

March 2023 Newsletter



St Patricks Day celebrated in the office 17 March 2023



Review your property portfolio

Major changes were introduced in 2021 limiting property investors' ability to deduct interest payments on loans for residential homes from their tax bills. Interest on loans for residential properties purchased after March 2021 is no longer deductible. For residential investment properties bought before March 2021, there's a phase-out of the old interest deductibility rules that will run until March 2025:

- Property owners can deduct 75% of interest costs until 31 March 2023
- After that date and until 31 March 2024, property owners can deduct 50%
- Between 1 April 2024 and 31 March 2025, investors can deduct 25%
- After 1 April 2025, investors can no longer deduct any interest.

Property investors need to calculate their interest phase-out for the coming tax year and talk to us about the potential impact in the years ahead. There are exemptions for 'new builds' and certain types of property. Please talk to us to see if these apply.

Do you have commercial buildings?

Remember that depreciation deductions for non-residential buildings were reintroduced for the 2021 and subsequent income years.

Have you bought or sold properties in the past year?

Tell us about the split between residential vs commercial, and the full details on new loans and credit lines so we can work out your obligations, including any possible impact of the brightline rules.

Contact us if you are intending on selling any property, whether it's an investment property or your main residence, dates are critical! You don't want to be unintentionally caught within the Brightline regime and get a nasty tax surprise year's down the track.

Please talk to us **before** signing any property sale and purchase agreement—phone your manager

Blackburne Group would like to acknowledge the recent crisis with Cyclone Gabrielle and pass on our thoughts to those families and whanau that have been so devastated by this national civil emergency event.

Our team generously donated non perishable food items and several large boxes were collected by the G White Logging team and delivered to a remote community in the Hawkes Bay.

To those contractors that are without work, can't access the work site, that still don't know whether they can resume work, our thoughts are with you.

If you require any assistance to access the regional Cyclone & Flood Relief government funding for the below areas, please contact your manager OR go to the Blackburne Group website www.blackburnegroup.co.nz and click on the links to your area.

Taitokerau—Northland

Tairāwhiti—Gisborne

Hawke's Bay



Time to repay your Small Business Cashflow loan?

Review any lending received through the Small Business Cashflow Loan Scheme.



The scheme was extended to 31 December 2023, and businesses that have repaid their loans can re-borrow until that date. Under the scheme, a top-up loan allows businesses that have already accessed lending to draw down an additional \$10,000 (or more for businesses that did not initially borrow the full amount available), with a new repayment period of five years (the first two years are interest-free).

Note when your two-year interest-free period expires. Can you afford to repay your loan early to avoid unnecessary interest payments?



Blackburne Group supported Loud Shirt Day on 24 February 2023



INLAND REVENUE UPDATES

Use of money interest (UOMI) currently from 17 January 2023:

- UOMI underpayment rate from 7.96% to 9.21%
- UOMI overpayment rate from 1.22% to 2.31%

Changing from 9 May 2023 to:

- UOMI underpayment rate from 9.21% to 10.39%
- UOMI overpayment rate from 2.31% to 3.53%

Tax payments to Inland Revenue

With another year ahead and tax payments to be made to Inland Revenue, including income tax, both provisional and terminal, GST, PAYE, DWT and RWT it seems a good time to send out this reminder to be mindful when selecting the correct tax year.

In choosing the incorrect tax year, this can result in IRD refunding the payment or holding onto it unseen as a pending payment which can add unnecessary admin to locate or requesting a repayment to the correct year.

Hint: Keep an eye out for online banking memorizations from a previous entry.

Reminder of income tax payments coming up:

7 April 2023 2022 terminal tax due

7 May 2023 last of 2023 provisional tax due

If you are at all unsure when making a tax payment, please call Diana on ext 811, she is more than happy to assist you.

PAYROLL



Get your payroll ready for the end of the financial year.

It's the perfect time to do a general tidy up, so you're all sorted for the new financial year.

- Check the pay rates of all your employees, update minimum wage employees to the new rate from April 1st 2023.
- Make sure their tax codes are correct.
- Check employee details are all current and up to date.
- Review current leave entitlements and make any adjustments if necessary – especially if work patterns have changed recently.
- Review who has access to your payroll, and who can approve employee leave requests.
- Check the Employer Superannuation Contribution Tax (ESCT) rate for each employee and update if necessary. Remember ESCT rates depend on the employee's gross annual income. If an employee's salary or wage changes throughout the year, you won't need to change the ESCT rate until the end of the financial year.

Minimum wage currently \$21.20, increasing by \$1.50 to \$22.70 from 1 April 2023

Starting-out and training minimum wage currently \$16.96, increasing by \$1.20 to \$18.16 from 1 April 2023

Current living wage is \$23.65 from 1 Sep 22 to 31 Aug 23

If you have any payroll queries, contact Katya on extn 816



Check your Covid Support

The worst of the Covid crisis might be behind us, but there are still important things to remember if you have received government support since 2020.

- Make sure any Covid support requests were declared correctly and that records of your applications are on file to support any future audits.
- Ensure you've kept comprehensive records of any wage subsidies you've received or passed on to employees, as well as subsidies you've repaid.

Made an incorrect application?

If you received a Covid-19 support payment and weren't eligible, you'll need to let Inland Revenue know ASAP. Contact your manager in the first instance to discuss.



Consider Fixed asset write-offs and sales

This is a good time to review fixed assets and identify any that can be written off.

Assets purchased on or after 17 March 2021 and below the value of \$1,000 can be written off immediately (in most cases)

Dru will be emailing you for your 2023 supporting documents during the year. Take the time to review the 2022 Fixed Asset schedule and cross out any assets which have been scrapped and tell us if any have been sold.

Contact your manager if you want to discuss further.


WRITE OFF



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



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Blackburne Group LP

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.

Get to know the Blackburne Group Team

Each newsletter we'll profile two team members.

And this time we introduce you to:

Logan Hammersley

My name is Logan, one of the managers here at Blackburne Group. I am into my fifteenth year here and enjoy the costing & analysis side of the job and I build a lot of the models we use.

Prior to my Accounting days I spent some time running around the bush with a logger's tape & spray can. So, I really enjoy the forestry aspect a lot of our clients have. But I was also involved in business for 15 years, which has given me a good appreciation of the reality beyond the numbers.

Outside of work, I have represented NZ for Kayaking & Triathlon. I still enjoy getting out most days, but nowadays the body is going slower every year. Other downtime hobbies include strumming the guitar & walking the dog.

You can contact Logan on extn 833

Paul Thomas

Paul has been with us for just over 9 months as a Manager and is really enjoying being part of the team.

He has been around the block a few times and has an interesting back ground – mainly in Accounting, but in the earlier days he spent 15 months fulltime welding.

He obtained his A.C.A qualification in the eighties and has been the Accountant for Companies involved in Textile Industries, Food Distribution, Legal Services. He has also worked for a number of different Accounting Firms in public practice, including Insolvency work and has had his own Accountancy Practice in Tauranga.

He is a keen traveler and has many destinations on his bucket list. Enjoys reading a good book, cooking in his spare time, wining and dining and the finer things in life. He likes pottering around in the garden and going for bush walks.

You can contact Paul on extn 807



Logan Hammersley



Paul Thomas