



## MARCH 2023

It has been a very challenging time for everyone and will be going forward as well. We are in rebuild mode in Gizzy and at Graham & Dobson – getting communications back up was a major achievement to getting back to some normality. Unfortunately, some of our staff were also directly affected which has been very distressing to them.

Gisborne has some major issues - however we need to embrace the challenge to get our region back up again. Gisborne is going to need some love, care and real effort from us all to achieve this. We cannot say it will get any easier but we know that we will get there.

Stay positive and compassionate to your family, friends and workmates. Remember that you are not alone. There are many financial support measures available, some of which are referred to on our webpage <https://grahamdobson.co.nz>, or you can phone your principal at Graham & Dobson if you wish to discuss your circumstances.

### SNIPPETS

#### BANKS TO BEGIN 365 DAYS OF THE YEAR PROCESSING OF ELECTRONIC PAYMENTS

Currently New Zealand banks send and settle payment transactions only between Monday and Friday and not on weekends or public holidays. Settling typically occurs every half hour at the major banks, with payments then taking an hour or two to reach the bank at the other end of the transaction. Card payments tend to get bundled up and processed daily.

From mid year this year most banks will begin processing direct credits, bill payments, automatic payments and direct debits 365 days of the year. This of course means individuals and businesses will be able to receive and send electronic payments to and from their bank account to an account at another bank any day of the year.

Steve Wiggins, Chief Executive of Payments NZ, the bank owned company that governs New Zealand's core payment system, believes moving to 365 days a year payments will keep the momentum going in a modern economy seven days a week.

The move to 365-day payments is the culmination of the Settlement Before Interchange 365 project which has been bubbling along for several years.

Nonetheless, New Zealand remains one of two OECD countries without real-time payments – Israel being the only other.

While definitely on the radar, true real-time payments remain years away, being 2030 before the system is always on, safe and secure. Real-time payments mean consumers, merchants and financial institutions can pay contacts and customers, settle bills and transfer money immediately, 24/7. It means payment can be made exactly where and when it is needed, which can be especially useful when transacting on-line or via an app.

A Deloitte report into instant 24/7 interbank electronic fund transfer service concluded real-time payments could benefit financial institutions, merchants and consumers by offering enhanced visibility into payments, by enabling better cash management and possibly creating a positive impact on liquidity for small businesses who may be used to waiting days for their funds settlement.

Australia's New Payments Platform (NPP) has supported real-time account to account payments since its launch in February 2018. The Aussie experience has shown it takes time for real-time payments to gain volume as currently that country's NPP transactions measured by volume fall behind debit cards, credit cards, direct debits and credit transfers.

#### MINIMUM HOURLY WAGE RATE INCREASE

The minimum hourly rate will increase on 1 April by \$1.50 per hour to \$22.70 plus holiday pay of 8% per hour (total hourly rate \$24.52 per hour with holiday pay).

The training wage will also rise from \$16.00 to \$18.16 per hour plus holiday pay.

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## GUN OWNERS IN FOR A HIT

Gun owners are set to take a hit to the pocket as Police look to change firearms licence fees for the first time in more than two decades.

A discussion document “Arms Regulations – Review of Fees”, which was open for a two month public consultation period until 16 February this year, reviews different levels of Crown funding for those who use the services of the police for firearms licencing, permitting and approving. All submissions are currently being assessed and considered by Cabinet.

At present, first time gun owners pay \$126.50 for a five year licence, while a subsequent ten year renewal costs \$241.50. Other than GST adjustments, those fees have not increased since 1999.

The police are set to change this and have presented three alternative future fee structures – the most costly being \$625.60 for a first time licence and \$727.50 for a renewal.

Fee Type - Firearms Licencing			
	Option A (25% of mid-point)	Option B (50% of mid-point)	Option C (75% of mid-point)
First time or 5 firearms year licence	\$208.50	\$417.10	\$625.60
Subsequent application of 10 year licence	\$242.50	\$485.00	\$727.50

Meanwhile, it is believed that currently thousands of existing licence holders and new applicants have been waiting more than a year for their paperwork to be processed by the Police.

## GET YOUR RENTAL UP TO STANDARD NOW

Changes to the healthy homes compliance timeframes came into law late last year and cover, in particular, heating, insulation, ventilation and drainage standards. The period of grace extended to private landlords to meet the standards for complying with heating of rental properties expired on 12 February.



To comply, landlords must provide one or more fixed heaters that directly heat the main living room of the rental property. The heater(s) must be of an acceptable type and must meet the minimum heating capacity required for that main living room. Details of the specific and minimum standards for full compliance are available at [www.tenancy.govt.nz/healthy-homes/changes-to-the-healthy-homes-standards/](http://www.tenancy.govt.nz/healthy-homes/changes-to-the-healthy-homes-standards/).

## ONE EGG OR TWO?

The lack of laying hen stock and the steep price rise for eggs are a perfect storm involving a range of factors which have been brewing for more than a decade.



Egg Producers Federation director Michael Brooks said New Zealand had about 3.5 million egg laying hens but needed about 3.8 million to assure a constant supply of eggs. There is no quick fix to increase laying hen numbers by a further 300,000 as a chick hatched today will not lay eggs for another four or five months.

Back in 2012 the layer hen code of welfare introduced by the Government decreed that the old-style cages (what activists call battery cages) have to be gone by the end of 2022. This has resulted in a massive change because ten years ago 84 per cent of all the commercial hens in New Zealand were in the old-style cages. By the end of 2022 there were none.

There were now three ways farmers can raise layer hens – free range, barn eggs and colony cages.

Barn eggs were always a small part of the business in New Zealand compared to other countries. The Barn egg producing system is basically where the hens are free range on the floor in large sheds without access to the outside. Whereas the Colony shed system employs very large cages housing between 20 and 60 birds. The cages have to be equipped with enough perches for all birds, a nesting area and a scratch pad. This is because to thrive the layer hen needs to nest, perch and scratch.

Over the years following the banning of caged egg production, about a third of the egg producing industry made the move to a colony shed system – this change being the easiest and the least costly, without the need to expand the poultry farmer's landholding. A move to large scale free-range egg production then and now involves either expansive land holdings to maintain numbers or a much smaller number of hens farmed on a limited outside area.

However, a further industry shake-up came in 2018 when supermarkets announced they would no longer stock Colony produced eggs beyond 2026. This is despite hens raised in colonies being accepted under strict animal welfare regulations.

Yet the perfect “egg storm” does not stop there. New Zealand is in a unique position that we cannot import eggs – we are the only country in the world that does not have the three major poultry diseases - avian influenza, newcastle and infectious bursal disease. All other countries have at least one of those, some all three. The tight control on imports prevents those diseases being brought in and probably is a lifesaver for our hens, as well as native birds.

## YEAR END IS LOOMING – TIPS TO AID PREPARATION

The 31<sup>st</sup> of March and the 30<sup>th</sup> of June are important dates for many taxpayers in New Zealand, signalling the end of the financial year. For many this year it will be a stressful time-pressured date. However, there are several actions that business people can take now to minimise stress and maximise effectiveness:

- Ideally balance sheet reconciliations occur monthly but these can be put on the back burner as more urgent situations arise. Just doing a quick check that the bank balance within the accounting system matches the bank statement, and that the GST account aligns with the most recent filed GST return, are simple but valuable actions that can save time.
- Check whether any assets purchased that cost less than \$1,000 have been expensed (to align with low asset threshold for tax purposes).
- Ensure all income has been recorded in the correct period.
- Filter through expenses to reclassify any private or capital expenditure to the appropriate accounts and accrue any expenditure that is definitely committed and can be reasonably estimated, as it should be tax deductible.
- Bad debts are only tax deductible if they are written off before year end. As such, scan your debtors list and, if appropriate, seek advice regarding process to write off.
- For provisional taxpayers, the third provisional tax instalment is not due until after balance date. Therefore, having a trial balance as accurate and tidy as possible will mean the amount to pay could be reliably estimated, thereby minimizing interest and penalties.

While we realise the above requires time, proactiveness and motivation currently in short supply, in a few months your future self will be thanking you.

## MARGINAL TAX RATES

In New Zealand, a marginal tax rate system is used to tax an individual's income, i.e. the tax rate increases as one's income increases. At present, the marginal tax rates are as follows:

Taxable income bracket	Applicable tax rate
\$0 to \$14,000	10.5%
\$14,001 to \$48,000	17.5%
\$48,001 to \$70,000	30%
\$70,001 to \$180,000	33%
> \$180,000	39%

The first three thresholds have not changed since 1 October 2010, while the current top tax rate of 39% has applied from the 2021/22 year.

With the rate of wage rises a hot topic at the moment, and a general election due later this year, we have played "government" and adjusted the marginal tax rates for inflation since October 2010 to see what they would look like – particularly given that this is an election promise that

might be made. The marginal tax thresholds would look something along the lines of:

Taxable income bracket	Applicable tax rate
\$0 to \$21,000	10.5%
\$21,001 to \$72,000	17.5%
\$72,001 to \$105,000	30%
\$105,001 to \$270,000	33%
> \$270,000	39%

With the average salary in New Zealand being around \$62,000, under the current marginal tax rates, this results in \$11,620 of income tax payable.

However, applying the adjusted rates above \$9,380 would be payable - a difference of over \$2,000. For someone on a salary of \$100,000 per annum, the difference in annual tax payable between thresholds is almost \$4,400 a year.



How much less tax would you be paying?

## ACCOUNTING SOFTWARE NEWS

Go paperless! – don't forget that there are the following options available to you. Making the move to paperless can save time, improve accuracy and can make the dreaded paperwork job easier.



Farm Focus – Scanner Tool  
Xero – Bills Email Address & Files  
MYOB – MYOB Capture App

For those clients who are users of Banklink software, a reminder that this programme is going to be wound down. If one of our team hasn't been in touch with you yet about a replacement package, please contact us at Graham & Dobson and we will be more than happy to help you choose the right software for your situation.

## PRIVATE SCHOOL DONATIONS

Private schools will typically be registered as a charity. As such, parents will sometimes treat payments to the school as a charitable donation for tax purposes.

The Inland Revenue is making it clear on its interpretation on this subject through the release QB22/09 "Payments by parents to private schools and donation tax credits". In summary, payments will qualify as a "gift" for donation tax credit purposes when all of the following apply:

- The school is a donee organization.
- The payment is money of \$5 or more.
- The parents make the payment voluntarily to benefit the school either generally or for a specific purpose or project, and
- The parent nor the child gain no material benefit or advantage in return for making the payment.





# DEFINITELY NOT WORKPLACE PC

## Australian raw humour!

In this case nicknames for colleagues with undesirable workplace traits

**Wicket Keeper - Puts on gloves and stands back**

**Harvey Norman - Three years and still no interest**

**Sensor Light - Only works if someone walks past**

**Noodles - Thinks all jobs take two minutes**

**Blister - Appears when all the hard work is done**

**Lantern - Not very bright and always has to be carried**

**Deck Chair - Always folds under pressure**

**Perth - Three hours behind everyone else**

**Bushranger – Always holds everyone up**

**Wheelbarrow - Only works when he's pushed**

**Limo - Carries about 8 people**

**Cordless - Charges all night but only works for 2 hours**

