



DIRECTORS' UPDATE

What a year it has been!

As we closed out 2020 in lockdown and geared up for 2021 we had little to no idea of the challenges that lay ahead. It has certainly been a financial year to remember! We now look forward to life returning to some sense of normality.

What this past year has taught us however is the importance of collaboration and resilience in the face of adversity. We have a deep appreciation for the personal and professional challenges faced by our wonderful clients.

To show our appreciation to our dedicated and hardworking team, and to lift our spirits, we refurbished our Tauranga office over the New Year break. This alignment to the same high standard of our Te Puke office has been positively received by all.

We are so grateful for your ongoing business and support and we look forward to partnering with you once again as we enter what we hope to be a healthy and prosperous year!

GOVERNMENT CONTINUES TO SUPPORT BUSINESSES AFFECTED BY COVID-19

THE SMALL BUSINESS CASH FLOW LOAN Scheme will provide a loan of up to \$10,000 plus \$1,800 per full-time-equivalent FTE to sole traders, self-employed and businesses employing 50 or fewer FTEs if they meet eligibility criteria.

The annual 3% interest rate on this 5 year loan does not apply if the loan is fully repaid within two years. One must show at least a 30% drop in revenue due to COVID-19 (measured over 14-day period in the past 6 months) to be eligible.

A \$350 gross **Short-Term Absence Payment** or the **Leave Support Scheme** (a lump sum payment covering a two-week period) is available to employers and the self-employed in a bid to assist in the payment of workers who, acting on official public health advice, are required to stay home whilst awaiting a COVID-19 test result. The worker must have missed at least one shift of work and be unable to work from home to qualify.

If we are at Alert Level 2 or above for one week or more, the **Resurgence Support Payment** is available to both businesses and the self-employed if experiencing an actual decline in revenue of 40% or more as evidenced over a 14-day period. This decline must result from the specific Alert Level escalation (not just COVID-19 in general) and businesses must have been operating for at least six months. Start-ups, charities and not-for-profits are also eligible.

GOVERNMENT'S HOUSING ANNOUNCEMENT

ON 23 MARCH 2021 the Government announced an extension to the bright-line test, which taxes gains from residential property acquired and sold within a specified timeframe, from 5–10 years. From 27 March anyone purchasing an investment property and selling it within 10 years will have to pay tax on any profit. In most cases the family home and inherited property are excluded and the rule also differs for investors into new builds.

In addition, the Government has signalled the removal of the ability for property investors to offset their interest expenses against rental income when calculating tax.

We are working through this new legislation and remain accessible to our clients should you have any questions or concerns you wish to discuss.

KEY 2021 TAX CHANGES

- **THE THRESHOLD** for treating business assets purchased between 17 March 2020 and 16 March 2021 as an expense, was increased temporarily from \$500 to \$5,000. From 17 March 2021 the threshold has been increased permanently to \$1,000.
- Depreciation on commercial buildings has been restored. Commercial buildings purchased since Government cancelled the right to claim depreciation will need to split property cost between land and buildings.
- Identify any wages subsidy received due to COVID-19 as this money was not subject to GST.

For more info on any of the above, please contact your Director at YRW Ltd.

Reminder:

OUR 2021 YEAR-END checklists will be sent out to you very soon. Please return these as soon as possible along with all associated documentation and consents.

OTHER NEWS FOR EMPLOYERS

Minimum Wage Increase

ON 1 APRIL 2021 the adult minimum wage increased from \$18.90 to \$20.00 gross per hour. The training and starting-out minimum wages will also increase from \$15.12 to \$16.00 per hour.

Increase to Sick Leave Entitlement

THE HOLIDAYS (Increasing Sick Leave) Amendment Bill was introduced in December 2020. This Bill proposes increasing employees paid sick leave from 5 to 10 days for each 12 months of continuous service (with a maximum entitlement in any year of 20 days). This Bill is anticipated to pass mid-2021.

Kilometre Rate

ON 14 DECEMBER 2020 the kilometre rate increased for the 2020 financial year e.g. tier 1 (0–14,000km) increased to 82c per kilometre.

Source: *Knowhow Limited*

EVENTS AND STAFF NEWS



A NUMBER OF OUR TEAM have entered the Mount Everest Challenge 2021 – aiming to climb the Mount 38 times in 50 days to raise money for the Bay of Plenty St John Ambulance. If you'd like to donate to this worthy cause, please click here: <https://givealittle.co.nz/fundraiser/yrw-chartered-accountants-challenge>



WE WELCOME SARAH ROSS as our new Practice Manager. Sarah has nearly 30 years' experience in admin and management roles. Solution focussed and energetic, Sarah brings a variety of skills to this new position.

KELSI MCINTOSH is a refreshing new addition to our accounts team. Kelsi started her career in the Waikato five years ago and joined YRW as an Accountant in January of this year.



JUSTIN EARL joined us recently as a Senior Accountant/Manager. With almost 10 years' experience in chartered accounting roles, Justin worked in Wellington and the UK before returning to New Zealand in February 2021 with his wife and two sons.

WE ALSO WELCOME KARLIE EDMONDS to our wonderful admin team. Originally from Auckland and also recently returned from the UK, Karlie brings to the firm 16 years of admin experience.



WE ARE LOVING our refreshed office space in Tauranga!

DIRECTORS

Steve Read

07 578 0069

Extn 713

steve@yrw.co.nz

Raimarie Pointon

07 578 0069

Extn 711

raimarie@yrw.co.nz

Natalie Milne

07 578 0069

Extn 712

natalie@yrw.co.nz

James Sherson

07 578 0069

Extn 718

james@yrw.co.nz

ASSOCIATE

Glen Lindsay

07 578 0069

Extn 716

glen@yrw.co.nz

CONTACT US

YRW Limited

13 McLean Street

PO Box 948

Tauranga 3144

Phone:

07 578 0069

Fax: 07 578 8725

Te Puke

12A Oxford Street

Phone:

07 573 3996

Email: accountants@yrw.co.nz

Website: www.yrw.co.nz

VISIT US

Carparking

We have six client carparks available underneath our building with entry from Anson Street. Please feel free to use these when visiting our office.



IMPORTANT:

This newsletter is intended to be of a general nature only and should not be relied on in making business or personal decisions without first seeking advice from this office.