

HBT

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BUSINESS ADVISORS & CHARTERED ACCOUNTANTS

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IT'S SEPTEMBER!

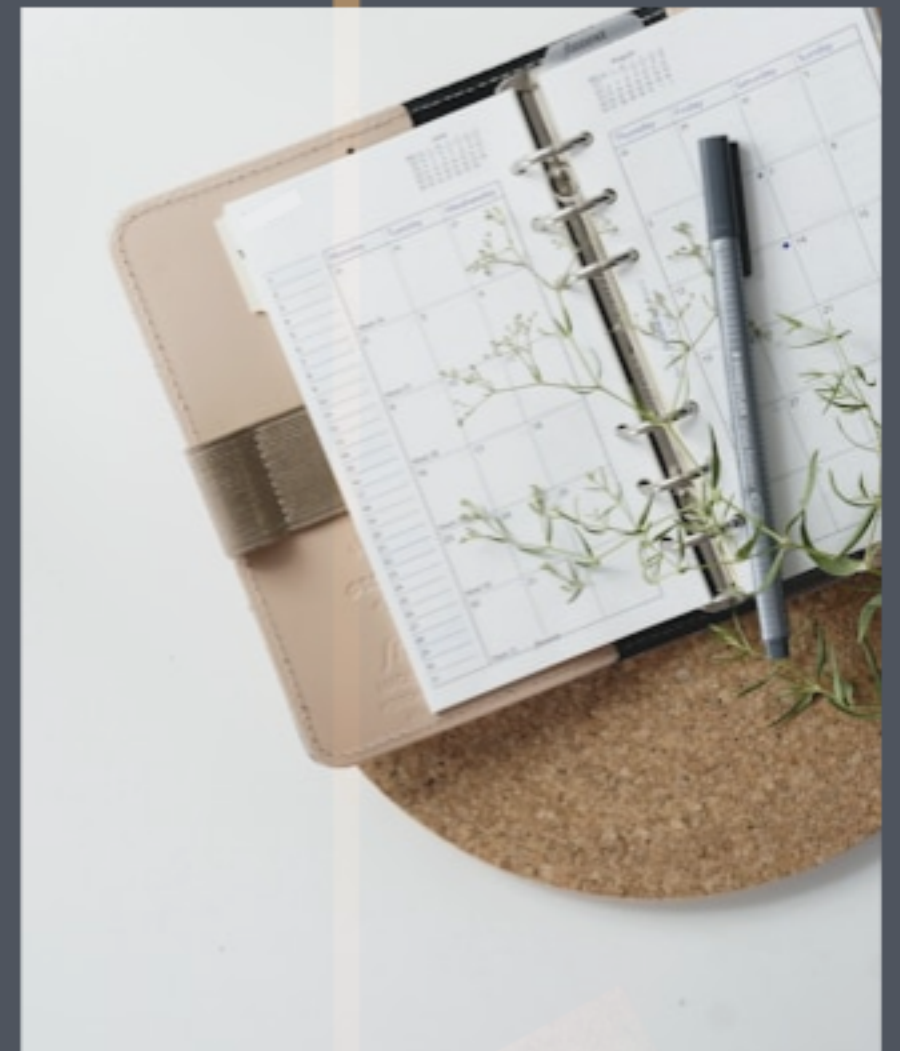
Welcome to the Spring issue of our newsletter!

September marks halfway through the financial year for many business owners.

We've put together this newsletter with key dates, tips, and helpful hints to keep you motivated and ready to tackle the rest of the year!

Key Dates

- 20 September 2024: PAYE Payments due for August Pay Period.
- 29 September 2024: Daylight savings begins! Remember to turn your clocks forward.
- 30 September 2024: GST payment and filing due for monthly filers.
- 21 October 2024: PAYE Payments due for September Pay Period.
- 28 October 2024: GST filing and payment due for two-monthly and six monthly standards filers.



NEWSLETTER
SEPTEMBER 2024

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AUSTRALIA • NEW ZEALAND

xero

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Individual Tax Threshold Changes

New thresholds have been implemented to the individual tax rates applied.

The impact of these thresholds will be felt by those earning between \$0 to \$78K. With higher levels of income now taxed at a lower income tax rate.

Previous threshold	New threshold	Threshold rate
\$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%
\$180,001+	\$180,001+ (No change)	39%



Changes have been made to the thresholds from 10.5 to 33% tax rates.

As these changes were implemented part way through the current tax period (31 July 2024), composite tax rates will apply for the 2025 tax year.

The composite rates are listed in the table to the right. For tax periods ending 31 March 2026 and onwards, the new thresholds as disclosed above, will apply.

Wondering how these changes may affect you?

Check out the budget 2024 Tax Calculator at the link below.

<https://www.budget.govt.nz/taxcalculator/index.htm>

Still have questions?

Get in touch! We'd love to hear from you.

Composite tax thresholds	Composite tax rates
0 – \$14,000	10.5%
\$14,001 – \$15,600	12.82%
\$15,601 – \$48,000	17.5%
\$48,001 – \$53,500	21.64%
\$53,501 – \$70,000	30%
\$70,001 – \$78,100	30.99%
\$78,101 – \$180,000	33%
\$180,001+	39%



Independent Earner Tax Credit

As part of the Government Budget 2024, the threshold for the Independent Earner Tax Credit (IETC) has been increased.

Previously, you needed to earn between \$24,000 to \$48,000. The new upper limit has extended this to \$70,000.

A reminder that you can get the IETC even if you receive a wide variety of income including salary & wages, self-employment and investment income. So long as you do not receive:

- Working for Families Tax Credits
- Income Tested Benefits
- NZ Super or Veterans Pension

The IETC is received up to an amount of \$520 per year but for every dollar earned over \$66K, your IETC will reduce by 13 cents.

To find out how to receive the IETC or if you have any questions – please let us know!

New ECE Scheme - Family Boost



On the 1st of July this year, the Family Boost scheme was introduced, enabling eligible families to claim up to 25% of their Early Childhood Education (ECE) costs or a maximum of \$975 every three months.

You may be able to access the scheme if you meet the following criteria:

- You're a NZ tax resident
- You have household income of less than \$45K per quarter or \$180K per year
- You incur costs from a licensed ECE provider
- You're the caregiver of a child or children aged under 5

You can still receive family boost payments even if you receive other benefits from the Ministry of Social Development or childcare related payments.

If you'd like to apply, you will need to register for Family Boost via MYIR - you can do this from the 17th of September. To register, you'll need a MYIR login, the IRD number for each child you will be applying for, your NZ bank details and your partner's details (if applicable).

Once registered, you can submit your claim from the 1st of October 2024. You will need to have saved copies of your ECE invoices from the 1st of July for the first claim. Each subsequent claim will need to be applied for, so ensure you continue to keep record of these invoices for each 3-month period moving forward.

If you need any help registering or applying for Family Boost, let us know!

Women's Lifestyle Expo!

If you're not already following us on Facebook or Instagram, you may have missed our presence at the Women's Lifestyle Expo earlier this year.

We had an amazing time connecting with everyone who stopped by, and we supporting fellow local businesses. Our conversations covered everything from Advisory to Xero!

We were lucky to be right across from Altitude Pole and Fitness, who added a dose of fun and energy to the weekend – and yes, we even gave it a try!

Exciting news: we'll be back at the Expo in May 2025, and we'd love to see some familiar faces again. A big thank you to everyone who visited us this year, both old and new. Here's to another fantastic event!



Xero Subscription Changes

Over the last few weeks, we've been in touch via email with everyone who uses Xero as their Accounting software.

The emails were sent out via our Office email address, so if you have not received this, please let us know. Sometimes these emails are categorised as spam or junk mail in error.

As a reminder; the Starter, Standard and Premium plans will be replaced by the new Ignite, Grow and Comprehensive options. The Ultimate Plan stays, with enhanced features.

The new plans will be available from the 12th of September. Any first time subscribers will be placed on the new plans, however, current subscribers can choose to stay with their Starter, Standard or Premium plan for now or make the move to one of the new options.

For anyone who chooses to stay on a Starter, Standard or Premium plan for the time being, you will have until February 2025 (for those with no pricing increase between the old and new plan) or until September 2025 for a move to a new plan resulting in a price increase.

Please be sure to get in touch with any questions you may have before the above dates.



Xero Price Changes

In the email announcing plan updates, we also included information about upcoming price changes for current Xero plans.

From the 12th of September, pricing for the existing Starter, Standard, Premium and Ultimate plans have increased.

Due to the increase in pricing, now is a good time to get in touch if you feel your plan includes features you're not using.

Please let us know if you need any help reviewing your Xero needs.

Xero Invoicing Changes

Classic Invoicing in Xero will be retiring on the 20th of November 2024.

Xero users have already been defaulted to the new version but up until its retirement, will still have the option to use Classic Invoicing.

Features currently available in new invoicing include:

- Ability to set a currency exchange rate for an invoice
- New tracking options (e.g. by dept or location)
- New keyboard shortcuts
- More efficient in data entry

Further features are being developed as we speak so now's a great time to transfer to new invoicing.



A bit of Accounting Humour!

How did the auditor propose to his girlfriend?



WITH AN ENGAGEMENT LETTER!

Thinking of starting a Company?

Whether you're a new business owner or have been in business for a while but are considering making the change to a Company Structure, there are pros and cons to weigh up beforehand.

Why consider a Company?

■ Limited Liability

Meaning your personal assets are generally protected from business debts. Your liability is limited to the amount you've invested in shareholdings of the Company.

■ Tax

A Company has a flat tax rate of 28%. Running your Business through a Company structure allows you to retain income in the Company which is taxed at this flat rate.

This allows more flexibility when dividing profits at year end, especially as Individual tax rates quickly exceed 30%.

■ Financing

Financing is generally easier to access with a Company due to being perceived as less risky than other entity types (sole traders, partnerships). This can also help in developing other business relationships such as suppliers and customers.

Potential Disadvantages to Consider:

■ Admin Costs

The admin costs of running a company are usually higher than other entities.

In the initial stages, you will need to factor in registration costs. The current cost of registering a company is \$118.74 (plus GST) and you will need to reserve a company name which is \$10 (plus GST). These costs on their own, are not substantial and given they're a one-off, are not a major disadvantage.

However, a yearly Companies Office return is required and this requires time and cost on an annual basis. You can choose to save costs by filing these yourself or incur a small charge from your Accountant to process this on your behalf.

A Company will usually have higher Accountancy charges due to their compliance needs.

■ Compliance

Companies require more boxes to be ticked in terms of compliance. Along with the annual Companies Office return, the company will need a full set of Accounts, Minutes and Tax Return. The Tax Return in itself includes on average four additional forms to be filed along with the basic return.

■ Privacy

Company information is presented publicly on the Companies Register. This means that information about you as a shareholder and/or director is available too including your name and address.



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Our social media accounts are regularly updated with tax news, interesting articles, tips and tricks so it's worthwhile to keep an eye on our pages.

If you have any questions regarding the content in this newsletter or anything else, please contact us via our office email: office@hbtaccountants.co.nz