open and promote transparency at all levels. Own up to mistakes and work towards solutions together.

For more information: [The Most Powerful Behaviour Model Ever \(thegaphq.com\)](https://www.thegaphq.com)

Book Suggestions:

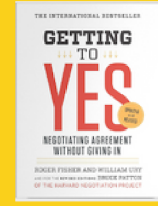
Apex Autumn & Winter 2024 Books Recommendations



Autumn and winter provide the perfect backdrop for cozying up with a good book. Here are our top picks from the Apex library to accompany you through the cooler months:

- Diary of a CEO by Steven Bartlett
- Getting to Yes by Roger Fisher and William Ury
- The Song of Significance by Seth Godin
- Invention and Innovation: A brief history of Hype and Failure by Vaclav Smil

- The Infinite Game by Simon Sinek



As the seasons shift and the days grow shorter, we hope these reads bring warmth and inspiration to your cooler days.

Happy reading from the team at Apex Accountancy!

If you have further questions regarding the contents of this newsletter, please do not hesitate to contact our team.

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