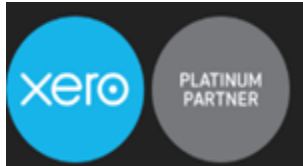


2024 Spring Newsletter



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9am – 3pm

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Monday & Friday 10am-3pm



The two certainties Death and Taxes....

It's all a bit daunting, but we all need to talk about this.

We talk about, plan and structure our affairs for taxes.

BUT we don't talk, plan or structure our affairs for our death, or 'nearly' death, serious illness or accident.

Too often this is a vague thought or somewhere in the distant (hopefully) future. But what if it was next month, next week or tomorrow?

Do you talk about this with your close ones?

There are many things to talk about and record for actions to ensure the practical things are done and in hand to make sure those left to deal with it have some order to follow and minimal disruption and barriers to what will already be a difficult time and process.

Some important things to talk about, put an action plan in place and to record -

1. Wills and Powers of Attorney

Funeral or palliative care wishes - not just a burial or cremation but a full plan and maybe a party. Have your own words in your Will and not just the legal terms. Is there access to enough money to pay for your funeral and/or celebration of life.

2. Insurances – death, income protection, medical, etc

3. Access to bank accounts and investments

Check with your bank that your close ones can still have access to joint and/or personal internet banking.

4. Access to computer records

Provide access with usernames and passwords.

5. Access to safe or other form of secure documents, etc.



Xero Software Increases

Xero have made some increases commencing 11th September 2024.

The monthly subscriptions have name changes and a small increase (see below)

- \$ 35.00 + GST - GST Cashbooks/Starter Plan (Ignite Plan)
- \$ 75.00 + GST - Standard Plan (Grow Plan)
- \$ 99.00 + GST - Premium Plan (Comprehensive Plan)
- \$ 113.00 + GST - Ultimate Plan (no change)

Your monthly increase for the above subscriptions will show on your invoice dated 28th October, and monthly thereafter.

Provisional Tax payments coming up

March balance date	-	15 th January 2025
May balance date	-	28 th October 2024
June balance date	-	28 th November 2024

Sophisticated Scams



Never give your bank details on request.

If in doubt, phone the company directly to check.

We are seeing some very look-a-like scams coming through on email imitating our very big NZ companies.

ie: IRD, Mercury Energy, Netflix, Trade Me, etc.

If in doubt, always check the spelling, grammar, spacing, email address, (to find where the email came from, hover over the sender to see the description of email address).

Good News!

Independent Earner Tax Credit (IETC) Increase

How much can I get?

This will be calculated when your Tax Return has been filed.

Current threshold	New threshold as at 31 st July 2024	Your entitlement
\$24,000 - \$44,000	\$24,000 - \$66,000	\$10 per week or \$520 per year
\$44,001-\$48,000	\$66,000 - \$70,000	Payment reduces by 0.13cents for every dollar you earn

Up until 30th June 2024

Income threshold was - \$24k - \$48k

As from 31st July 2024

Income threshold now \$24k - \$70k

New IETC rate commences

31st July 2024

What is this?

It is a tax credit you can claim for if you are a NZ resident

Conditions

You or partner are not entitled to Working for Families tax credit.

You don't receive an overseas equivalent of Working for Families Tax Credit.

You are not receiving –

- an income-tested benefit
- NZ superannuation
- Veteran's pension
- An overseas equivalent of any of the above.

This change will take effect during the 2024/2025 financial year.

The new IETC entitlement for those earning between \$48,000 and \$70,000 will apply in full from the 2025/2026 year.

Secondary tax code?

If you use a secondary tax code, you need to check if your yearly PAYE income payments will be in the new threshold. **The new rates apply from 31st July** and your tax code may need to be changed by completing an IR330 form.

Resident Withholding Tax (RWT)

If you have investment income, the RWT rate won't automatically update at your bank or where your money is invested.

If after 31st July your rate is incorrect, you will need to let them know which RWT rate to change to.

New Tax Rate Brackets

Previous threshold	New threshold as at 31 st July 2024	Tax Rate
\$0 - \$14,000	\$0 - \$15,600	10.5%
\$14,001 - \$48,000	\$15,601 - \$53,601	17.5%
\$48,001 - \$70,000	\$53,601 - \$78,100	30%
\$70,001 - \$180,000	\$78,101 - \$180,000	33%
\$180,001 +	No change	39%

Non-taxable income can include –

- Prize money
- Inheritances (interest earned on inheritance is taxed)
- Gifts or koha (depending on circumstances)
- Reimbursement to someone for money they've spent
- Non-taxable employment allowances such as for temporary additional transport costs

PAYE Changes

With the recent changes, you need to get it right

You don't want a tax bill at the end of the tax year.

Pay Period Ends	Employees paid on	PAYE tables to use
31 July 2024	30 July 2024	1 April 2024 to 31 July 2024
31 July 2024	31 July 2024	31 July 2024 onwards
1 August 2024	1 August 2024	31 July 2024 onwards

Housing



1970s

A house purchased cost double the median household income.

Today

A house purchased costs **8-9 times** the median household income.

Analysis found that affordability in 2022 was the worst for first home buyers since 1957. In 1987 homeowners paid a much higher interest rate, the difference was they were servicing a much smaller house loan.

It appears that house prices after Covid and then the rocketing of interest rates has had a huge impact.

Because of concerns about housing affordability and the build-up of unmanageable debt, the Reserve Bank will from 1st July enforce debt-to-income ratios.

Home buyers will, in most cases be unable to borrow more than 6 times their pre-tax income, while investors will be restricted to 7 times their pre-tax income.

Should we be concerned?.... 'Yes'

The age brackets are pushing out with the age for people leaving home, purchasing homes, investments, having children and retirement.

(via One Roof Article)

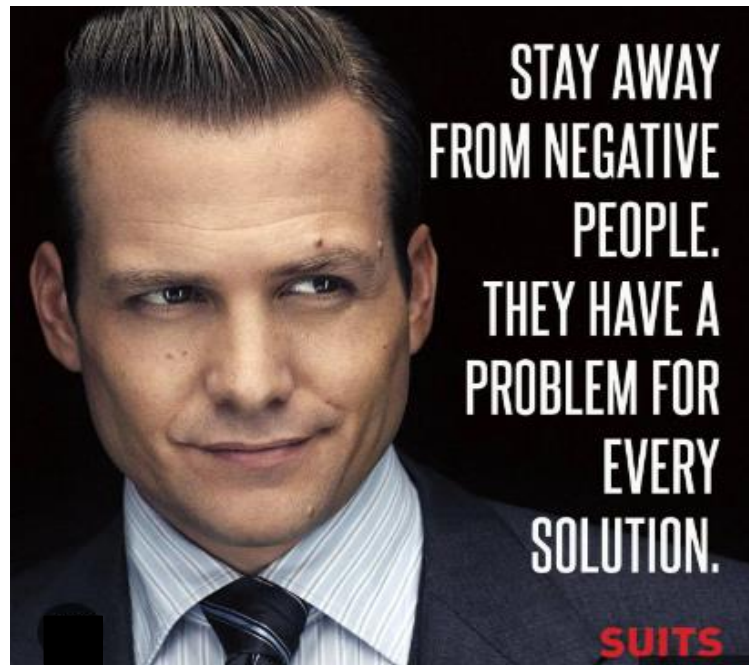
Create a cash buffer

Having enough money in reserve can help you avoid financial difficulties and to handle or have money aside for any unexpected situations.

A budget helps you to identify when and where to cut costs, etc, keeping track of your current financial situation.

A cashflow forecast helps to identify money coming in and out and planning for future growth.

If you need any help with a cashflow/budget, then please contact us. You may be surprised at what comes from it.



Get them into Kiwisaver



**Children
Grand-children
Loved ones**

Open a Kiwisaver account for yourselves and/or those loved ones as soon as you can.

You need to be savvy, if you want your children, grandchildren, etc to get on the housing ladder in future years to come.

It really does help people get on to the property market, we've seen it.

With being able to withdraw your Kiwisaver contributions to date of purchase on the purchase of a first home, whether it be existing or a new build, with the requirement of one year's contribution left as a balance (and subject to conditions) is a very big help towards the purchase.

If working, contributions are automatically deducted from your wages beforehand, with a choice of 3%, 4%, 6%, 8% or 10% and an employer's choice at the same rates. Both the employer and your own contributions combined together can result in a high percentage invested which will be beneficial and a substantial amount towards the first home.

Choosing the right Kiwisaver investment fund type is very important and reflects your investment return rate risk, ie: Conservative, Moderate, Balanced or Growth.

We recommend Kiwisaver for future protection.





He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

Below are the types of levies for ACC, what it covers and who funds each type

How is ACC Funded?		
Levy Type	What type of injuries are covered?	Who Funds?
Work	Work Related Injury Claims	Paid by Employers
Earned	Non Work Related Injury Claims	Paid in Employee PAYE
Motor Vehicle	Motor Vehicle Related Injuries	Fuel and Registration
Non Earner	Children, Older people etc	ACC and Government

What to check on your ACC invoice:	
Classification Unit	Is this correct to what you do in your business
Amount	Is this your correct earnings/declared income
Full Time or Part Time	Did you work over 30 hours a week in your business?
Year	Were you working in your business, will you be working in the year you have been billed for?

ACC - Interest Free Payment Plan

Do you know that ACC provide 3 or 6 months interest free repayment plans?



A fine is a tax for doing wrong. A tax is a fine for doing well.



'Get the right advice...
We are here to help you'



Why a Family Trust?

A family trust is designed to protect our assets and benefit members of our family beyond our lifetime. When our assets are in a family trust we no longer have legal ownership of them. The assets are owned by the trustees, for the benefit of our family members.

Advantages

1. Protection against creditors and relationship property claims.
2. Flexibility in estate administration.
3. Continuation of long-held family assets.
4. Minimise tax liability.
5. Funding for education.

Disadvantages

1. Reduced freedom
2. Disclosure obligations
3. Increased compliance
4. More paperwork

There must be good reason and benefits to setting up a trust. You'll be dealing with increased legal costs, larger accounting bills and annual compliance.

If you are self-employed or have children with unique needs, the advantages of having a trust almost outweigh the disadvantages.

We recommend both legal and accountancy advice prior to setting up a Family Trust.

'Congratulations Adele'

Adele won a '\$100 Pak n Save' voucher from our competition held in our Winter Newsletter



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Disclaimer

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation. Please contact us if any of the content is of interest to you or would like to know more.