



NEWSLETTER

Provisional Taxes

Learn more about provisional taxes and payment due dates. What are the available payment arrangements, and how to set them up? (pg. 1)

Goals for 2023

Identify the tips and tricks on how to handle cash flows. Business coaching to discuss business profitability. (pg. 2)

Xero Training

Let us know what you want to learn. We offer Xero training to help you and your business. (pg. 7)



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The Covid-19

Congratulations on surviving the Covid-19 outbreak! For all of us, it was an unforgettable journey.

The COVID-19 epidemic has caused a shocking loss of life on a global scale and poses an unprecedented threat to food systems, public health, and the workplace. The pandemic has severely disrupted society and the economy. Unfortunately, COVID-19 has long-term consequences on human bodies, according to studies.

The most commonly reported symptoms of post-COVID-19 syndrome include:

- Fatigue
- Symptoms that get worse after physical or mental effort
- Fever
- Lung (respiratory) symptoms, including difficulty breathing or shortness of breath and cough

Other possible symptoms include:

- Neurological symptoms or mental health conditions, including difficulty thinking or concentrating, headache, sleep problems, dizziness when you stand, pins-and-needles feeling, loss of smell or taste, and depression or anxiety
- Joint or muscle pain
- Heart symptoms or conditions, including chest pain and fast or pounding heartbeat
- Digestive symptoms, including diarrhea and stomach pain
- Blood clots and blood vessel (vascular) issues, including a blood clot that travels to the lungs from deep veins in the legs and blocks blood flow to the lungs (pulmonary embolism)
- Other symptoms, such as a rash and changes in the menstrual cycle

It can be challenging to determine whether your symptoms are brought on by COVID-19 or another factor, such as a pre-existing medical condition.

In addition, it's unclear whether post-COVID-19 syndrome is new and exclusive to COVID-19. Some of the symptoms of chronic fatigue syndrome and other long-term conditions that follow infections are comparable. Extreme weariness is a symptom of chronic fatigue syndrome, which gets worse with exercise or mental effort but doesn't get better with rest.

Good and Service Tax

It is GST filing season again for the period ending November 30, 2022. The deadline date for the GST return and payment is January 16, 2023. Prior to our Christmas vacation on December 23, 2022, we will try to process all of our clients' GST returns. We will then resume work on January 9, 2023. In this regard, we humbly request your assistance and understanding as we complete the tasks.

Provisional Taxes

Provisional taxes assist you in managing your income taxes. By paying in instalments on provisional and terminal tax days throughout the year, provisional tax breaks up the lump sum of income tax. You need to pay provisional tax when your residual tax exceeds \$5,000. Provisional tax is determined as the residual tax to be paid plus 5%.

Due Dates:

1st Instalment: 28 August 2022

2nd Instalment: 15 January 2023

3rd Instalment: 07 May 2023

Terminal Tax: 07 April 2023

Payment Arrangements:

When your finances are constrained and the due date for your next instalment is approaching, there are ways to pay provisional taxes:

- Tax pooling
Through tax pooling, many taxpayers' provisional tax payments are combined into one account with a registered intermediary (3rd party). Amounts in this pooling account can then be used to make up for any provisional tax underpayments made by pool members.

The Inland Revenue may impose use-of-money interest (UOMI) if a taxpayer underpays provisional tax. A taxpayer may be eligible for a UOMI credit if they overpay provisional tax. Tax pooling enables the taxpayer to combine provisional tax payments, allowing the pool to balance any underpayments and lowering the amount of UOMI assessed.

- IRD Instalment Arrangement
To settle provisional tax, you can create a plan. Through myIR, instalment arrangements are possible. Here, you can set the minimum payment amount, the preferred form of payment, and the instalment schedule. This also applies to any other tax types for which you have an outstanding balance (e.g., GST). This can be for payments that are due right away or at a later time.

Get in touch with us if you want to learn more about tax pooling or you need assistance in setting up your instalment arrangement plan.

Goals for 2023

It is critical that you make plans for the future. Business planning is essential to help you run your business more efficiently and have a backup plan in case of unforeseen circumstances. Cash flow is one of the most prevalent issues in business. Cash flow is referred to as the money that flows in and out of your business. A positive cash flow means that you have more money coming in than going out. And this is advantageous. Understanding cash flows will enable you to plan effectively, make better decisions, and safeguard your business relationships.

Here are some tips for better cash flow handling:

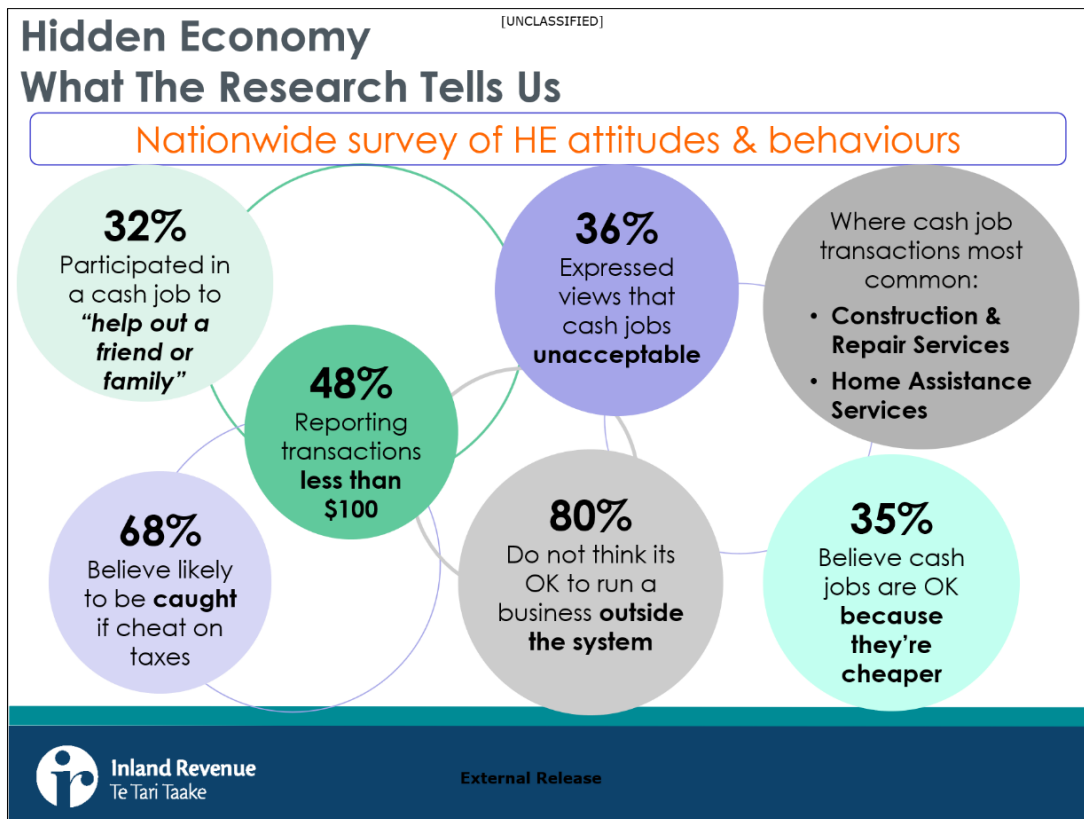
- Have enough money set aside to cover operating costs for three months, ideally.
- Made use of Xero to automate payment and quick collection by creating an invoice reminder and payment services.
- Open a separate bank account for your tax obligations.
- Create recurring invoices in Xero to save down on time spent performing repeated tasks.
- Use Xero to track cash flow and reconcile transactions by linking bank accounts.

We provide Business Coaching to discuss the profitability of your company. In addition, we are offering a free budget template that lists the 16 Household Costs.

Cash Jobs

One of the hidden economies that Inland Revenue focuses on most is cash jobs. Cash jobs can be reported as self-employment income on your individual tax return. Check your visa's work restrictions before accepting any cash paying jobs, and if you are already employed, see whether you have breached any

of your employment contract's terms. However, it is different from a one-time transaction, like assisting a friend or family. But if there is a consistent pattern of activity, it is taxable income. Before applying for or working at a cash job, it's necessary to assess your situation. Always consider whether the risk is worthwhile.



Focus of Inland Revenue Audit

Inland Revenue has the authority to audit any business. It chooses who to audit using a variety of techniques, but it won't say why you were picked. One of the areas of interest for the Inland Revenue Audit may be the Covid1-9-related payments. To be ready for an audit, all papers must be stored and easily accessible.

Inland Revenue will examine your company's documents, including ledgers, journals, invoices, payroll records, and bank statements, depending on the audit's nature. Being a Xero user has its benefits because it makes it simple to find and download this information. You may try adding each document to Xero or Hubdoc. Automation is important.

Apex Accountancy also works with Audit Shield. In the event that the Inland Revenue or other government revenue authorities conduct an audit, enquiry, investigation, review, or examination of lodged returns or financial compliance obligations, Audit Shield offers comprehensive, cost-effective protection against the significant costs that could be incurred.

Contact us if you want to know more about Audit Shield.

"Audit Shield is a comprehensive tax audit insurance package that covers professional fees incurred as a result of an official audit, enquiry, investigation, review, or inspection."

Secondary Tax Codes

The amount of tax to be deducted from your income, benefits, or pension is determined by tax codes, which are used by your employer or payer. For each source of income you get, you must determine your tax code. If you intend to work a second job, you must first determine which tax code you will use.

Your tax code depends on your situation:

- Your main income

You have one tax code for your main income. The code you use depends on the type and amount of your main income.

- Your secondary income

If you have more than one source of income you use a secondary tax code for your other income.



“You need a tax code if you receive a salary, wages, an income-tested benefit, or any other type of income from which taxes are deducted before you are paid.”

Secondary tax codes and rates from 1 April 2021

Estimated annual total income from all sources	Secondary tax code for the second source of income	Secondary tax rate (before ACC levies)
\$14,000 or less	SB	10.5%
Between \$14,001 and \$48,000	S	17.5%
Between \$48,001 and \$70,000	SH	30%
Between \$70,001 and \$180,000	ST	33%
Over \$180,000	SA	39%

New Law

• Working for Family Tax Credit

Working for Families Tax Credits are payments for families with dependent children aged 18 and under. The payments are to help you raise your family. Entitlements are based on your yearly family income and family circumstances.

Working for Families is not child support. Child support is paid for by parents who do not live with their children or who share care with someone else.

4 types of Working for Families tax credit payments:

1) Family tax credit

Paid regardless of your income source. You can be on salary and wages or receiving an income-tested benefit. This payment depends on how much you earn, the number of dependent children you have and any shared care arrangements. Depending on your number of children (maximum of six), you can claim family tax credit if your family income is below \$120,500 (before tax) a year or below \$2,317 (before tax) weekly.

2) In-work tax credit

This is a payment available for families who have some income from paid work each week. Depending on your number of children (maximum of six), you can claim family tax credit if your family income is below \$120,500 (before tax) a year or below \$2,317 (before tax) weekly.

3) Minimum family tax credit

A payment to make sure families are getting basic income where the parents or parents work a required number of hours for salary and wages. If your family income is below \$32,864 a year, after tax (or \$38,647 before tax), you may also be entitled to this payment.

4) Best Start tax credit

A weekly payment for families supporting a newborn baby. This is a payment for the first three years of a child's life. You can receive \$65 per week (up to \$3,388 per year) per child. All qualifying families with a newborn child will have an entitlement to BSTC in their child's first year. No income limit in a child's first year. Payments will reduce in the second and third year if your family income is above \$79,000. For every dollar over \$79,000 your family's annual entitlement will be reduced by 21 cents.

To want to know if you are entitled for a working for family tax credit, contact us or search for IR271-2023 for the complete table of tax credits.

• The Gig Economy

The gig and sharing economies provide economic benefits by giving customers access to a greater selection of services and giving sellers possibilities for work that is flexible and accessible. The gig and sharing economy business models, however, don't neatly fit under the current tax administration and rules, which can be detrimental to the seller, the tax base, and the economy.

Due to the way income tax is administered in New Zealand, the majority of people who earn wages and salaries are not required to prepare or file income tax returns. Instead, their withholding taxes from their employer (PAYE), bank (RWT), or Kiwisaver fund (PIE rules) are generally used to satisfy their income tax responsibilities. Additionally, Inland Revenue receives a sizable amount of data from these third parties, which is subsequently utilised to pre-populate income tax filings. These regulations were made to make it unnecessary for people to be specialists in tax law and tax return preparation.

As a result, the majority of people rarely need to use software programmes, accountants, or other tax experts to help them manage their tax issues.

Since many people who join the gig and sharing economies may have little to no prior experience handling their tax duties outside of employment, their participation in these sectors will mark the first time they are responsible for following more complicated standards.

The gig and sharing economies do not have any unique tax regulations for sellers. They are not employees; hence they incur costs in order to meet their tax requirements. These include having to keep track of income and expenses, possibly paying provisional tax, and having to submit GST returns. For tax purposes, they are regarded as self-employed in this regard.

Proposed Bill

Digital platforms will be required to return GST on supplies of “listed services” as if the digital platform itself had made the supply, even though the services were performed by the seller through the digital platform. “Listed services” are transportation services (which includes ridesharing and food and beverage delivery) (e.g., Uber) and taxable accommodation (e.g., Airbnb).

The development and adoption of model reporting rules for platforms is currently being discussed by the Organization for Economic Cooperation and Development (OECD). For instance, Airbnb and Uber would be required to annually report information about their suppliers (hosts or drivers) to tax authorities, who would then provide the information on the New Zealand suppliers to Inland Revenue.

- **Access of Information – the Power of Inland Revenue**

The Tax Administration Act of 1994 provides in Sections 17 to 17L that the Commissioner of Inland Revenue has the authority to gather data that they deem necessary or pertinent for a purpose relating to the administration or enforcement of an issue originating from or

associated with a function lawfully delegated to the Commissioner.

The network of Inland Revenue is depicted in the graphic below, where they could access and exchange information from other governmental organisations. Among these organisations are ACC, Land Information NZ, the Ministry of Social Development, the NZ Police, the Ministry of Business and Innovation, Work safe NZ, and foreign governments.

If you own rental properties, Inland Revenue can inspect the owner of the property by accessing information from Land Information NZ. In other words, if the property is named after the husband and wife, the income from the rental property must be distributed equally by both spouses, or otherwise stipulated in Partnership Agreement.



“Inland Revenue has the authority to collect and receive regular data from payment service providers in order to ensure that business taxpayers are meeting their tax obligations and paying the appropriate amount of tax.”



A rise in rates has a significant impact on real estate since rising mortgage rates make homes less affordable and raise the cost of debt servicing. The cost of a mortgage can be significantly affected by an interest rate increase of even 1%. Therefore, a contingency budget cushion of 5% to 7.5% is essential.

Xero Training

If you're interested in learning more about how to use and navigate Xero, we offer Xero training. On Xero, there are a variety of reports that you can use to see your company's profitability, cash flow, or if you want to compare your income from one period to the next. We are here to explain and teach you how to use these Xero functions. Schedule a meeting with us and let us know what you want to learn.

*"Take charge of your business's finances
with Xero Training."*

Christmas Expenses

It's the holiday season, and it's time for the annual Christmas work party. We had been anticipating activities such as gift giving, cash bonuses, and Christmas lunch and dinner. But do you know which entertainment expenses you can deduct for your business, and which may be subject to Fringe Benefit Tax (FBT)?



<i>Claimable %</i>	<i>Lists of Gifts</i>	<i>Limitation</i>
100% Deductible	Non-Perishable Goods: <ul style="list-style-type: none"> vouchers - hardware/homeware stores, beauty salons, experience etc. calendars presents branding items-cooler bags, picnic blankets and clothing (Gifts to Staff or Clients) 	\$1,200 per employee, per year Or \$300 per employee, per quarter
50% Deductible	<ul style="list-style-type: none"> Vouchers for food, beverages and supermarkets Christmas staff party-the cost of food and drink, any incidental expenditure like hireage of crockery, glassware, music or entertainment (applicable whether the party is held on the business premises or off site) Christmas lunch/dinner (companies) 	
25% Deductible	<ul style="list-style-type: none"> Christmas lunch/dinner (sole trader) 	
PAYE	<ul style="list-style-type: none"> Cash Bonuses for Employees: Employees' monetary bonuses must be included in their weekly salary and PAYE must be paid on them. This may affect employees' tax obligations or entitlements, and you may be required to make additional deductions for student loans, KiwiSaver, or child support. 	

“If the amount of gift exceeds the limitation threshold, then you will be liable for Fringe Benefit Tax (FBT)”

“Purchasing a gift or voucher instead of a cash incentive that may be subject to payroll taxes may be preferable if you want your employee to enjoy the full value of the intended gift.”

“We wish you a Merry Christmas. We hope you have a wonderful holiday season and look forward to a prosperous 2023.”

- Apex Accountancy Ltd



Please get in touch with us if you have any queries about the articles in the newsletter; we're here to help.