



FOR ALL YOUR
ACCOUNTING NEEDS

Welcome to the sixteenth issue of our newsletter.

We hope to keep you informed of things happening at Accounting Concepts, key tax dates, business news and more.

The year is zooming by so this newsletter has some timely reminders and points to consider as Christmas approaches. From the Team here at Accounting Concepts Ltd we wish you all a safe and Merry Christmas and a Happy New Year.

Managing Cash Flow at Christmas Time

Often Christmas can cause cash flow problems for small businesses, so to prevent problems flowing into the New Year, remember to:

- Get invoices out early – this gives your clients time to pay before the holiday break, particularly if they are closing over the summer.
- Don't let unpaid invoices linger over summer – remind customers to settle overdue payment before the summer break to prevent further delays.

Common Tax questions around the festive season

1. Is our Christmas work party tax deductible and does it matter whether it is held on business premises? *Expenditure on entertainment is only 50% deductible for tax purposes – this applies to deductions for spending on food/drink or celebration meals, whether they are on or off the premises. Exceptions – light meals for employees (e.g. afternoon tea) are fully tax deductible.*
2. How about hiring items for a Christmas Party? *50% tax limitation applies to any expenditure on hiring wait staff, crockery, glassware, utensils, furniture, music or entertainment associated with a Christmas Party.*
3. Is taking staff or clients out for Christmas lunch tax deductible? *An end of year lunch or dinner would be 50% tax deductible.*
4. Are gifts to staff or clients tax deductible? *Cost of gifts are generally all tax deductible (other than food, drinks or supermarket vouchers which are 50% tax deductible). Remember gifts to staff must be under \$300 per quarter (incl gst) to be fully tax deductible. If the cost exceeds this or if total gifts or discounted services to staff for the year exceed \$22,500 then Fringe benefit tax will be payable to IRD. In this instance, costs can still be claimed.*
5. What is the tax treatment of cash bonuses to staff? *PAYE must be paid on cash bonuses and included in the employee's wages for the week.*

Accounting Concepts Ltd can cater for all your accounting needs:

- GST Returns
- Income Tax Returns
- Company Formation
- Farming,

Changes in Particulars:

Please make sure you let us know of any changes in:

- Physical address
- Email address
- Phone numbers

If you have a company or trust, let us know about any changes in:

- Shareholdings
- Directorships
- Trustees

Like us on Facebook

@AccountingConceptsLtd11TheCrescent

CONTACT DETAILS:

Nicola Stables
027 592 4349

nicola@accountingconcepts.net.nz

Marie Ngawhika
027 228 5490

marie@accountingconcepts.net.nz

Amy Roberts
021 149 0139

amy@accountingconcepts.net.nz

The Bank of Mum and Dad and possible tax implications

Parents used to consider the job done when their children were trained and educated for the work they had chosen and were off to make their contribution to the world but increasingly today many parents and grandparents are having to help their children buy their first home thus becoming the Bank of Mum and Dad. BUT if you buy a property either jointly with your children or in any other way involving your ownership of that property you can be taxed on any gain in value.

There is capital gains tax on any property sold within five or 10 years of purchase – this time varies based on when the property was purchased, whether it is a new build and the tax law at the time the property was acquired. It is called the Bright Line test and is designed to take the heat out of the property market.

For more information refer to <https://www.ird.govt.nz/property/buying-and-selling/when-you-need-to-pay/the-brightline-property-rule>

Reimbursing Employees Working From Home

Determination EE004 from the Inland Revenue determines that if you reimburse an employee who is working from home you may pay them only their extra costs. For example, reimbursement for the extra power they use. You can't pay for a share of rent, rates or insurance as these are private costs the employee would have incurred any way. If you do want to contribute towards some of these fixed costs your business can pay rent to an employee for the use of their home.

See <https://www.taxtechnical.ird.govt.nz/determinations/miscellaneous/2023/ee004> for more information.

Christmas Holiday Office hours: The office will shut at 4pm Thursday 21st December 2023 and reopen Monday 15th January 2024.



KEY TAX DATES:

Date	Category	Description
20 th November 2023	PAYE/Employer Deductions	Small and larger employers payment
28 th November 2023	GST for period ended 31 st October	Return and payment for GST periods ended Oct
20 th December 2023	PAYE/Employer Deductions	Small and larger employers payment
15 th January 2024	2024 Provisional Tax	Payment due for March balance date
15 th January 2024	GST for period ended 30 November	Return and payment for GST periods ended Nov
22 nd January 2024	PAYE/Employer Deductions	Small and large employers payment

Reminder: Because of the Christmas and New Years period the GST return for the November 2023 period is due to be filed and paid by 15th January 2024.

CONTACT DETAILS

Nicola Stables
027 592 4349
nicola@accountingconcepts.net.nz

Marie Ngawhika
027 228 5490
marie@accountingconcepts.net.nz

Amy Roberts
021 149 0139
amy@accountingconcepts.net.nz