



## What Property Investors need to know

As you may be aware, the new National led government has announced some impending changes to the tax treatment of rental property.

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 may be other changes as the year progresses. We'll keep you up to date with any further announced changes as policies develop.

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### UPCOMING TAX DATES

**8 April 2024**

2023 Terminal Tax Due

**22 April 2024**

March 2024 PAYE Due

RWT on March 2024 Interest Paid

**07 May 2024**

GST Payments for the period ending March 2024 Due

**07 May 2024**

Provisional Tax Payments Due

**22 May 2024**

April 2024 PAYE Due

**28 May 2024**

April 2024 GST Due

## 90 Day Trial Periods

**When:** From 23 December 2023

**What:** All employers in New Zealand, no matter their size, are now able to use 90-day trial periods. Previously, they only applied to employers with fewer than 20 employees. The trial periods are now available to all employers.

**Why:** Provides employers with greater confidence when hiring new employees.

**What you need to do:** A trial period must be agreed to by the employer and the employee in writing, and in good faith, before the employee starts work, as part of their employment agreement.

The extension of 90-day trials will not affect other aspects of employment relations, such as the requirement to act in good faith, or worker protections regarding pay, conditions, leave, and health and safety.

If you're hiring people on certain work visas, you will also need to consider any immigration requirements relating to the use of trial periods.

## Minimum Wage Increase 2024

The Government has decided a "cautious" approach to the minimum wages increase this coming April.

A 2% increase has been adopted which will take the adult minimum wage to \$23.15 on April 1<sup>st</sup> this year.

Please make sure you review for any staff currently on the minimum rate that will need changing, as well as considering any flow on impacts to other wage rates.

# SME Planning Tips for a Successful 2024

As we step into a new year, small to medium enterprises (SMEs) face a unique set of opportunities and challenges.

In a world where economic conditions, customer behaviors, and technological advancements are in constant motion, the ability of SMEs to strategically position themselves for growth and adaptability is more crucial than ever. It's not just about survival; it's about thriving in a competitive environment, seizing opportunities when they present themselves, and fostering sustainable growth.

## Creating the Right Roadmap for You

For SMEs, the start of a new year is a pivotal moment to reassess, recalibrate, and plan for the coming 12 months. It's a time when business owners can take stock of their achievements and challenges, setting a clear direction for the months ahead. In Australia and New Zealand, SMEs are the backbone of the economy. The success of these businesses has far-reaching implications, not just for owners and employees, but for the broader economy as well.

We can assist and provide support for strategic planning, financial management and operational efficiency.

## 10 Ways to Set Yourself Up For Success

**Set Clear Goals and Objectives** - Having clear, measurable goals is crucial, for both the longer term (Business Plan) and the next 12 months (Annual Plan). These should be specific, measurable, achievable, relevant, and time-bound (SMART). Once you know what you're trying to achieve you can focus specifically on how best to achieve your goals.

**Develop a Robust Financial Plan** - Financial planning is vital for any business. This includes budgeting, forecasting, and managing cash flow. Our business management platform can be a game-changer here. It offers features like invoicing, expenses tracking, and financial reporting, which are crucial for maintaining healthy finances.

**Understanding the Market Dynamics** - The first step in planning is understanding the current market dynamics. It's critical to be aware of market and industry trends, consumer behaviors, and potential growth areas. This understanding will help in tailoring products or services to meet market demands.

**Leverage Technology** - In today's digital age, leveraging technology is non-negotiable. It's critical to understand the software solutions available that will bring multiple benefits to your business, from improved efficiency to improve profitability.

**Focus on Customer Experience** - Improving customer experience can lead to increased loyalty and revenue. It's important you focus on understanding your customer needs and improving your service.

**Invest in Your Team** - Your team is your greatest asset. Investing in training and development can improve productivity and morale. Consider staff investment that leads to both improved staff satisfaction and improved business performance.

**Plan for Growth** - Growth planning is essential. This could involve exploring new markets, diversifying product lines, or scaling operations. Further, our business analysis reporting can aid in this process by providing insights and focus.

**Stay Agile and Adaptable** - The business environment is constantly changing. You need to stay agile and adapt to changes quickly. Also, this could mean pivoting strategies, exploring new technologies, or altering business models.

**Compliance and Legal Considerations** - Staying compliant with legal and tax regulations is critical. We can help ensure businesses understand and stay abreast of their compliance and tax obligations.

**Review and Revise Regularly** - Regular review of business plans is necessary to ensure relevance and effectiveness. It's important to set regular intervals to review your progress against goals and make necessary adjustments.

## Tax Pooling is all about freedom and flexibility

Instead of paying Inland Revenue directly on a given date, you can pay into the tax pool of an Inland Revenue approved intermediary. We work with TMNZ, a Venter & Hull tax pooling partner.

Tax pooling allows us to provide our clients with more tax flexibility - options exist to finance provisional and terminal tax payments to assist with meeting your IRD tax obligations, at competitive rates and without negotiation with IRD.

If you would like to know more, just let us know.