UHY Haines Norton
Chartered Accountants

UHY HAINES NORTON NEWSLETTER

APRIL / MAY 2018

What Is Your Business Worth?

The Difference Between The Value Of Your Business Today And What It Needs To Be At The Time Of Sale

www.uhyhn.co.nz

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Well, That Tax Year Is Over – Now What?

Now that it is April and another financial year is over, you will start receiving all kinds of year-end documents. Keeping these year-end records together as you receive them can save you a lot of time and effort later on.

Important documents include:

- Bank statements showing balances at 31 March.
- Loan summary statements or loan statements showing the balance at 31 March, the interest paid for the year, the interest rate at 31 March, and the date of the last interest charge prior to 31 March.
- Interest income certificates.
- Investment portfolio summaries.
- PIE income summaries.
- Creditor invoices dated on or before 31 March, where payment is due in April (if you do not recognise creditors in your accounting ledger).
- A list of debtors owing you money (including GST) at the close of business on 31 March. If a customer paid you on 1st April or later for goods or services supplied before 31 March, then he/she is a debtor.
- Your annual stock take, consisting of the value (cost to you) of each stock line excluding GST – preferably taken as close to 31 March as possible. In addition, compile a list of the value (excluding GST) of any work in progress as at 31 March, i.e. those jobs you have substantially completed but not yet invoiced. These items should be separate to your stock take figures.
- Income protection/disability insurance summaries.

In addition to these documents, there are items you may have received earlier in the year that we will need copies of to complete your annual accounts. These include:

- Term deposit rollover statements/confirmations.
- Sale & Purchase agreements/tax invoices, settlement statements and legal invoices for any property purchased during the year, if the property is owned by a trust/other entity we prepare accounts for, or if that property is income earning.
- Invoices for all business/trust assets purchased costing over $500 (excluding GST).
- Statements showing any investments (i.e. shares) purchased or sold during the year, and any dividend income received.
- Hire purchase set-up documents, and repayment schedules showing interest split and balance owed.
- Loan set-up documents.
- Insurance invoices.
- Legal invoices, gifting documents, or other trust resolutions.
- Home office expenses including rates, insurance, power and mortgage interest.
- Donation receipts including school donations.

- Details of any unusual items that we may need to be aware of, or any related entity transactions for the period, for example sales to a family member/staff member.

We recommend reconciling your ledger before you submit it to us. This can save us time, and you money.

- Bank accounts, credit cards, loans and hire purchases: the balances in your ledger should reconcile to the statement balance.
- Wages: the wages expense in your ledger should match the wages on the PAYE returns filed with the IRD. Items to look at if the wages expense does not reconcile are where any pay periods that span the year end are not fully returned in the period that payment is made to employees, or deductions have been made from employees' wages and forwarded to the Ministry of Justice or used to repay an employee's tool account (for example).
- GST: the GST balance in your ledger should match the GST owing to the IRD at 31 March, taking into account GST on debtors and creditors (where GST is on payments basis) and any prior period adjustments not yet made. Do the GST returns as they are now showing in your ledger match what was previously filed with the IRD, or have transactions been recoded after the GST return was filed for the period?

As always, we will provide you with our standard checklists to complete and return with your records. However, we hope this advice is helpful and saves you some time and effort when you come to collect everything and send it in to us.

Erin Gibson *is an Accountant at UHY Haines Norton.*

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Case Study: Closing The Business Value Gap

*We previously introduced the concept of the '[Business Value Gap](#)' to help in assessing the difference between the value of a business today and what it needs to be at the time of sale. Now UHY Haines Norton's Business Valuations specialist **Kerry Tizard** presents a case study showing the Business Value Gap in action.*

I recently worked with a client, "David" (53), owner/operator of a successful business providing professional services to the building and construction industry. David had started thinking about retiring and believed all it would take is not getting out of bed in the morning to go to work. Until he spoke to me, David was looking forward to retirement.

David was planning to sell his business to fund part of his retirement. He didn't realise how the shortfall in his business value affected his future lifestyle. Based on his retirement plans, David's financial adviser had estimated he would need $1.25 million in retirement assets at age 60 to fund his lifestyle in retirement. His projected income earning retirement assets were calculated as $575,000 – resulting in a shortfall of $650,000, far exceeding the current value of his business.

If David did nothing he would face:

- Accepting a lower standard of living at retirement
- Continuing working well past his desired retirement date

This case study highlights how the value of a business affects an owner's future standard of living and how succession planning can be used to grow and realise business wealth to fund the shortfall.

Client's Needs

- Value gap $650,000
- No formal succession plan

Issues

- David is the business' key "revenue earner" with his existing staff supporting his activities
- There was a young qualified professional working in the business but he moved on to gain more experience and build his career
- David has always rejected merger talks with like businesses for fear of losing control of his business

Actions To Resolve

David's first step was to complete a Business Value Gap analysis. This identified his value needed at sale, value gap and future profit target.

The analysis showed he could close his Value Gap if he was able to increase his business profit ($50,000 in the first year). David was confident that with help from his advisers he would be able to achieve this.

Once David had identified his future profit target, he implemented procedures to grow income and improve job profitability. David's **growth strategies** included purchasing a new job costing system to accurately record job income and expenses. He also segmented his clients to focus on more profitable work and has identified some niche marketing opportunities. He has fewer clients but is making more money.

David's **succession strategy** included joining a network of similar businesses to share training and professional development costs and selected administration functions. Sharing costs and functions with similar businesses is one way of retaining control but identifying "like minded" business owners. They may be the future buyer of his business.

*UHY Haines Norton Director **Kerry Tizard** works with business owners across all industries to help optimise their business profitability for growth or sale. To find out more about how we can help, please contact Kerry on (09) 839-0300 or email kerryt@uhyhn.co.nz.*

Changes To The Bright-line Property Test

If you are planning to buy or sell residential property, you need to be aware of the recent extension to the bright-line property rule that was introduced on 29th March 2018.

From 29th March onwards, anyone who buys a residential property and then sells that property within five years of purchasing it must pay income tax on any gains, unless it is their main home or another exception to the rule applies.

For anyone who purchased a house between 1st October 2015 and 28th March 2018, the original two year bright-line test (the old rules) still applies. Therefore under the old rules if you sell your property within two years of buying it you must pay income tax on any gains, again unless exceptions to the rule apply.

In general terms, the bright-line period for residential property begins on the date that the property title is officially transferred, which is the date the property transfer is registered with Land Information New Zealand (LINZ), and ends on the date you enter into an agreement to sell. The bright-line test applies only to residential property, not for premises used mainly for business or farming.

If you sell a property outside of whichever bright-line period is relevant for you, the bright-line rule won't apply but the intention test may still apply.

If you sell a residential property within the bright-line period at a loss, that loss would be "ring-fenced" so it can only offset any future property gains.

For more information on the bright-line test changes please visit the IRD website, or contact us for advice on your particular property situation.

Payday Filing of PAYE Information

Legislation has been passed allowing the IRD to change the way PAYE reporting is done.

The current process, which is gradually being phased out, requires employers to report PAYE to the IRD on a monthly basis in the form of an Employer Monthly Schedule. However, as more and more businesses use accounting and payroll software, the IRD is transforming its systems and processes to capitalise on the benefits this technology provides. This means that PAYE information filing will be an automated rather than a manual task.

The PAYE information filing process is being integrated into payroll software, enabling employers to file their PAYE information directly from the software. The software sends the payroll information electronically to the IRD at the same time as the employer is paying their employees. There is no need to file an Employer Monthly Schedule.

Payday filing of PAYE information will be compulsory for employers and payroll intermediaries above the electronic filing threshold from 1st April 2019, and became optional on 1st April 2018.

The deadline for filing PAYE information will vary. Employers above the electronic filing threshold ($50,000 of PAYE and ESCT per year), payroll intermediaries and employers using payroll software will need to file their PAYE information by the second working day following payday. PAYE information from other employers will be required to be filed within seven working days following payday.

These changes relate only to PAYE information filing, not the actual payment dates of PAYE and ESCT deductions, or payment methods. Although employers now have the option of paying PAYE and related deductions to IRD on payday, this will not be compulsory. Employers with PAYE and ESCT deductions over $500,000 per year will continue to be required to make these payments to IRD twice per month (by the 5th and 20th). All other employers will continue to be required to make these payments to IRD by the 20th of the following month.

For more information and examples of the payday filling process, please visit the IRD website.

New Mileage Rates Rules

Inland Revenue has published the new rules for claiming vehicle expenses based on mileage for the 2017/18 financial year onwards. Where a motor vehicle is used for both business and personal use, deductions can be claimed for the business use portion using either:

1. A costs method calculation based on the business portion of actual costs; or
2. A kilometre rate method calculation based on business kilometres travelled.

If you choose the kilometre rate method there are several rules you should be aware of:

- You are not permitted to change the method of calculation to the actual costs method until the vehicle is sold.
- You must keep a logbook for 90 days of the financial year, to evidence a representative sample of annual business travel. This is good for three years.
- You must record the number of kilometres the vehicle has travelled during the financial year by taking a speedometer reading on balance date every year.
- Kilometre rates vary depending on both the vehicle's cc capacity and whether it is petrol, diesel, hybrid or electric.
- Kilometre rates also vary between two tier rates. 'Tier One' is a combination of fixed and running costs, and applies to the business portion of the first 14,000 kilometres travelled during the financial year. 'Tier Two' applies to the running costs of any subsequent kilometres travelled during the financial year.

For more information on using the kilometre rate for claiming business vehicle expenses please contact us, or visit the IRD website.

Beware Of Changes To ACC CoverPlus Extra

ACC has made some changes to CoverPlus Extra you should be aware of. Commencing from 1st April 2018, all new CoverPlus Extra policies will start on the date that ACC receives the signed Policy Acceptance Form - therefore your agreed level of cover will not be in place until ACC has receipted your signed form. Rather than posting, the best way to do this is to email your signed form to ACC at cpx@acc.co.nz. Not only does this speed up the receipt by ACC and therefore the policy start date, it also ensures you have a record of the exact date when ACC have received the signed acceptance form from you, just in the event of any disagreement arising regarding the policy start date.

It is also essential to either make your ACC payment in full or set up a payment plan before your invoice is due. The policy will automatically be cancelled if the invoice is not paid on time, and the policy will revert back to standard cover.

For more information on the ACC CoverPlus Extra changes please visit the ACC website.

Taxing Matters

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

- The minimum wage increased to $16.50 per hour on 1st April 2018, an increase of 75 cents per hour. The starting-out rate and training wage will continue to be 80% of the minimum wage, increasing to $13.20 per hour.
- The IRD has released guidelines regarding the taxing of cryptocurrencies. For tax purposes, cryptocurrencies are to be treated like property and therefore the proceeds you make from selling it are taxable. The IRD has also specified that tax applies when one cryptocurrency is swapped for another, and likewise if cryptocurrency is received as payment for goods or services.
- The Accounting Income Method (AIM) is now available through MYOB, Reckon and Xero accounting software. AIM is designed for small businesses with less than $5m turnover, and provides an alternative method for paying provisional tax, which is based on year-to-date profit at each instalment date. The cost benefit of adopting this method is untested. This method also has the limitation of not being able to use losses brought forward, until the prior year's loss has been assessed. This means P1 and P2 instalments could be over-paid, with P3 resulting in a refund. We recommend that clients have each AIM report checked by their accountant before the report is filed with IRD.
- A reminder for employers that you only need to send to the IRD the KiwiSaver Employee Details (KS1) and/or the New Employee Opt-out Request (KS10) forms. It is not necessary to send in the KiwiSaver Deduction form (KS2).
- The IRD have launched their new myIR secure online services. The 'My GST' section has changed to 'My Business', where you will be able to file, amend and pay your GST return as well as fringe benefit tax and gaming machine duty. A number of 'how to' videos are being made available to help you get familiar with the new online services.

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

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AML/CFT: New Money Laundering Laws

The Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act was introduced in 2009 to place responsibilities on New Zealand's financial institutions and casinos to take appropriate measures to detect and protect against money laundering and terrorism financing. It protects the reputation of both individual businesses and New Zealand as a safe country to do business in.

The government is making changes to the legislation to extend the AML/CFT regime to additional industry sectors, implementing it in stages over the next two years in order to give businesses time to prepare for the changes.

Sector	Date Legislation Applies From
Lawyers	1st July 2018
Conveyancers	1st July 2018
Businesses providing trust and company services	1st July 2018
Accountants	1st October 2018
Real estate agents	1st January 2019
Businesses trading in certain high value goods such as car dealerships	1st August 2019
Sports and race betting	1st August 2019

If your business operates in any of these sectors, you must implement measures to comply with the new legislation. More information on how these changes may affect your business can be found on the government's website, or alternatively you may contact our Assurance and Advisory Manager Tadius Munapeyi on 021-840-071 or tmunapeyi@uhyhn.co.nz to discuss your situation.

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Protect The Integrity Of Your Real Estate Business

Have you noticed that real estate agents and property managers are in the news for all the wrong reasons lately? Cases of fraudulent behaviour and the mismanagement of client funds are being reported more and more often in the media.

Unfortunately, real estate trust accounts that deal solely with residential letting are not required by the Real Estate Agents Act or Audit Regulations to be independently audited. Therefore this provides a perfect opportunity for dishonest agents and property managers to commit fraud with the client funds in those trust accounts. Not only is this impacting significantly on landlords, who in some cases have lost many thousands of dollars, but the reputation and credibility of everyone in the property management market is in danger of being seriously tainted by these crooks.

Instilling transparency and accountability is more important now than ever before to your real estate business. Don't let your business' reputation be tainted by the fraudulent acts of others which dominate the media. Here at UHY Haines Norton, we can audit your trust accounts and develop systems and procedures that will provide complete integrity in your trust account operations. Not only will this give you total peace of mind that you are doing everything possible to safeguard your clients' funds, it will prove invaluable for protecting your credibility and reputation in the industry.

For more information, or to discuss your specific audit needs, please contact me directly: Tadius Munapeyi, 021-840-071 or tmunapeyi@uhyhn.co.nz.

Top 5 Technology Essentials For Small Businesses

Technology continues to advance at a greater rate than any other industry, and it can be a struggle for SMEs to keep up with the rapid changes. IT professionals Ginger IT share the top five IT areas that they believe small businesses should focus on for success.

IT Policies

Businesses that use computers, email, the internet and software on a daily basis should have some form of IT policy in place. It is important for employees to know what is expected and required of them when using the equipment provided by their employer, and equally as important for a company to protect itself by having policies to govern areas such as personal internet usage, email usage, security and data retention. There are plenty of ideas and examples online to get you thinking about what your particular policy could include.

Security

When your business needs to store sensitive information on a network, it is essential to maintain strong authentication procedures to make sure that only authorised individuals have access to that information. You would be surprised at how many people still use “password” or “qwerty” as the one and only defence against hackers. Keep in mind that hackers have access to software that guesses passwords with common dictionary words. Having complex passwords is the cheapest and easiest line of defence against hackers. It’s also handy to implement a system that requires passwords to be reset regularly.

Managed IT Services

Managed Service Providers provide infrastructure built with a proactive mind-set. They monitor your network operations remotely with technical engineers on the case, guaranteeing the expertise and efficiency to resolve performance problems before your business operations are impacted. They generally work out cheaper with several technical engineers monitoring your environment at less than the price of one in-house IT manager. By letting someone else worry about technical support and security, you can focus on the bottom line.

Company Website

Most people rely on search engines like Google when they are looking for things these days, meaning that if your company is not online, do you really exist? Your website is a virtual business card. It not only supplies potential customers with sought-after information like contacts, hours of operation and areas of expertise, but it also conveys the image and business culture that sets you apart from others.

Social Media Profile

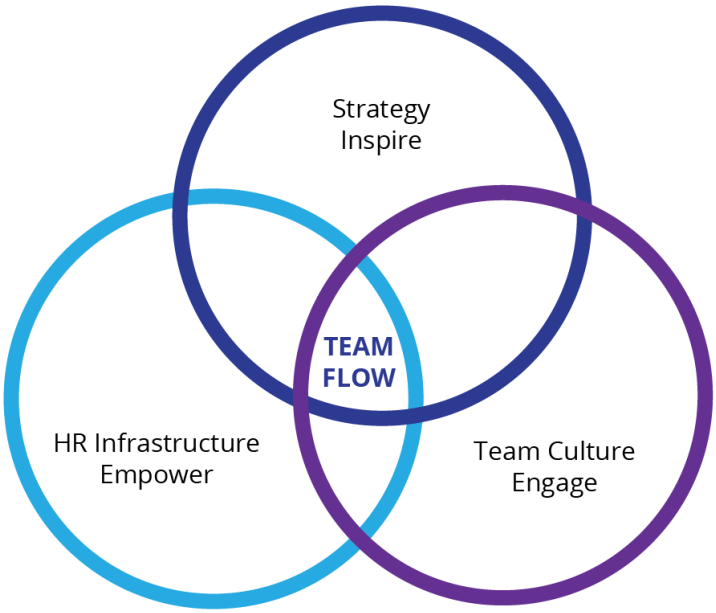
In addition to your website, it's become increasingly important to establish your firm's presence across social networking services like Facebook and Twitter. Social networks enable businesses to share information on upcoming deals, specials, events, competitions, staff news and so on by communicating directly with customers already interested in their business. Short, direct messages work best: talk about what your business is doing, new products and promotions, or anything else likely to pique the curiosity of your clientele.

Ginger IT are specialist Managed Services IT providers ready to deal with all of your technical issues. For more information contact them on (09) 973-0727 or hello@ginger-it.co.nz.

Is Your Leadership Costing You?

As a business owner, you are a leader. Your team are looking to you every day, to guide them, to inspire them. To lead them.

They're looking to you because you're not just a leader, **you are *their* leader**. And they want to know you have a plan, because their family's financial stability is depending on it.



The higher the quality of your business strategy, the better your plan will be because your goals will be more clearly defined. This is your road map – the foundation on which your business will grow. It's the equivalent of the building plan for a house. A strong, written strategic plan INSPIRES your team to COMMIT to achieving your goals.

Let's take a look at this. In 1979 the Harvard MBA Programme conducted a well-known survey and discovered that only 3% of graduates had written goals, 13% had goals in their heads, and 84% had no goals. What they discovered 10 years later was staggering! The 13% who had goals (albeit in their heads) were earning up to 84% more than those who hadn't set goals.

The 3% who had clearly defined goals were, on average, earning 10 times more than the other 97%! The reason the higher-earning Harvard grads were successful was through self-leadership. They had a clear plan to achieve what they were aiming for.

But the plan is just a piece of paper without action. Just like building a house, it's action that creates the building infrastructure (the foundation, walls, roof, plumbing etc.) and turns the vision into reality.

In terms of leading your team, you also need infrastructure: HR infrastructure. Done well, it provides the framework and the parameters in which they play. HR infrastructure houses your company values, your rules of the game, your organisational structure, position descriptions, and their responsibilities. Performance reviews measure their results. Good HR infrastructure provides clarity and certainty, and expects accountability and self-leadership. It EMPOWERS your team to CONNECT and take responsibility for achieving the company vision and goals.

While this infrastructure is valuable, it's people who turn a house into a home. Their energy and personalities create the environment, the relationships, and the atmosphere. The culture. Without strong leadership, culture happens by accident, not by design.

The right culture makes success so much easier. Do you have a recruitment system to invite **only the right people** into your "business home"? If so, you'll create a culture and a team that feels like a trusted family who will ENGAGE and CO-CREATE your business in ways you could not have imagined.

The success of your business is determined by your leadership ability, a clear strategic plan, good people infrastructure and the right people on your team. When all this is working synergistically you will create "team flow".

So what kind of leader are you? Do you have great skills, a strong strategic plan, and the infrastructure and trust-based culture to inspire, empower and engage your team to achieve it? Is your team in flow? If not, just like the underpaid Harvard graduates, you will all be earning less than you deserve. How much more impact could you be making by becoming a leader of a trusted team in flow?

Gaelene Adams Wood *is Managing Director and High Performance Team Renovator at Team Fusion International Ltd.*

Getting The Gig

UHY International takes a look at how the rise of the independent worker, paid on a task-by-task basis, is fundamentally changing working patterns around the world.

A report released in 2016 by the McKinsey Global Institute estimated that between 20-30% of workers in the US and 15 major European Union economies made part of their income in what has come to be known as the 'gig economy'.

It is quite hard to find a definitive description of the gig economy, but McKinsey defines it as independent work with "a high degree of autonomy; payment by task, assignment, or sales; and a short-term relationship between worker and client."

If its estimates are correct, up to 162 million individuals in the countries surveyed are engaged to some degree in the gig economy, and the numbers are rising. The figure is a significant increase on previous estimates and highlights how a new model of working life has crept up on the Western world. Jobs in the US and Western Europe traditionally involve working fixed hours for a single employer, earning fixed wages in return. The gig economy turns that model on its head. "The Industrial Revolution moved much of the workforce from self-employment to structured payroll jobs. Now the digital revolution may be creating a shift in the opposite direction," it states.

ARMY OF SELF EMPLOYED

In other parts of the world the structured payroll model was only ever one option among many – and in regions like Southeast Asia, the creation of digital platforms to facilitate a global market in freelance work is fundamentally changing working patterns.

Companies like Uber and Deliveroo are commonly cited in discussions of the gig economy. These business models are creating an army of self-employed taxi and delivery drivers, often replacing traditional payroll jobs. On top of these 'real world' businesses, a raft of digital platforms has sprung up to match workers with temporary, task-based, freelance roles. These platforms allow workers anywhere in the world to bid for transcribing, copywriting, web design and IT tasks, to name a few.

For companies, the advantages of freelancers and temps, using platforms like Upwork and Fiverr, allows them to dip in and out of a global talent pool. "The benefit from an organisation's perspective is that these individuals are not employees in the traditional sense of the word – they can be engaged and terminated at will, subject to any contractual agreement as to notice. And they are responsible for managing their own tax and social insurance affairs," says Alan Farrelly, managing director at UHY Farrelly Dawe White Limited, UHY's member firm in Ireland.

In India the gig economy is still in its nascent stages but, says Sunil Hansraj, joint managing partner at UHY Indian member firm Chandabhoy & Jassoobhoy in Mumbai, is 'fast percolating into the mainstream work ethic', helping firms to manage economic uncertainty. "The way the Indian economy is shaping up,

the gig economy can be the answer to talent supply chain challenges faced by the professional or technology sectors," says Sunil. "While critical roles would still be in the realm of regular employment, freelancers can reduce the burden on the supply chain, increase operational efficiencies and reduce costs."

MIXED REACTION FROM WORKERS

While companies appreciate the opportunities the gig economy brings, the upheaval in working patterns is not without controversy. Debates are raging in developed countries about the status of gig economy workers. In the UK, the government-released 'Taylor Report' recommended creating a new employment status of 'dependant contractor', defined as someone who 'is not an employee, but neither are they genuinely self-employed'. "Ultimately, if it looks and feels like employment, it should have the status and protection of employment," the report states.

In Ireland, similar concerns have been raised. "For workers it depends on your view - either it is a working environment that offers flexibility with regard to employment hours, or it is a form of exploitation with very little workplace protection. Workers in the gig economy are classed as independent contractors. That means they have no protection against unfair dismissal, no right to redundancy payments, and no right to receive the national minimum wage, paid holiday or sickness pay," says Alan Farrelly.

In April, the EU Commission published its 'Pillar of Social Rights', setting out 20 proposals for improving worker social protection. "Today's more flexible working arrangements provide new job opportunities especially for the young but can potentially give rise to new precariousness and inequalities," the Commission wrote.

In countries where independent work has long been a standard employment model, these concerns are less common. Mwai Mbuthia, partner at UHY Kenya, UHY's member firm in Nairobi, believes that young people especially often prefer gig economy jobs.

"Short term contracts, freelance work and part time work are very common in Kenya," he says. "In my view this type of employment is increasing as young people no longer have a burning desire to be in full time employment. These jobs are considered positive because remuneration is received sooner rather than later.

"In Kenya, the government has deliberately, within the law, created a specific amount in the country budget for youth and almost a third of all governments contracts must be allocated to the youth."

In India too, the choice and independence offered by gig economy roles is often welcomed, especially when compared with traditional Indian working practices. "India used to have a largely suppressed workforce and people had very little option, but things are changing for the better," says Sunil. "People understand that there is an opportunity to retain independence, which is not a bad option, even if there is a cost to it."

STATUS UNCLEAR

Despite reservations, employers and employees have welcomed jobs that allow workers to fit around study, childcare or other employment. McKinsey reports that, even in the US and Europe – where the security of permanent work has been standard for decades – most seem satisfied with independent work.

But as companies replace traditional payroll positions with gig-style work, confusion around the responsibilities of business to workers and national exchequers can only increase. The gig economy has left lawmakers scrambling to catch up, which presents challenges for professional services providers like UHY. Issues around personal and corporate taxation, and employment rights and responsibilities, are still to be fully worked through.

“Normally the issue hinges around the definition of an employee for taxation purposes,” says Carlos Pedregal, partner at UHY Hellmann (SA), UHY’s member firm in South Africa. “We have some complicated tax law in this regard and the difficulty sometimes is deciding whether the gig fits the definition of an employee, labour broker, or independent contractor.

Should the employer get it wrong, and the gig is considered to be an employee for taxation purposes, then the employer is liable for any taxes that should have been deducted from the employee (gig).”

In Europe, companies are being urged to seek advice rather than assume gig workers have freelance status. “A misclassification of self-employed contractors can give rise to significant tax and social insurance liabilities for an organisation,” says Alan Farrelly. “In Ireland, employment status decisions are made on a case-by-case basis. Employers who supplement their workforce by engaging contractors need to think carefully and take advice.”

Jane Jackson, tax manager for UHY Farrelly Dawe White Limited, Dublin, Ireland adds: “Even if employers have contracts in place stating that the person is self-employed and responsible for their own taxes, the Irish Revenue will still deem them to be employees and will hold the employer responsible for all the employment taxes, if there is ever an audit or an investigation. This could be costly.”

In the USA the economy’s general trend towards greater entrepreneurship is fuelling the gig economy. “The gig economy is not a new concept in the US, but popularity has increased with a very entrepreneurial generation entering the workforce. It enables entrepreneurs to test the need for their service to see if it warrants the investment in developing a business model to support it,” says Charles Sockett, Partner, UHY LLP and managing director UHY Advisors, New York.

In other parts of the world, the debate is yet to begin in earnest. In India, says Sunil, “the time will be here soon when the government will have to step in and play regulator, while at the same time giving the workforce the freedom to make their choices.” In Kenya, the law has long been shaped with freelancers in mind, says Mwai Mbuthia. Gig workers bidding for large assignments need a Compliance Certificate to show they are working legally and complying with tax laws.

Alongside tax laws and employment status, the gig economy signals a potentially permanent change to working life. Around the world, young people are demanding more flexible work and less rigid employment structures, and technology is supporting that ambition. “The challenges we at UHY face in advising clients operating in the gig economy typically revolve around contractual interpretations and the associated tax implications of business and the individuals involved,” says Martin Jones, partner at UK member firm UHY Hacker Young LLP, London, UK.

“But more than that we are also addressing the fact that the younger generation, in particular, is used to living in a world of rapid technological change, and hence the overly-structured career path of the past may need to be adapted to allow more flexibility and less structure to working patterns.”

Client News: Warren Flaunty's (Semi) Retirement

After 51 years in the pharmaceutical profession, Warren Flaunty – whose name is synonymous with local community - is hanging up his white coat. Warren opened his Massey pharmacy the day he qualified as a chemist in 1967, and over the years opened a new pharmacy on Don Buck Road as well as operating at the Westgate Pharmacy.

Warren has been a client of UHY Haines Norton since 1967 – back when the firm was known as "Butts & Watson". As the firm evolved over the years, his account was managed firstly by Drew Watson, then Warwick Bainbridge and finally Tim Livingstone. "I have had a great association with Tim," said Warren. "His advice over the many years has been extremely valuable and I am truly indebted to all three accountants for my extremely successful business career."

Warren has served in local body politics for 41 years. His various roles have included being a member of the Waitemata District Health Board, the Henderson-Massey Local Board, the Rodney Local Board, the Upper Harbour Local Board, the Taupaki Residents and Ratepayers Association, the Massey Birdwood Settlers Association and the West Auckland Hospice Board, as well as chairman of the Waitakere Licensing Trust and past chairman and life member of the New Zealand Licensing Trust.

He was named runner-up in the Royal Pharmaceutical Society awards for his role in introducing the Graseby pump to New Zealand, a device instrumental in administering pain relief to terminally ill people. In 2002 he was awarded the Queen's Service Medal for services to the community.

Although Warren is stepping down from dispensary work, he plans to remain involved in local boards, ratepayer groups and health-related projects. Add to that his interest in bowls and horse racing, the family's cattle farm and travel plans, and it is clear that his days will continue to be just as busy as ever.

Client News: Wine Award For Joe Babich

Congratulations to Joe Babich, who was honoured at the 2017 Air New Zealand Wine Awards recently. Joe was one of four wine industry stalwarts who were made "Fellows of NZ Winegrowers" in recognition of their outstanding service to the New Zealand wine industry. The accolade recognises dedication and influence in the country's flourishing wine industry – which has now become New Zealand's fifth largest export.

Westpac Auckland Business Awards 2018

Westpac Auckland Business Awards

Entries are now open for the Westpac Auckland Business Awards 2018. Divided into North West, South and Central regions, the awards are a celebration of success, innovation, strategy and creativity in today's business world. Entry process is free and can be completed entirely online. You may enter yourself, or nominate another business you believe deserves recognition for its achievements. Workshops are being held in each region during May to assist you with preparing your entry and making the most of the Awards.

Entries close Thursday, 14th June 2018.

The Westpac Auckland Business Awards are run by Auckland Chamber of Commerce in partnership with Auckland Tourism, Events and Economic Development. For full details on the Awards go to http://www.aucklandbusinessawards.co.nz/

Staff News: April/May 2018

Welcome on board to **Dhruv Mehta**, who has joined us as a Senior Accountant working in the Tax team at Henderson. Dhruv originally graduated with a degree in Commercial Law specialising in Tax and is now a fully qualified Chartered Accountant. He has a passion for technology and using that technology to create efficiencies for a client's organisation. Outside of work Dhruv is an avid cricket fan and loves to watch live cricket games in summer.

We have said goodbye to Accountant **Christa Louis** in our Henderson office. Christa was with UHY Haines Norton for more than five years, progressing steadily through the ranks from an intern to Junior Accountant and most recently to Intermediate Accountant with full Chartered Accountant status. Christa is taking a position with another firm in central Auckland to be closer to her home.

We have also said farewell to Accountant **Ben Carmichael** in our Helensville office. Ben joined UHY Haines Norton just over a year ago, and was an integral part of the Helensville team. He is now taking on a new challenge focusing on systems and software. We wish both Christa and Ben the very best for their new positions.