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UHY HAINES NORTON NEWSLETTER

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This issue contains articles on:

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Comparison of New Zealand and Australian Tax Rates

In the last three years, an average of 15,800 New Zealand citizens have migrated from New Zealand to Australia each year. Although net loss figures have slowed since 2012, there are still more New Zealanders moving to Australia than arriving from Australia.

Why is Australia such an attractive option for Kiwis? Often it is the idea of being better off financially, driven by reports of higher wage rates and greater job prospects. But how do tax rates compare between the two countries?

New Zealand		Australia	
Individuals			
$	**Residents and Non-residents***	**$**	**Residents**
0 – 14,000	10.5 cents	0 – 18,200	Nil
14,001 – 48,000	17.5 cents	18,201 – 37,000	19 cents for each $1 over $18,200
48,001 – 70,000	30 cents	37,001 – 87,000	$3,572 plus 32.5 cents for each $1 over $37,000
70,001 and over	33 cents	87,001 – 180,000	$19,822 plus 37 cents for each $1 over $87,000
		180,001 and over	$54,232 plus 45 cents for each $1 over $180,000
		$	**Non-residents**
		0 – 87,000	32.5 cents
		87,001 – 180,000	$28,275 plus 37 cents for each $1 over $87,000
		180,001 and over	$62,685 plus 45 cents for each $1 over $180,000
*Non-resident individuals who work and earn income in New Zealand are subject to the same income tax rates as residents. However, passive income (e.g. interest and dividends) earned by non-residents will need to have non-resident withholding tax deducted from this income. *Please note that from 1st April 2018 the tax thresholds will be changing.* ACC Earner Premium Income up to $124,053pa – a $1.39/$100 rate applies.		Non-residents who hold a Special Program Visa (subclass 416) and are employed by an approved employer under the Seasonal Labour Mobility Program are taxed at 15%. Working Holiday Workers: the first $37,000 of taxable income earned by certain workers is taxed at 15% instead of 32.5%. Medicare Levy Residents: 2% of taxable income, subject to low income threshold. Non-residents: not required to pay the Medicare Levy.	

To put this comparison into perspective, we will apply these income tax rates to the median (or middle) New Zealand income of $48,800. Please note that for the purposes of these comparisons, we have ignored any additional PAYE deductions, such as KiwiSaver, ACC earners' levy, student loan repayments and child support payments, and assumed that the NZ dollar's spending power in NZ is on par with the Australian dollar's spending power in Australia.

- In New Zealand, a $48,800 wage earner will pay $7,660 tax, leaving a net income of $41,140.
- In Australia, a A$48,800 resident wage earner will pay A$7,407 tax, leaving a net income of A$41,393.
- In Australia, a A$48,800 non-resident wage earner will pay A$15,860 tax, leaving a net income of A$32,940.

If we apply these tax rates (once again ignoring any additional PAYE deductions) to the average New Zealand salary advertised on job site Seek of $74,965:

- In New Zealand, a $74,965 wage earner will pay $15,658 tax, leaving a net income of $59,307.
- In Australia, a A$74,965 resident wage earner will pay A$15,910 tax, leaving a net income of A$59,055.
- In Australia, a A$74,965 non-resident wage earner will pay A$24,364 tax, leaving a net income of A$50,601.

Note, however, that the adult minimum wage in Australia is A$17.70 per hour, whereas the New Zealand minimum wage is $15.75 per hour.

New Zealand	Australia
Trusts	
33 cents in the dollar	47 cents in the dollar where no beneficiary is presently entitled to a share of the net income of the Trust
Companies	
28 cents in the dollar	27.5 cents in the dollar – Small Business Entities (i.e. where aggregated turnover is less than AUD$10 million per annum) 30 cents in the dollar – all other entities
GST Rate	
Standard rate of 15% Applies to all goods and services, with the exception of residential rent and interest. The supply of land between two GST-registered persons is zero-rated, where the purchaser will use the land as part of their taxable activity. The export of goods and services to a non-resident is zero-rated.	Standard rate of 10% Does not apply to all goods and services.
FBT Rate	
49.25 cents in the dollar	47 cents in the dollar

Capital Gains Tax

New Zealand does not have a formal capital gains tax.

Items of a capital nature, however, can be subject to tax. For example, where a capital item is purchased with the intention of selling it at a profit, it will be subject to tax.

Additionally, residential land held for less than two years is taxable on any gain, where the dwelling is not the owner's main home or the property is not inherited. Any taxable gains are added to the person's other income and the total is taxed at the person's marginal rates.

Resident Land Withholding Tax (RLWT)

When a non-resident (offshore RLWT person) sells residential land within two years of acquiring it, the new purchaser's conveyancer (lawyer) is required to account for the RLWT on the payments made to the vendor. There are various methods to calculate the RLWT, but the default method is 10% of the Current Purchase Price. Other methods can result in a lower RLWT payment, but the purchaser's conveyancer must be provided with sufficient information in order to calculate the RLWT under another method.

I.e. the lower of:

- Above method; or
- 33% of (Price less Vendor's acquisition cost); or
- Sales price less security discharge amount and less outstanding rates

The non-resident is still required to file a NZ tax return that includes all NZ income including the gain on sale of the land, but can include the RLWT as a tax credit.

Other land transactions can also be taxed on any gains where the person is a land developer, land dealer or builder, or is associated with a developer, dealer or builder.

Capital gains are treated as taxable income and are taxed at the appropriate marginal tax rate.

Australian residents are liable for capital gains tax on assets worldwide. Non-residents are liable for capital gains tax only if the capital asset has a direct or indirect interest in Australian real property or certain mining-related rights.

(NB: whilst Australia has a capital gains tax, there are a number of exemptions and concessions available).

Foreign Resident Capital Gains Withholding Payments

When a foreign resident disposes of certain taxable property, the purchaser is required to withhold an amount from the purchase price.

- Current withholding tax rate: 10%
- Current withholding tax threshold: $2 million

Proposed Changes

A bill has been introduced which is set to amend the foreign resident capital gains tax regime in relation to acquisitions of property that occur on or after 1st July 2017:

- Increasing the withholding tax rate to 12.5%
- Lowering the withholding threshold to $750,000

Please note that contracts entered into prior to 1st July 2017 (even if settled after this date) will still be subject to the existing withholding tax rate and threshold.

This information is intended as a high-level overview only and does not take into account employment rates, cost of living or other factors. Please contact us if you have specific questions regarding New Zealand and Australian tax rates.

Top 10 Ways To Improve Cash Flow In Your Business

Poor cash flow is one of the biggest reasons why businesses – and particularly small businesses – fail. ***Michael Jamieson*** *shares his top tips for improving and managing cash flow in your business.*

1. ***A sale is not a sale until you have been paid.*** Too many business owners run themselves ragged doing the work but put chasing overdue debt far down their list of priorities. What is the point of doing all the hard work if you are not going to get paid?

2. ***Make sure you have a good set of terms and conditions which clearly specify your timelines for payment. Ensure all clients are sent these terms and conditions and are aware of them. All pricing or invoice documentation should specify the payment due date.*** This makes any action you take on overdue debt much easier to enforce. Don't worry about asking for payment immediately after the debt has become overdue – this is exactly when you should take action. You informed your client of the payment terms and they engaged you under those terms. Anyone baulking because they were contacted so soon after the debt became overdue should consider that it is them who have broken the terms and conditions they originally engaged you on.

3. ***Credit check everyone you are considering granting a delayed payment option to.*** Many slow payers have a history of delayed payments and defaults. Granting credit terms to anyone is a privilege, not a right, and should only be given to those with a sound credit rating.

4. ***When scheduling work for you and your staff, factor in time to address any queries or objections on previous work carried out for clients.*** One of the tactics used by slow payers is to object to the standard of work and use this as an excuse to refuse to pay. Allowing yourself or staff time to correct anything not up to specification shuts down the objection. A lot of businesses let rework or sorting out objections slide down their priority list, and as a consequence overdue debt mounts up. Finishing an existing job and getting paid should be the priority.

5. ***Don't let fear of confrontation put you off asking for overdue money.*** A reasonable and good customer will have engaged you knowing they have the means to pay you and the expectation of paying you. Anyone getting confrontational over payment is a warning sign that they are not going to be reasonable, and an indication that you should consider ceasing dealing with them.

6. ***Remember that not all of the money you collect in is yours.*** You collect GST on behalf of the government when you receive debtor payments. You must pay provisional tax on your profits. You hold back PAYE from employee payments. All of this money must be paid to the Inland Revenue Department at set dates over the course of a financial year. I recommend setting money aside, for example in a separate bank account or term deposit account, to make it easier to meet these payments when they fall due.

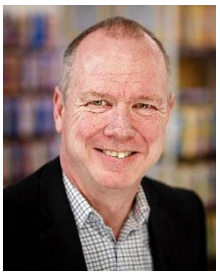
7. ***Prepare simple weekly and monthly cash flow forecasts using Excel.*** Forewarned is forearmed. Estimate how much money is likely to be received in a week from your customers and what you

need to pay out. This allows you to work out strategies to counteract any anticipated shortfalls. Try and work this out a month ahead as well to give yourself more time to strategize. Your UHY Accountant can help you to create a spreadsheet and can also work with you on strategies to counter any budgeted shortfalls.

8. ***Keep aside money for emergencies.*** Never exhaust all of your cash reserves and always leave yourself capacity with your lenders. From time to time there will be unforeseen events in your business (or personal) life. These types of events can be stressful and may impact adversely on cash flow. Having money set aside, or the capacity to inject working capital, can alleviate some of the stress and make it easier to deal with the event.

9. ***Plan your capital expenditure.*** All businesses must stay current with their plant, IT, vehicles and other infrastructure. It is essential to budget to ensure you can meet the repayments on any financing required to upgrade those assets. If you are going to struggle to finance capital expenditure, it may be a sign that you are growing too fast, or that you need to restructure your organisation. Your UHY Accountant can assist you with planning and structuring for capital expenditure.

10. ***Plan your growth.*** At the moment the New Zealand economy is buoyant and there is an excess of work available in many business sectors, but this environment can be as dangerous to businesses as a recession. The reason is that they can grow in an uncontrolled fashion. Often businesses must pay for growth out of cash flow before they will receive payment for the increased workload, for instance hiring additional employees, or buying vehicles or equipment up front. You should always plan how to fund growth. If you cannot afford the necessary upfront payments, it may not be advisable to take on the new work. Once again, your UHY Accountant can help you with planning for growth.



UHY Haines Norton's Business Improvement Manager ***Michael Jamieson*** *works with businesses to help them improve their cash flow forecasting and management. If you would like to discuss any aspect of cash flow please contact Michael on 027-663-6062 or email mjamieson@uhyhn.co.nz.*

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Corporate Governance: How SMEs Can Benefit From A Board Of Independent Directors

UHY Haines Norton Consultant Tim Livingstone explains how a Board of independent directors can provide benefits to SMEs as well as larger businesses.

For SMEs with adequate financial resources, forming a Board and appointing an independent director can provide real, tangible benefits. As an independent director of SMEs and a client-facing partner, I have experienced first-hand many positive outcomes resulting from the appointment of a Board and independent directors.

The advantages of having a Board with independent directors include:

- Allowing business owners to step out of the busy day-to-day operations and work "on" the business
- Assisting in developing disciplines around formulating strategies for the business and setting long term objectives
- An independent director with SME exposure will be able to share invaluable general, objective business experience, knowledge and networks.
- Helping the business owners to understand which 'hat' they wear when making decisions, i.e. shareholder versus Board member vs employee. An independent director will help to ensure the Board stays focused on Board duties and not stray into management issues.
- Many SMEs are family businesses, and an independent director will help to separate the family relationships from management relationships. This requires a deep and genuine respect for each Board member's strengths and expertise.

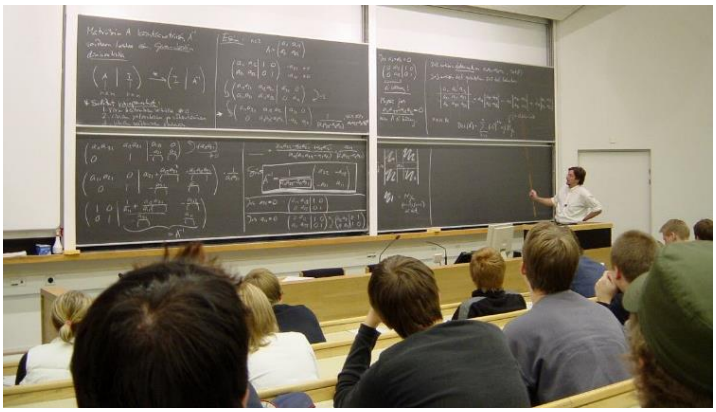
An alternative to a Board is the creation of an Advisory Board, which has the purpose of providing advice without the authority to make decisions. Effective Advisory Boards will enhance the SME's relationship network and positively influence its reputation by being advocates for the business.

In order to find an independent director, we recommend either using the SME's own networks and connections, or searching the New Zealand Institute of Directors directory. As experienced business advisors, we can assist in setting up Boards and in the search for an independent director.

In our experience, the benefits provided by appointing an independent director far out-weigh the costs involved.

Tim Livingstone is an expert in corporate governance. If you have any questions regarding the content of this article, or would like to discuss how corporate governance may benefit your business, please contact Tim on (09) 839-0298 or email timl@uhyhn.co.nz.

NZQA Focuses on Private Training Establishments



As you may have recently read in the news, the NZQA has ruled to withdraw accreditation for three business courses offered by the International College of New Zealand, affecting the studies of 100 international business students. The action is part of an increased focus by the NZQA on Private Training Establishments (PTEs) following the Government's announcement to crack down on students coming into New Zealand only to gain immigration status.

NZQA registration is essential for quality education providers as it represents the integrity of the qualifications system. With the NZQA rigorously examining the education and compliance standards of PTEs, it is important to ensure that both new and ongoing registration and compliance requirements are fully met.

Applying for PTE Registration

There are comprehensive guidelines for PTE registration on the NZQA website. When registration is granted, it signifies that the establishment has a robust and honest governance and management structure, and that it is a provider of high quality education through sound learning environments. External assistance with completing the application and compiling the necessary supporting information and documents maximises the chances of being granted registration, and can significantly speed up the timeframe.

Maintaining Registration

The NZQA conducts a range of support, education and monitoring activities to ensure the PTE continues to meet registration requirements, as well as maintaining the standard of educational delivery. In addition to periodical external evaluations and reviews and monitoring visits, every year PTEs must submit the following:

- Annual Return Statutory Declaration
- Independent Assurance Practitioner's Review Report
- Annual Student Fee Protection Audit
- Statutory Declarations as a fit and proper person and of conflicts of interest

Again, external expertise in developing and providing this documentation can be invaluable for ensuring the NZQA has all of the information they require and that it is accurate.

How Can We Help?

We have experience and in-depth knowledge of the requirements for acquiring and maintaining NZQA registration. We successfully assist many PTEs to help them achieve and maintain high standards of quality management systems and educational standards.

To find out more about how we can help your Private Training Establishment with NZQA registration, please contact UHY Haines Norton Audit Director ***Bhavin Sanghavi*** *on (09) 839-0248 or email bhavins@uhyhn.co.nz.*

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Farm Accounting: Tax Pooling

UHY Haines Norton Director and Farm Accounting specialist Mark Foster explains how tax pooling can be a good option for farmers struggling with cash flow.

Farmers and the agriculture industry are particularly susceptible to environmental factors – arguably more than any other industry. Every year floods, droughts and other extreme weather over which they have no control can significantly impact their livelihood. Cash flow can be severely affected with reduced income from loss of livestock and increased expenses such as damage repairs and additional feed costs.

For farmers struggling with cash flow, there is an option that takes the pressure off making provisional tax payments in the form of tax pooling. Tax pooling is a method of deferring upcoming payments of provisional tax. Taxpayers pool their provisional tax payments together in an account held by an IRD-approved tax pooling intermediary. In this way the overpayments by some taxpayers can offset the underpayments by others.

The IRD-approved tax pooling intermediary can be used to defer provisional tax payments for up to 12 months after the provisional tax is due and incurs less interest than the IRD would charge. However, more importantly, no late penalties are charged which can save the farmer a lot of expense.

A fee for the service will be charged based on the amount of tax and the future payment date, but this is not significant, and the fee is tax deductible. It also has the benefit of not affecting credit ratings because it is not classed as debt.

Tax pooling can be a very effective way of helping farmers and growers to maintain their tax obligations during times when unexpected or uncontrollable events impact on cash flow.

If you would like to discuss tax pooling or any aspect of Farm Accounting, please contact Mark Foster at markf@uhyhn.co.nz or phone (09) 420 7957.

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Business Valuations: Selling Memorandum

*UHY Haines Norton's Business Valuations specialist **Kerry Tizard** explains what a Selling Memorandum is and why it is important to the business sales process.*

What Is A Selling Memorandum?

A Selling Memorandum contains vital business information and documentation along with details of the unique features of your business. A Selling Memorandum contains all relevant business information and is provided to potential successors and prospective buyers during preliminary discussions relating to succession of the business.

A Selling Memorandum will assist prospective buyers in making an informed decision about the purchase of your business. Therefore, it is essential that prospective buyers are provided with the most accurate and up-to-date information relating to your business.

A Confidentiality Agreement should also be prepared, and signed by prospective buyers and possible successors, before handing over the Selling Memorandum to them.

Why Is A Selling Memorandum Important?

- If buyers have a high degree of confidence in the accuracy of the information provided to them, this will be reflected not only in the sale price but in the entire sale process.
- It is a simple tool used to demonstrate the uniqueness of your business.
- It contains relevant sale information which will assist in sale discussions.
- It will increase your opportunities for sale.

What Is Included In A Selling Memorandum?

- The products or services you provide
- The history of your business
- Details of your clients
- Details of employees and employee agreements
- Details of business achievements
- Company policy documents
- Business alliance agreements
- Details of your unique selling points
- Financial information
- Business Plan
- Marketing Plan

- Licenses and Accreditations
- Register of information available for buyers' due diligence – including financial information and documentation

One of the key inclusions in your Selling Memorandum is your unique selling points. Your unique selling points are the features that distinguish your business from your competitors.

Some examples of unique selling points could be:

- Your high value client base
- Your business specialisation
- Your business culture
- Your net fees as a % of total income
- Your level of sustainable income

You must only include true and accurate information. Provide a copy of your Selling Memorandum to your professional advisors to confirm its accuracy.

*UHY Haines Norton Director **Kerry Tizard** develops valuations for all types of businesses and works with clients to help optimise their business profitability. For all enquiries regarding Business Valuations, contact Kerry on (09) 839-0300 or email kerryt@uhyhn.co.nz.*

What Can Business Owners Learn From Survivors of a Zombie Apocalypse?

There's no denying that zombies are a hot topic with a huge fan following, and the entertainment industry is saturated with books, movies and TV series all putting their spin on how a zombie virus might play out. Admittedly, my teenage son and I have engaged in several strategic conversations about how we would zombie-proof our home and survive an undead epidemic. But here in the real world surviving in business is a more pressing (not to mention realistic) issue – which lead me to thinking about the similarities. Exactly what can business owners learn from those hardy heroes who survive a zombie apocalypse?

1. **Have good leadership.** The heroes triumph over the undead for good reason – they are strong and fearless, they take risks, they are innovative and they lead by example. It's the same in successful businesses, where the owner is a hard-working trailblazer who inspires and motivates their staff by example and intuitive guidance.

2. **Plan for the future.** While foraging for supplies will tide over survivors in the short term, taking a long term view such as harvesting sustainable food supplies will ensure the longevity of the group. Likewise, a business that is caught up in the day-to-day tasks and lacking long-term goals will find itself out of business before too long. One-page business plans that focus on the core goals and strategies provide focus, purpose and direction for an organisation's future.

3. **Always have an exit strategy in place.** It's no use having a zombie-secure base if you can't safely get out of it at crunch time. A business with no exit strategy in place is vulnerable to the unexpected. The best business owners understand that even though they may not be thinking about leaving the business, having no exit strategy can result in disaster. Because you never know what is around the corner, or when that crunch time will be.

4. **Be on the lookout for takeovers.** Just as survival of the fittest applies in a cut-throat apocalyptic world, so is the case in today's business environment. Successful business owners are always on the lookout for opportunities to expand and increase their market share, and mergers and acquisitions can be attractive options. Be aware of ways to protect your turf from competitor acquisition to ensure your business is in the strongest position for survival.

5. **Be open to new developments.** None of us can predict the future. Will the zombie virus run its course and eventually the undead expire from starvation? Or will it manifest itself into a new form that provides different challenges and obstacles to survival? Of course this is all in our

imaginations, but in the business world it is also hard to predict the future and what opportunities and challenges will come our way. Technology has never developed at such a rapid rate, and just this single element of business can shape our operations in ways that are difficult to imagine. Embrace new developments, adapt and turn them to your advantage to stay strong and future-focused.

Debbie Robson *is Marketing Coordinator at UHY Haines Norton.*

Taxing Matters

A summary of the latest tax changes relating to individuals and businesses.

- A Gisborne retailer has been sentenced to seven months' home detention for hiding more than $1 million in cash sales from his accountant to avoid paying tax. This is a timely reminder that the IRD takes any attempt to avoid paying tax very seriously. It is essential to inform us (or your tax agent) of any cash sales you do not bank but retain as drawings. Please note that best practice is to bank all cash received and then take drawings from the bank account. Such a policy makes it harder for the IRD to argue that cash sales have been omitted from your tax return.

- The Government is asking for feedback on proposed changes to child support, student loan repayments and Working for Families Tax Credits. It is proposed that child support payments are based on recent income information, and are automatically deducted from salaries or wages. The proposals concerning student loan repayments are designed to help the borrowers avoid getting a bill at the end of the year. It is proposed that Working for Families Tax Credits are based on actual income rather than estimates. The full proposals are available on the Making Tax Simpler website, where you can also lodge your comments.

- ACC have launched a new online service to help business customers manage their account and levies online. When businesses have registered, they can view invoices and transaction history, update contact details and pay invoices. Visit the ACC website to register your business.

- The new information sharing agreement between Inland Revenue and the Ministry of Social Development came into effect on 31st August 2017. The agreement allows the two agencies to share information to assist in a number of areas, including assessing entitlements for benefits and subsidies, and assessing and enforcing tax obligations.

- The IRD has released statement IS 17/07 on fringe benefit tax, which explains how FBT applies to motor vehicles, how to calculate it and exemptions. The statement highlights that FBT applies to a motor vehicle when the vehicle is **made available** for an employee's private use, not when the employee actually uses the vehicle privately.

Please contact us if you have questions regarding any of these tax areas.

Right First Time: Home Office and Clothing Expenses

Taking the guesswork out of common SME topics so you can get it "right first time".

This month we take a look at some other very common types of expenditure: home office, uniform and protective clothing expenses.

One fine, sunny morning I was with my children at the local playground when I met Rika, a friend of mine who is an IT consultant. She has her own consultancy business (sole trader) and was wanting to know which expenses she can claim in her accounts. Here's our conversation:

Rika: I often do work from home, just sitting on the couch with my laptop and phone. Can I claim home office expenses?

Me: Yes, you can. Many people use an area of their family home for work purposes. Do you have an area in the house which you have specifically set aside for your business or as your office?

Rika: No I don't, I'm afraid. I just sit wherever I'm comfortable and work.

Me: In that case the apportionment of home office expenses will have to be worked out based on the amount of time spent on the income earning activity (i.e. your consultancy work) and the total area used at home. This would mean keeping a log of the time spent on work-related activities.

On the other hand, if you have a specific area in the house set aside for business purposes then you can make a claim for that area if you keep a full record of all the expenses you wish to claim. You can only claim the expenses related to the work area - no domestic or private expenses are claimable. Work out the area of the room/office in m2 and divide by the total area of the house in m2. This will give you the home office apportionment. The expenses you are permitted to claim are the home office portion of:

- Rates
- Water rates
- Home insurance
- Mortgage interest or rent
- Power

Plus all of the following:

- Repairs and maintenance that relate to the work area
- Contents insurance that relates to the work area

The IRD is coming up with a new method for calculating home office expenses, which will be applicable for the 2017-18 income years onwards. This method will use rates determined by the IRD in a similar way to mileage rates, and be based on the average cost of utilities per m2.

Rika: Ok. What about our home phone and broadband? I use these for work regularly.

Me: You can claim a deduction for the line rental of your home phone at 50% if your home is the main centre of your business. Look at each invoice and use a highlighter to mark the business-related toll calls. These can then be claimed at 100%. Remember, no deduction is allowed for private calls.

Home broadband costs are generally treated as private and not claimable. However, since you use the broadband for work you will have to calculate the portion of claimable internet expenditure. The calculation will depend on your internet plan. The calculation should be fair and reasonable and proper records must be kept.

Rika: That sounds like a lot of work. I don't think it will be worth it really. I might just end up leaving the broadband expenses as I only use internet to send and receive emails.

While I've got you here, I do have another question. I also wanted to know if I could claim all of the expenses for the clothing I've purchased. Because I need to look professional, I have bought some business suits, shoes, new spectacles and other corporate clothing items. Surely I should be able to claim these, since I go to a lot of conferences and business meetings?

Me: Unfortunately no, Rika. Work clothing can only be claimed if it is a uniform and clearly advertises your business, i.e. has a logo or brand name displayed on it. Protective clothing can be claimed if these are for health and safety, such as protective eye wear, helmets, gloves, hi-vis or water proof clothing. Items such as spectacles, business suits, dry cleaning costs, makeup and haircuts cannot be claimed as work expenses.

Rika: Oh, that's a shame! Well, thank you so much for your help.

Me: My pleasure, Rika. Remember, when in doubt, speak to your friendly accountant!

Arpita Khanwalkar *is a Chartered Accountant at UHY Haines Norton.*

Residential Landlords: Navigating An Increasing Compliance Minefield

Many people believe they can save money by managing their rental properties themselves. However, with recent changes to the Residential Tenancies Act 1986 (RTA), and with more changes on the way, it is becoming increasingly difficult for landlords to keep track of the risks and compliance requirements, while still trying to maximise their investment return. Virendra Gupta, Franchise Owner of Quinovic Kumeu, shares some insights into these changes which landlords need to be aware of.

In a recent article published by the Ministry of Business Innovation and Employment, MBIE put landlords and property managers "on notice" to ensure their properties meet the regulations set out in the RTA.

1. Tenancy Law Changes in the Pipeline

In May 2017 the Residential Tenancies Amendment Bill (No. 2) was introduced to Parliament. The Bill is intended to correct some issues that are very topical at present:

- **Tenant damage -** tenants are currently not liable for damage they cause unintentionally and which is covered by the property owner's insurance. This means the landlord can be left paying their insurance policy excess to cover the costs not met by the insurer. The proposed amendments will make a tenant liable for their landlord's insurance excess of up to four weeks' rent equivalent, for each incident of damage caused by carelessness. This will give tenants an incentive to take care of the property and encourage the landlord to have appropriate insurance cover. Damage caused intentionally or by a criminal act remains the liability of the tenant, and the landlord remains responsible for fair wear and tear.
- **Meth Testing Standards released -** the long-awaited Standard (NZS 8510) for testing and decontamination of methamphetamine-contaminated properties has been released. This standard adopts a single level of 1.5 micrograms of methamphetamine per 100 cm^2 of surface sampled, regardless of whether a property was involved in the production or use of meth. It also specifies best-practice procedures for undertaking decontamination while avoiding unnecessary costs and disruption for property owners and occupants. Every landlord should familiarise themselves with the new Standard and the importance of a pre-tenancy baseline test, as there are potential repercussions in insurance and tenancy matters if the requirements are not met. Some recent cases have shown that the Tenancy Tribunal is now starting to expect landlords to complete a meth test prior to commencing a new tenancy, on the grounds that it is part of the owner's responsibility under the RTA to provide the property in a reasonably clean and tidy state.

- **Unsuitable properties** - there have been recent court decisions against landlords who have let unsuitable properties, such as garages, for residential tenancies. The Bill gives the Tenancy Tribunal full jurisdiction for any premises occupied for residential purposes, regardless of whether the occupation would be unlawful.

2. Insulation

Insulation statements are compulsory on all new tenancy agreements signed since 1 July 2016. The landlord must disclose whether there is insulation in the rental home, where it is, what type and what condition it is in, therefore allowing the tenants to make an informed decision. Appropriate ceiling and underfloor insulation will be compulsory in all rental homes from 1 July 2019.

3. Smoke Alarms

New regulations came into force on 1 July 2016 requiring landlords to have the right type of smoke alarms installed in the right places. All new or replacement smoke alarms must be long-life photoelectric smoke alarms with a battery life of at least eight years that meet the required product standards, or a hard-wired smoke alarm system.

To discuss these changes, or any of your property management requirements, contact Quinovic Kumeu's Franchise Owner Virendra Gupta on (09) 973 5527 or email VirendraG@quinovic-kumeu.co.nz, or contact your local Quinovic Property Management office.

Xero Shortcuts: Xero Search

A guide to the shortcuts used in Xero Search:

/	Open Search
P	Purchase Orders
D	Dashboard
C	All Contacts
I	All Invoices
B	All Bills
A	All Bank Accounts
Q	All Quotes

The BNZ West Auckland Business Hall of Fame Awards 2017

The BNZ West Auckland Business Hall of Fame Awards 2017 are being celebrated at a premier awards luncheon on Friday, 15th September. This year the awards will acknowledge the outstanding business achievements of Managing Director of Canam Construction Ltd, Loukas Petrou, and CEO of Autex Industries Ltd, Mark Robinson, as they are inducted into the BNZ West Auckland Business Hall of Fame.

WEST AUCKLAND BUSINESS
HALL OF FAME

The awards were in existence for over 20 years under the name of 'Waitakere Business Hall of Fame'. Last year the awards were reinstated under the new title of "BNZ West Auckland Business Hall of Fame" at a wonderful celebratory luncheon attended by more than 150 dignitaries, past laureates and leaders and members of the West Auckland business community. This legacy continues to inspire and foster business success in our region and provide the opportunity to publicly honour the achievements of West Auckland's legends.

The awards are organised by Auckland Tourism, Events and Economic Development (ATEED) on behalf of the West Auckland Business Club and the Rosebank Business Association, and they are made possible by the support of the BNZ.

Every community deserves acknowledgement and the opportunity to celebrate its successes. For the West Auckland business community, this is it!

The Deputy Prime Minister, Hon Paula Bennett, will attend the luncheon along with other dignitaries, business leaders and representatives from all of the West Auckland businesses who have contributed to making the region so successful. Once again, the awards will be held at The Trusts Arena.

To register to attend please click here.

Client News:
New Zealand Journeys Wins Tourism Award

Congratulations to our clients New Zealand Journeys, who have been named "Inbound Tour Operator of the Year 2017".

The Tourism Export Council's annual awards recognize excellence in tourism businesses, including sustainability, business systems and outstanding visitor experiences. The rigorous judging process examines multiple facets of the operators' business, such as marketing activities, operations, communications, accessibility and industry relationships.

New Zealand Journeys specializes in group tours, special interest tours, foreign independent tours and self-drive travel. Their primary target markets are tourists from the Philippines, Singapore, Vietnam, Thailand, Malaysia, Eastern Europe, China, Hong Kong, Indonesia, India, Taiwan, Iran and Sri Lanka, offering top quality experiences in New Zealand, whether for business or leisure.

This is the first time in New Zealand's tourism history that an Asia-focused inbound tour operator has been the recipient of the "Inbound Tour Operator of the Year" award.

Update From Our 2016 Study Scholarship Winner

Our 2016 Study Scholarship winner, Reagan Davis from St Dominic's College, tells us about adjusting to tertiary study after college.

Studying at the University of Auckland has been a very interesting experience. At first it was quite overwhelming coming from St Dominic's College with only 600 girls, to being one of 1000+ new first year students in the Business School alone - it definitely took some time to get used to the number of people within the University! During the first semester, learning to balance the requirements of four courses all at once in such a short timeframe, plus a part-time job and other commitments was quite an adjustment.

I have really enjoyed being able to focus on subjects I am interested in. The first year core business papers offer a wide variety of different subjects from Commercial Law to Accounting and Economics. It is good to be able to get a taste of all these topics, which then helps you to decide what you want to focus on and select as your majors. I have chosen to do a double major in Management and Operations and Supply Chain Management. I am looking forward to getting in to the stage two and three papers required for my degree in the next coming years.

As I head into semester two, I definitely feel more prepared for the fast pace of university study. I have met some great people and I am fortunate to have access to the Tuakana Learning Program. Tuakana provides support for Maori and Pacific Island students taking all first year papers, and this has really helped me to remain focused and on track. Although it has taken some getting used to, I have come to really enjoy university and I am very much looking forward to the rest of my time here at the University of Auckland.

It's a Game Changer

As an Accountant I have the unique luxury of being able to look into the window of a client's business. For various reasons, more often than not, that view is limited to the financial outcomes of a business. While that allows an opportunity to develop an understanding of what drives the business financially, it doesn't always illustrate the trials and tribulations a client goes through to get there. Nor do those outcomes always support the underlying goals of the business owner.

Last month I was fortunate to attend an event hosted by the Rosebank Business Association in conjunction with the Bank of New Zealand aptly called "It's a Game Changer". This was a fun and interactive evening which saw teams pitted against one another to make decisions for a fictional Kiwi small-to-medium sized enterprise, being confronted with a series of real world business challenges.

Developed by the BNZ and The Icehouse, the Game Changer is designed to raise people's business acumen so they can make better quality decisions and figure out what they want to do with their own businesses.

Over a fun and interactive two hours, teams were challenged to think about various aspects of their business. Strategy around sales, supply agreements, distribution channels, marketing, operations, leadership, risk and finance all worked together, ultimately impacting on the business' earnings and underlying business value. Teams were required to defend their decisions after annual and quarterly meetings. The winning team on the night was the team with the highest equity value, which was driven by the underlying earnings of the business and a multiplier of value. The multiplier was driven by the overall stability in the business, strength of governance, leadership, processes, market offering, capital structure and risk management decisions.

Some of the more interesting challenges included having the business' factory burn down, having to decide whether to invest in an Operations Manager versus a dedicated Marketing Manager, and having to deal with a new competitor offering a new and different value proposition, eating into sales and market share. Each decision impacted on the next.

What I enjoyed most about the evening was the real-world likeness of the simulation. Many of the challenges presented were easy to relate to and relevant to every business. Also, as the teams were made up of people with varied roles and experiences, it was interesting to hear and appreciate everyone's different point of view. However, time constraints and imperfect information meant that

teams had to think on their feet and react quickly - something a lot of business owners can appreciate and relate to!

As many SME's are also employers of people, it was also interesting to see how financial decisions ultimately impact on the non-financial parts of the business, such as staff engagement and retention. Loss of staff and a lack of engagement can often be expensive and a drain on productivity and value.

The Game Changer is based on a business that has a growth objective firmly in mind. Not all kiwi businesses have that same ambition. What the Game Changer does is try and foster that ambition or at the very least, give business owners a better insight or appreciation of how everyday decisions can impact on the underlying value of the business. This is something all business owners will undoubtedly be interested in when it comes time to sell or to move on.

*UHY Haines Norton Director **Andrew Scott** can be contacted on (09) 974-4529 or email andrew.scott@uhyhn.co.nz.*

Staff News: August/September 2017

Last month we were sad to say goodbye to Receptionist **Jane McGill**. Jane was the welcoming face of our Henderson reception for more than eleven years. She always went out of her way to help people and worked tirelessly behind the scenes to make sure the office ran smoothly. We wish her the very best for her upcoming travel and renovation plans.

It has been a baby boom here at UHY Haines Norton with two staff members welcoming new additions to their families on the same day! Kumeu Accountant **Erin Gibson** has welcomed her second child, a little brother to his big sister. Henderson Accountant **Dharmesh Kumar** and his wife are celebrating the arrival of their first baby, a little girl. Congratulations to Erin, Dharmesh and their families, and we are looking forward to meeting the new arrivals.