

HIGHLIGHTS

Let's Talk About Sharesies
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Team News



MYOB BANKLINK

We do many of our GST's using software called Banklink. We have recently been advised that this software is being discontinued and we need to transition our clients to other products.

It's a shame as Banklink is such a good product, but it is desktop based rather than cloud based, which makes it more expensive to support and to keep up to date with changes in operating systems.

We will be looking to transition to either Xero or MYOB and will contact those of you that use Banklink to work out the best option for you. We will need to change the majority of you before the start of the next income tax year.

There will be an additional cost as we change over as there is a bit of work involved in setting you up on something new. The advantage will be that you can also log on rather than just rely on the reports we give you, if you want to do that.



"Off the Cuff"

What a change a few months make. I tripped down South two weekends ago and all the operators and accommodation providers were running flat out. They now face the same issue as almost all of NZ and that's finding and retaining staff. That might get easier next year, but not without some pain as the Reserve Bank openly admits to engineering a recession.

Interest costs over the next two years will be much higher for most businesses. Don't get caught out when you start to see interest rates on longer term loans being below short term rates. That just means the market is expecting interest rates to decline and last time this happened many people locked in long term, only to quickly find out they were now paying above where the market went to.

After two decades of faithful service our primary in-house

software for completing GST returns, Banklink, is calling it a day. This is a big change for us and we have started contacting you already with our suggested replacement for you. If we complete your GST returns for you see the article below.

Scams are becoming more prevalent, so we have included an article on this. We all need to be on the lookout for Scams as they are becoming much more sophisticated and therefore harder to spot. As a result, we have taken steps to increase our Cyber Security. How secure is your system?

Finally, don't forget to review your prices. Costs have risen and where you can, you need to pass these on.

Jeff & I wish you a Merry Christmas and a Prosperous New Year

Peter

CUFFS ON FACEBOOK

Like our page at cuffsaccountants

We regularly post useful information and happenings on our page.



CONSIDERING GIVING YOUR STAFF A CASH BONUS?

Paying Cash Bonuses – These are considered remuneration and PAYE tax applies. This means the bonus needs to be grossed up and returned in payday filing within 2 days of making the physical payment to your staff.

PAYE must be deducted at the below rates for extra payments (also called Lump Sum Payments), based on the grossed-up annual value of the employee's income (including the bonus).

Up to \$14,000	11.96%
\$14,001 - \$48,000	18.96%
\$48,001 - \$70,000	31.46%
\$70,001 - \$136,544	34.46%
\$136,545 - \$180,000	33%
\$180,001 and upwards	39%

If you have a net amount in mind you need to take into consideration that this amount is after PAYE, kiwisaver and student loan deductions (if applicable). To simplify the calculations, you may want to consider a gross bonus amount to your employee/s, so that the cost to you is the same for each employee, regardless of what deductions they have.

If you would like any assistance in calculating staff bonuses, please give us a call.



LET'S TALK ABOUT SHARESIES...

Share trading apps are becoming increasingly common in New Zealand. The introduction of online share platforms such as Sharesies, Hatch, Tiger Brokers & many others make it easy to trade stocks on the New Zealand Stock Exchange and many foreign stock exchanges. There is a level of simplicity to the interface of these applications and the low fees are a draw to those wanting to invest small amounts regularly. Overall, these platforms can be perfect for small investors who want to play around with the share market, without the hassle of investing large sums.

What can be far more complex is the tax treatment of this share trading and the impact this can have on your tax compliance. Here in the office, we've noticed an increasing number of clients receiving income, generally in the form of dividends or interest from various trading apps. For an Individual or Partnership the tax treatment of this income is relatively straightforward, however for a Company, tax treatment and disclosure requirements to Inland Revenue become far more complicated.

We are aware that investors will be drawn to the lower company tax rate of 28% and will often seek to return investment income in companies rather than against individual income. While this can be financially beneficial for large, long-term investments, it does require a higher degree of compliance from us. As a company is seen as a separate taxable entity, we have to be far more careful in accounting for every transfer.

Unfortunately, when we're dealing with trading apps, investment amounts tend to be small, and shares are being bought and sold frequently. For this reason, we would encourage our clients to only trade with the

share apps under their own IRD number and not that of a company. This will ensure we're spending less time working on your tax return, and you're saving more money on your accounting bill.

Furthermore, if you are planning to invest large amounts in Shares, ETFs, NFTs or the latest Cryptocurrency, we suggest you arrange a conversation with Jeff or Peter here in the office. They can inform you of the tax implications and potential risks prior to investing.



INFLATION AND PRICING

The Reserve Bank has a fight on its hands to curb inflation. They are particularly worried that we might see a wage/price spiral i.e., employees see the inflation number, ask and get a commensurate wage rise and businesses then pass this onto the price they sell labour or goods.

We are already seeing this and as an employer, or even as a self-employed person, either you pass these rising costs onto your customers, or it impacts your profitability.

If you haven't reviewed your pricing in the last 12 months then do it now. If you haven't reviewed it in the last 6 months then consider whether you should also have another review, particularly if you didn't increase much last time. The Sept 22 CPI figure was 7.2%.

Will the Reserve Bank bring inflation under control? Yes,

eventually. However, to get there they may have to raise interest rates a lot more. This curbs consumer spending and means a number of businesses will fail. This in turn means that there will be more people looking for a job. Once this gets to a certain point the tight labour market will be no more and the need for employers to raise wages to keep staff will diminish.



SCAMS

Scams are becoming more prevalent, so we have put down a few basics here.

1. Always confirm a bank account number change by phoning the supplier. Don't use the phone number on the invoice or on a request to change the bank account number, but instead look it up independently or get it from an old invoice.

The scam here is that often invoices get intercepted and the scammer changes the bank account and phone numbers to ones they control and send on the invoice to you.

2. Obviously don't give out your pin number or credit card details over the phone.
3. Don't relay any text authentication numbers to someone over the phone.

One scam that we are aware of is the scammer phoning pretending to be someone from the bank.

They could say they just want to confirm who they are talking to you and will send you a code that you then need to read back to them. What they might actually be doing is changing the password of your banking app which will often send you a text message with the code to authenticate you. If you've just given the scammer the code you actually confirmed the password change for them.

They may even say there has been fraudulent activity on your account to make you act now.

The bank will ring if there is fraudulent activity on your account, but they will not ask for your login details. You can always hang up and ring the bank

direct.

4. If someone rings you and wants passwords, secret words, or to tell you there is a problem with your internet or computer just hang up. One tell tale sign can be the delay from when you answer the phone to when they start to talk.



5. Don't log onto your bank or any other sensitive site by clicking on a link in an email. Instead log in your usual way.

The scam here can be that often they will set up a replica site to look like the bank and instead of logging in you are actually giving them your login details and password.

6. Be very careful about clicking on links in emails. If the email seems slightly off, have a careful look at the link and preferably just go to the website yourself via the likes of google.

Next newsletter we will talk about passwords.



REMINDER

Just a reminder regarding the Cost of Living Payment, the final date to be eligible for the payment is 31 March 2023. If your 2022 Income Tax Return is filed after this date, you will not receive the payment. This means there is a \$350 incentive to get your information to us, to make sure your return is filed on time.

NEWS IN BRIEF – RESIDENTIAL INTEREST DEDUCTIBILITY

Interest deductions for rental properties acquired prior to 27th March 2021 are falling again. From April 2023, interest on rental properties can only be deducted at a rate of 50%, down from 75%, as part of the government's plan to phase out interest deductibility on rentals.

GST ON SERVICES FROM NON-RESIDENT SUPPLIERS

A common GST error we are finding is the claiming of GST on charges from the likes of Facebook, Spotify, eBay, Amazon, Booking.com and AirBnB.

You shouldn't be charged GST by these companies if you are GST registered, but this relies on you advising them that you are.

In any event you can't claim the GST even if you are charged it. You should instead seek a refund from the supplier.

It can be tricky figuring out which businesses are a NZ resident and which ones are an overseas resident. Microsoft, Apple and Google for example are a NZ resident and will issue you a fully compliant NZ tax invoice.

If you are buying over the internet, be careful with your GST records and coding for these transactions.



CHRISTMAS CLOSEDOWN

The office will be closed from 12pm on Thursday 22nd of December 2022 and will reopen at 8am on Thursday the 12th of January 2023. If you need help on urgent matters over this time, give Peter a call on 027 555 6006 or Jeff on 027 648 8853.

facebook
Booking.com

airbnb **ebay**



TEAM NEWS

Earlier this year the team went on a cave rafting adventure at Charleston without the bosses. It was fun and a great team building experience.

In September we hired some e-bikes and biked through the Wilderness Trail to the Treetop Café for some well earned refreshments, it was another experience not to be missed. We have so many activities right at our back doorstep to enjoy.

Peter finally (thanks Covid) got to celebrate his Gold Star Award from the New Zealand Fire Service for 25 years service with the Hokitika Fire Brigade. The team at Cuffs are all extremely proud of the hard work and commitment Peter has put into serving our community.

Logan left us in July to complete his Accounting Degree at the University of Canterbury. However, we will get to see Logan's friendly face regularly when he comes back in the university holidays to help the team out.

Marie is leaving us in December to go on six months maternity leave with the impending birth of her second child.

