

ACCELERATE

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OUR NEWSLETTER FOR GROWING BUSINESSES



We hope you're having a great 2024 so far, and are looking forward to a year full of fresh opportunities and new challenges.

Our first newsletter focuses on what we know about policy changes introduced by the government, what businesses have control over, and some of the unknowns. We provide a snapshot of what the new government is doing as it rounds out its first 100 days, including some significant changes for business owners.

We'll touch on an issue that may have gone under the radar from last year: new fringe benefit tax exemptions. And we launch a regular feature focusing on digitisation and how to improve your business with the best apps and tools.

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What policy changes might affect your business?

Our Prime Minister Christopher Luxon has his feet firmly under the table, so what major policy changes will affect your business?

National outlined some of the headline changes it wanted to make within its first 100 days in power. The National-led coalition government have some well underway.

Here are some of the major changes businesses should watch out for:

1. The reintroduction of 90-day employment trial periods

The National-led government has extended the availability of 90-day employment trial periods for all businesses, reversing changes under the Employment Relations Amendment Act made in 2018, which scrapped 90-day trials for businesses with more than 20 employees.

2. Clean car discount and 'ute tax' to end

The clean car discount, under which people could claim back up to \$8,625 for an electric or hybrid vehicle, will disappear for all vehicles registered after 31 December 2023. The levy on higher emissions vehicles, such as utes, has also been scrapped.

3. Fair Pay Agreements cancelled

The government has also repealed the Fair Pay Agreements Bill, which was introduced to give workers in certain industries powers to negotiate minimum employment terms.

Collective agreements can still be negotiated by unions through collective bargaining, however with the repeal of the Fair Payments Agreements Bill, any person or organisation that obtained personal information for the purpose of Fair Pay Agreement bargaining must now dispose of that information in line with the Privacy Act 2020.

4. Fuel tax changes

National have previously stated that the Auckland fuel tax, which adds 11.5 cents to every litre of petrol sold in the city, is set to go however no indication on the timing of this has been released. National also wants to cancel planned fuel tax increases that would have added a further 12 cents to the litre.

5. Rural regulations set to go

National and Act have committed to reducing regulation and red tape in the farming sector. What that looks like we are still to find out. We'll keep you posted.

What property investors need to know

At this early stage, there will always be unknowns as ministers assess new legislation and review existing policies.

One key area to watch will be the tax treatment of property investors.

National plans to shorten the bright-line test for property investors to two years from 10 years, returning the law to its 2015 setting from 1 July 2024. New builds will not be exempt from the two-year bright-line.

Interest deductibility for property investors will also be phased back in, reversing Labour's 'phased-out' ban on interest deductions.

Interest deductibility will be 60% in 2023-24, 80% in 2024-25, and 100% in 2025-26, the coalition government confirmed in November.

National's proposed restrictions on foreign persons acquiring residential properties for more than \$2m in New Zealand and the proposed 15% 'foreign buyer tax' on such purchases have been quashed as part of the coalition government negotiations. Accordingly, any expected change in demand for residential property from this proposed change has gone.

Tax deductions for depreciation on commercial and industrial (non-residential) buildings will also be removed from the 2024-25 income year.

There will be plenty of other changes as the year progresses. Keep up to date by engaging with your industry body, reading the news, and talking to us and your other advisers as policies develop.

Fringe Benefit Tax exemptions you may have missed

Last April, new Fringe Benefit Tax (FBT) rules came into effect that could be relevant to your business and employees.

Here's a summary of the three new exemptions that may have gone under your radar:

1. Employer-subsidised public transport (mainly for the purpose of travelling between home and work).
2. The provision of self-powered (bicycles) or low-powered vehicles (such as scooters) for work-home travel.
3. Employer contributions toward 'vehicle-share services' used for travelling between home and work.

What this means for you

For all three exemptions, employees will need to use their benefit **mainly** for the purpose of travelling between home and work.

A reasonable amount of private use will be allowed (for example, taking a bike to the supermarket).

Exemptions won't be granted for self-powered or low-powered vehicles not suited to commuting (for example, high-end racing bikes).

The FBT exemption applies at the time the benefit is provided, so if an employee changes their travel habits at a later date, employers and employees won't be penalised.

What it means for your FBT returns

The FBT exemptions will give your business more options as you consider remuneration and benefit packages. For example, you could offer employees a generous bike to work scheme, taking advantage of the new rules.

They're worth exploring as they could help your business achieve sustainability and environmental goals, and entice your staff back to the office.

If you make benefits available to employees, you should be mindful of these exemptions when processing FBT returns.

If you're in doubt about FBT exemptions, please talk to us.



How to deal with economic uncertainty

With political changes and an economic slowdown to contend with, we're in pretty unpredictable waters. Here are some tips on managing your team in times of uncertainty:

Support staff wellbeing

Talk to staff about wellbeing regularly and openly. Let your team know it's okay to feel stress or anxiety.

Regularly remind your people where to find support, whether it's through free counselling or mental health resources, or through company health plans.

Put wellbeing practices in place

Ask your team what could help their wellbeing and balance. Consider team activities, on-the-job skill sharing and learning, and charity events.

Be clear about cost-cutting

Change on the cards? Communicate openly and frequently, using information that is easy to understand, relevant, and factual. Don't offer false hope or reassurances.

Let people know if there is nothing new to communicate or if you are still working out your plans. Consulting effectively with staff can reduce the stress of uncertainty as you look to make changes in your business.

Digital snapshot: the Xero app store

Whether your business is in retail, farming, or finance there's no shortage of digital tools to improve efficiency, productivity, and performance.

In a tough business environment, the right digital tools can give your company the edge over your rivals and take you to the next level.

Innovative apps in nearly every industry have emerged over the past few years to help companies save time and become more resilient.

Six reasons to jump onto the Xero App Store

- Xero customers can access more than 1,000 different business apps at the store, and all of the apps can integrate into your Xero platform.
- All of the apps are designed to help you cut down on paperwork, boring back-office tasks, and the stuff that keeps you awake at night.
- The Xero App store uses machine learning to recommend the right apps for business owners and produce effective search results.
- There are apps for tradies, hairdressers, farmers, HR, inventory, and everything in between.
- SME owners and larger businesses can find apps to suit their industry or profession.
- The apps can help you with payroll, payments, reporting, expenses, and e-commerce.

Head to: apps.xero.com to learn more about the store and how it could transform your business.

Digital Boost reminder

If you're not tech-savvy, the government has a free online learning platform, Digital Boost, to help SMEs with digital transformation.

Launched during the pandemic, Digital Boost is a self-directed learning platform with thousands of short videos and information for business owners.

Head to: <https://digitalboost.business.govt.nz/> to find out more.



TAX CALENDAR – FEBRUARY 2024

Date	Category	Description
5 February	PAYE	Large employers payments due for deductions made 16 to 31 January. File employment information within two working days after payday.
20 February	PAYE	Payment due for small employers for January. Payment due for large employers for February. File employment information within 2 working days after payday.
20 February	RWT	RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during January.
20 February	NRWT / Approved Issuer Levy	Payment and return for January.
28 February	GST	Payment and return for January.

Note: only provisional tax due dates for clients who have a March balance date are included where applicable. Different dates will apply for those clients with different balance dates.

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.