



Budget 24 Taxation Highlights

The coalition government’s first budget has been delivered against the backdrop of a declining economy.

The much-anticipated detail of changes to personal tax thresholds were finally confirmed. Announced as delivering relief to New Zealanders struggling with the cost of living, the changes to personal income tax thresholds as from 1 July 2024 are detailed below:

Current brackets \$	New brackets \$	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+	No change	39%

The tax relief is expected to cost \$2.57 billion dollars annually and will be funded by savings, spending reprioritisation and new revenue measures.

The independent earner tax credit will be extended to an additional 420,000 people by increasing the income limit to \$70,000 from 31 July 2024. Currently, those earning between \$24,000 and \$48,000 are entitled to the credit. The in-work tax credit will also increase by up to \$50 per fortnight from 31 July 2024.

The FamilyBoost childcare rebate, which was announced ahead of the Budget, will deliver up to \$75 per week to families to assist with the costs of childcare. The rebate will be administered by Inland Revenue.

The government is also boosting Inland Revenue’s audit and investigation capabilities by committing further funding over the next 4 years. The additional funding is expected to strengthen audit activity with particular focus on the hidden economy and debt collection.

Further details, including the tax calculator, can be found at: <https://www.budget.govt.nz/>

ECOMONIC OUTLOOK

Treasury’s Budget and Economic Fiscal Update notes that:

- Economic growth has been weaker than previously predicted in the Half Yearly Update (December 2023).
- The Budget tax package, easing inflation and a recovery in tourism is expected to improve the economy gradually over the second half of 2024.
- GDP growth is expected to increase to 1.7% in the year to June 2025, and average 2.9% per annum over the remaining forecast period.
- The Operating Balance Before Gains and Losses is expected to return to a surplus of \$1.5 billion by 2027/28.
- Unemployment is predicted to peak at 5.3% by the end of 2024 and will gradually ease thereafter.

UPCOMING TAX DATES

20 June 2024

May 2024 PAYE Due

01 July 2024

GST return and payments for the period ending 31
May 2024 Due

20 July 2024

June 2024 PAYE Due

29 July 2024

GST return and payments for the period ending 30
June 2024 Due

20 August 2024

July 2024 PAYE Due

28 August 2024

GST return and payments for the period ending 31
July 2024 Due

IRD Info Request

IRD has mistakenly contacted some agency linked clients requesting information for 2023-24 tax returns.

You may have been contacted by IRD requesting further information relating to the 2023-24 income tax year.

These were sent in error by IRD so please disregard any request. There is no change to the existing process i.e. please forward your year-end workpapers to us when complete and ready.

Casual Staff – Compliance and Beyond

Farms often welcome an influx of casual staff. It’s important for taxpayers to be aware of the tax obligations that come with hiring and paying these casual employees.

Taxation Matters

When a taxpayer employs casual staff and pays them wages, they are required to deduct Pay-As-You-Earn (PAYE) tax from the employees’ earnings and submit these deductions to the Inland Revenue Department (IRD).

Currently, casual agricultural employers are subject to a tax rate of 17.5%, plus the Accident Compensation Corporation (ACC) levy, to give a total deduction of 19.10%. Use the CAE tax code for these workers.

Casual staff should be encouraged to consider filing a Personal Tax Summary (PTS), especially if their annual income falls below \$14,000. By doing so, they may discover they are entitled to a tax refund, adding an extra incentive to meet their tax obligations.

School Students Included

Even school-age employees must complete an IR330 form and have PAYE deducted from their wages. This requirement ensures that tax compliance is maintained across the board, regardless of an employee’s age.

KiwiSaver Considerations

For employees with temporary contracts lasting less than 28 days, enrolling them in KiwiSaver is not mandatory. However, if they are already KiwiSaver members and wish to have KiwiSaver deductions made, they must furnish their employer with a KiwiSaver deduction form (KS2).

Holiday Pay and Employment Contracts

In situations where employees receive holiday pay instead of annual leave, the holiday pay must be calculated at a rate of at least 8%. This is a crucial detail that employers should be mindful of during the holiday season.

All employees, including casual workers, are legally required under the Employment Relations Act to have a written Employment Contract. This Contract should outline various aspects, including working hours, location and other mutually agreed-upon terms and conditions.

Compliance with these regulations ensures clarity and fairness in the employment relationship.

Consequences of Non-Compliance

Failure to adhere to the correct procedures when employing staff can lead to actions taken by the IRD and the Ministry of Business, Innovation and Employment (MBIE). Recent inquiries into the dairy industry have revealed widespread non-compliance, resulting in high-profile prosecutions with significant fines and penalties. It is essential for taxpayers to prioritise compliance and adhere to employment laws to avoid potential legal consequences during the holiday season and beyond.

Digital snapshot: The do’s and don’ts of ChatGPT

Everyone’s talking about the artificial intelligence chatbot ChatGPT, the new tool that can do just about anything, from generating letter templates to answering questions. ChatGPT is a fantastic free tool for any business. Here are some ways it can help you — and what you shouldn’t do with it.

DO	DON'T
<p>Use it to check your emails and letters</p> <p>Ready to send an important email to a new client or business partner? Use ChatGPT to create a draft template and check your finished content for spelling errors. Ask the chatbot to edit your email and find any mistakes.</p>	<p>Rely on it completely</p> <p>ChatGPT is an amazing technology, but it’s not flaw-proof. The AI can still get confused and provide false information. Don’t rely blindly on information from ChatGPT for your client or staff emails. Fact-check everything.</p>
<p>Use it as a research tool</p> <p>ChatGPT is the most powerful artificial brain the world has ever seen, so use it to your advantage by asking it questions. The chatbot should be able to help you with research in any field — just remember to double-check information as it can get things wrong.</p>	<p>Don’t plagiarise</p> <p>Don’t lose your brand voice and personal touch by copying and pasting content from ChatGPT. Also, remember that your competitors will have access to the same tool.</p>
<p>Use it for brainstorming</p> <p>AI is great at coming up with ideas (though not all of them are good!). If you’re struggling for inspiration for a new business venture, product or service, ask ChatGPT to come up with some suggestions. It should help get the ideas flowing.</p>	<p>Don’t share sensitive information</p> <p>Concerns have already been raised about potential copyright issues and how ChatGPT uses information. You shouldn’t share sensitive business information, personal data or confidential information with the chatbot.</p>

Important: This is not advice. Clients should not act solely on the basis of the material contained in the Client Newsletter. Items herein are general comments only and do not constitute or convey advice per se. Changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Client Newsletter is issued as a helpful guide to clients and for their private information.