



The Bulletin

DECEMBER 2020 • ISSUE 17



CHARTERED ACCOUNTANTS • BUSINESS ADVISORS

In this issue:

- Christmas parties and presents on a budget
- Four Burning Questions SMEs are Asking
- Not much charity for Healthy Homes measures
- Residential Tenancies Amendment Act in force
- Business Health Check
- Don't trip! GST mistakes to avoid
- Smart ways to get your costs under control
- Is your Trust 2021 ready?
- Do you use gmail for emails?
- Changes in Particulars
- Payday filing over December and January 2020 /21
- Tax Calendar - December 2020/January 2021

The Directors & team at NLA wish to sincerely thank all our clients for their ongoing support throughout 2020.

This past year has been a year like no other, it has been our privilege to work with and support our clients over this time.

We hope you all manage to get some time with family and friends over the festive season and some respite from the challenges of 2020.

The team at NLA wish you a very happy and safe Christmas & New Year. We look forward to working alongside you in 2021.

Christmas parties and presents on a budget

While it's been a financial rollercoaster of a year for most Kiwi businesses, Christmas time invites us to pause and celebrate what's gone right and thank the people we rode with. Here are eight ways to keep your costs down without sacrificing festive fun.

- 1. Go alfresco.** Enjoy a free venue that's good for the body, mind, and party games.... outside! Ask everyone to bring a rug and head to the local park or beach for a picnic-style Christmas bash.
- 2. Share the love.** Is your business in a large office or shared space? Throw a party with your neighbours. Saves money, resources, and creates a valuable networking opportunity.
- 3. Plan a potluck.** Putting on a huge spread or taking your team out for dinner can be costly. Why not ask everyone to bring a plate? It doesn't have to be Nadia Lim quality, they can grab nibbles, cookies, or fresh bread.
- 4. Go New Zealand-made.** Support our economy and buy New Zealand-made gifts for staff and clients. Search on Facebook and you'll have plenty to choose from.
- 5. Make it a day thing.** Serving a holiday lunch, brunch, or mid-afternoon party can be more affordable because guests fill up with satisfying but inexpensive fare like sandwiches, pancakes, muffins, finger foods, crackers, and dip. Plus, it's often easier to fit into people's diaries during the busy festive season.
- 6. Choose a local venue.** Keep costs down for you and your staff by hosting your Christmas party close by. That way people don't have to spend lots on taxis getting to and from the party.
- 7. Give the best present ever....** Get in everyone's good books and give them the morning off after the Christmas party. A small gesture that's worth its weight in gold.
- 8. Take the pressure off.** If last year was the bash of the decade, don't worry - people understand it's been a tough year. Parties thrown on a shoestring budget can be the most memorable because they strip away all the window dressing and put the focus on people and fun.

Palmerston North

196 Broadway Avenue

☎ 06 357 0640

Dannevirke

11 Ward Street

☎ 06 374 4266

www.nla.net.nz

Four Burning Questions SMEs are Asking

This time last year, you might have been pondering Christmas bonuses or booking your summer holiday, but with a completely different business landscape in front of us, your head is no doubt filled with different questions. Here we explore four common topics keeping Kiwi business owners up at night.

“How can I put my prices up without losing customers?”

If you need to change your pricing to make ends meet, be honest and up-front with your customers at all communication points.

- Make it clear on your website and social media that prices have changed and why.
- Send an email to let all your clients and suppliers know about the changes.
- Meeting people face-to-face? Make sure they're aware of the price hikes before they're invoiced - otherwise you could be in breach of the Fair Trading Act.
- Provide the best customer experience you can by updating staff on any changes and advising them on how to communicate them to customers.
- Worried you'll lose fans? Consider staggering price increases of individual products over time.

“I've decided to restructure. What's the best way to do this?”

Restructuring is never easy but if it's necessary to keep your business afloat, there's a process you can follow to keep stress to a minimum.

- Write a proposal outlining why roles need to change for the business to succeed.
- Email employees to let them know you're proposing a restructure and invite them to a meeting (at least 2-3 days later) to learn more.
- At the meeting talk through your proposal on how the restructure should be implemented. It's really important for staff to feel part of the process, so invite them to give feedback via email or book to see you after the meeting. Particularly if redundancies are a possibility, it is vital that you show an open mind as to what should be done to promote your business's objectives.
- Proposed changes to an employee's terms and conditions must be committed to writing and provided to the employee with notification that they are entitled to seek independent advice. They must be given a reasonable opportunity to seek that advice.

“I want to sell my business. How do I get it ready for sale?”

Selling your business involves a lot of homework. You need to get it looking as “shiny” as possible before getting it valued by your accountant or advisor. Here's how:

- Sell assets you're not using, stop investing in long-term projects and put together a realistic financial forecast.
- Prepare a business plan that includes how well the business is running and plans for growth.
- Sort out any legal issues or staffing problems.
- Bring health and safety, cloud solutions, and bookkeeping software up to date.

- How are your website and social media looking? Could a buyer hit the ground running with them?
- Talk to your advisors about ways to boost your sales revenue and pre-sale profit margin. Remember it's the last two or three years' profit, and future maintainable profit, that determine the value.

“Am I eligible for more Government funding?”

- Businesses who employ fewer than 50 staff could be eligible for loans of \$10,000 plus \$1,800 per full-time staff member, thanks to the Government's Small Business Cashflow Loan Scheme. To apply, there is a list of things you'll need, including your NZBN and proof that due to Covid-19 your business suffered a 30% drop in actual or predicted revenue between January and June this year. Find out more [here](#).
- The Business Finance Guarantee Scheme is another option - it supports operating cash flow disrupted due to Covid-19. Participating banks can provide new loans, increased limits to existing loans or a revolving credit facility to eligible businesses. The scheme supports banks to take on lending by the government taking on the default risk of up to 80% of the loan. Find out more at www.business.govt.nz
- Are you doing business outside of Auckland, Wellington and Christchurch? You could get a piece of a \$3 billion pie, as part of the Provincial Growth Fund which aims to help grow economic development in the regions over the next three years. Click [here](#) to find out if you're eligible.

Not much charity for Healthy Homes measures

If you are a landlord or landlady and have to take measures to comply with “Healthy Homes”, there’s not much charity. Inland Revenue has issued a publication, PUB00334, which sets out how it sees the tax law applying. It is much as you would expect. However, you should remember anything you buy during the current tax year can be treated as a business expense up to an amount of \$5000. So if you are required to put in a heat

pump and it costs you \$3000, you can treat this as an expense for this particular year. Remember, if you buy more than one depreciable item at a time, each item having the same depreciation rate, you have to add all these together for the purposes of the threshold. So, if you buy two heat pumps each costing \$3000, you now have to put these in your depreciation schedule. You can’t write them off as an expense.



Residential Tenancies Amendment Act in force

Big changes to tenancy legislation are underway, with the 12-monthly limit on rent increases already in effect to help tenants struggling financially following Covid-19. Early next year we’ll say goodbye to 90-day no-cause terminations and rental bidding, and tenants will be able to make small

changes to properties - such as baby proofing or hanging pictures. A last minute change brought in means landlords will be able to terminate tenancies with 14 days’ notice if a tenant assaults them, and allows victims of family violence to end a tenancy with two days’ notice.

Business Health Check

- Holiday pay sorted?
Working out what an employee gets paid for taking a day off on annual holidays will depend partly on what they have earned in the previous 12 months. Find out more at <https://www.employment.govt.nz/leave-and-holidays/> or in [New Zealand Workforce Manager](#)
- Boxing Day and the second of January fall on a Saturday this year. So, if you have an employee who wouldn’t normally work on Saturday, their holiday entitlement is transferred to the following Monday. If your employee would normally work on Saturday, then they’ll get their holiday entitlements on Saturday (the calendar date of the public holiday).
- Take a look at your cashflow forecast and tax obligations over December-January, especially if you are impacted by seasonal revenue (such as Christmas revenue as a retailer). Both November and December GST are due for payment in January as well as provisional tax. If you are concerned you may not be able to pay the tax due, please let us know and let’s look at your options.

Don't trip! GST mistakes to avoid

GST can be a thorn in your side but if you understand when it's due, what to pay, and make the most of your accounting software, you'll escape unscathed. Here are four of the most common mistakes we see business owners make with their GST.

- 1. Not putting aside money to pay GST.** For better cashflow, keep 15% of your taxable supplies in a separate account.
- 2. Registering for GST too early or too late.** If you are starting your business and you register too late, you may miss out on claiming GST on initial start-up

costs, and you also might face financial penalties from Inland Revenue if you later find out you met the requirements to register. Talk to us and we'll work it out together.

- 3. Confusion around leasing and hire purchase.** If you're buying assets or equipment (or there's an option to take ownership) you can claim GST when the asset is acquired. But if you're only leasing or hiring an asset, the GST is claimable on each payment. There are many different types of leasing deals out there, so be careful with the fine print as GST may only apply

to part of the regular payment.

- 4. Not claiming business purchases paid from personal accounts.** When buying assets for business use, you can claim a GST deduction, when the asset is to be used 100% for business purposes. When you buy something using your personal account for the business, it might be missed from the business records, and GST forgotten and not claimed. Remember that where there is private use, such as with vehicles, you can't claim all of the GST – you need to adjust for the expected private use component.



Smart ways to get your costs under control

Cashflow has been a big issue for thousands of businesses this year, and when the money's not rolling in, it can help to rethink your costs. To do it effectively involves more than just keeping an eye on outgoings. It's about looking at all the moving parts of your business to see if your systems (or lack of) are costing you unnecessarily. Here's how:

- **Muck in:** Do a cost control audit to work out where your big cost centres are and look at your systems for managing them.
- **Be aware:** Don't just slash your expenses. Track costs and look out for opportunities to trim fat or take a different approach.
- **Unite your team:** Bring everyone together to monitor and analyse inputs and expenses. Reviewing and developing your systems? Get your team's feedback.
- **Look to your peers:** How do your costs compare to others? If a business of a similar size and production system to you is performing well, but spending less, explore what they're doing differently.
- **Seek advice:** Got a good idea of where the issues are, or feeling totally confused? Talk to your advisors about your next steps.

Is your Trust 2021 ready?

The Trusts Act 2019 is coming into force on the 31st of January 2021, bringing many new changes to Trusts law as we know it. The current act has been in force since 1956, and over time has been interpreted by courts, which has amended the letter of the law.

The purpose of the new Act is to make trust law more accessible, by codifying the law and making sure everyone can understand their responsibilities and rights under the Act.

Under the new Act there is an increased responsibility on trustees to carry out their duties properly, and greater accountability to the beneficiaries.

The new Act also divides trustees' duties into two broad types: mandatory duties which you cannot contract out of, and default duties that apply unless your trust deed says otherwise. It is important to check your trust deed in light of the new Act to

ensure that the trustees are complying with the mandatory duties and to see if the default duties need to be modified. The biggest change in the new Act is that beneficiaries have increased statutory rights. Beneficiaries have the right to be notified that they are beneficiaries, and be told who the trustees are, so they can hold them to account.

They are entitled to request copies of the trust deed and any variations, information about the assets and liabilities, trust financials and information regarding the administration of the trust.

This is the change that is likely to create the greatest concern for many trusts and it is important to get specialist legal advice if this concerns you.

The new Act also extends the time period for trusts from 80 to 125 years and makes it compulsory to remove incapacitated trustees. It is important to review existing trust structures and make sure they comply and are fit for purpose.

Do you use gmail for emails?

If you are a user of gmail, we request that you add Naylor Lawrence & Associates to your safe senders list. This will avoid emails from NLA being sent to you Spam folder and important information being missed.

Changes in Particulars

Please remember to let us know of any changes in:

- Physical address
- E-mail address
- Phone numbers
- Shareholdings
- Directorships
- Trustees

Or anything else that may be relevant.



Payday filing over December and January 2020 /21

There will be a grace period close down from 25th December 2020 to 15th of January 2021. Electronic filing for pays within this period is due within 2 working days of the 15th January and paper filing within 10 working days of the 15th of January.

Let IRD know if you are employing staff irregularly or if not paying wages for a month or more.

Tax Calendar - December 2020/January 2021

DATE	CATEGORY	DESCRIPTION
7 December	PAYE	Large employers payment due. File employment information within two working days after payday
21 December	PAYE	Small and large employers' payment due. File employment information within two working days after payday.
21 December	RWT	RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during November.
21 December	N-RWT / Approved Issuer Levy	Return and payment due for November.
15 January	PAYE	Large employers' payment due (for second half December wages paid). File employment information within two working days after payday.
15 January	Provisional Tax	Instalment due for March balance date taxpayers*
15 January	GST	Return and payment for November.
20 January	PAYE	Small and large employers' payment due. File employment information within two working days after payday.
20 January	RWT	RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during December.
20 January	FBT	Return and payment due for quarter ending 31 December (if filed on a quarterly basis)
28 January	GST	Return and payment for December.



Wishing you a safe and happy holiday from us all!

Our office will close at 5pm on Tuesday 22nd December and reopen in the New Year on Thursday 14 January.

If you have any urgent queries during this period please email vicki.worker@nla.net.nz

Disclaimer: This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.