UHY Haines Norton
Chartered Accountants

UHY HAINES NORTON NEWSLETTER

MARCH 2019

The Capital Gains Tax Proposal

Plus:

Financial Year End Tips

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Rental Property Expenses

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It's Almost Financial Year End Again

The end of another financial year is nearly here, so now is the time to put a few important things in place to make your annual accounts process easier and quicker.

1. **Bad debts**: review your debtors and determine any bad debts. Physically write off these bad debts in your accounting software prior to close of business on 31st March in order to get the tax deduction. It is also useful to have any evidence of attempts to collect the debt to support the write-off.
2. As your annual accounts will include your **fixed assets**, now is a good time to review your fixed assets register to ensure it is up to date. Get together the details of any assets purchased during the year costing over $500 so these can be added to the register, and also list any fixed assets you no longer have so these can be written off in the year end accounts.
3. **Stock takes** or livestock counts should be undertaken as close as possible to 31st March. Depending on your business this can be a big job so plan ahead and organise additional staff to assist as necessary.
4. **School donations:** you can claim a tax rebate for voluntary school donations, so if you make a payment before 31st March you will be able to claim the rebate against your 2019 income.
5. **Reconcile your accounts**, including loan accounts and petty cash accounts. Ideally, all accounts should be reconciled regularly but this is particularly important at year end to ensure your annual accounts are accurate and therefore any financial decisions you make are based on the correct information.

Our previous article "Financial Year End: What To Do By 31 March" details the tasks that should be completed on 31st March as preparation for your annual accounts.

Please contact us if you have any questions regarding preparing for your end of year accounts.

TWG: Capital Gains Tax Proposal

The Tax Working Group has now released its final report where it makes key recommendations regarding Capital Gains Tax as well as other New Zealand taxes. The TWG proposes that CGT applies when an asset is sold or disposed of (or when there is a change of use). Here we summarise the main points regarding about CGT.

Scope of Capital Gains Tax

The proposed CGT tax covers:

- Shares
- Land, including commercial properties, baches, rental properties and farms, but excluding the family home. The family home, or "excluded home" is the place a person owns where they choose to make their home and you can generally have only one family home.
- Intangible property such as goodwill, intellectual property and software
- Business assets

Home Used For Income-earning Purposes

There are two options proposed by the TWG for instances where a home is used to earn income, such as home office, flatmates/boarders, or used in part for Airbnb. The first option is if less than 50% of the home is used for income-earning purposes then the entire property will be treated as the excluded family home. The second option proposes to apportion the capital gain between income-earning use (and applying CGT to it), and personal use.

Capital Gains Tax Rate

Capital gains will be taxed at a person's marginal tax rate.

Valuation Day

The implementation date will be known as 'Valuation Day', and CGT will apply to gains and losses that arise after that date. Therefore taxpayers with assets within the CGT scope will need to:

1. Determine the value of the asset as at Valuation Day
2. The increase or decrease in value of that asset from Valuation Day until the date when the asset is sold or disposed of will be the capital gain or loss

The TWG recommends that a number of valuation methods are provided by IRD to suit the asset, such as QVs or ratings valuations for land. It is also recommended that a 'median rule' apply to calculate capital gains/losses in order to even out capital gains and avoid subjecting taxpayers to tax on artificial paper gains or losses.

Calculating CGT

CGT is calculated at the time an asset is sold or disposed of. The cost of acquiring the asset will be deducted at the time of sale/disposal, along with any other capital expenditure incurred (such as improvements made after acquisition). Expenses classed as holding costs, such as repairs and maintenance, interest, rates and insurance, are deductible in the year in which they are incurred. The TWG has recommended that losses arising when an asset is sold/disposed of are ring-fenced. CGT should be included in your provisional tax calculations in the same method as for other income.

Entities Affected

The TWG has proposed that CGT be applied to all New Zealand individuals and entities, including companies, partnerships, trusts and look-through companies.

Rollover Relief

The TWG recommends an allowance for rollover relief in the CGT rules, which would allow for CGT to be deferred until there is a later disposal. For example, where land is transferred under a will then rollover relief would allow the CGT to be deferred until such time as when the land is subsequently sold. The recommendations include:

- Rollover relief to apply to all transfers of assets on death
- No rollover relief to apply to gifting while the person is still alive
- Rollover relief to apply to business restructures which result in asset disposal but with no change in ownership
- Rollover relief to apply to assets disposed of by involuntary means, such as destroyed by a natural disaster
- Rollover concession to apply to small businesses which sell business assets then reinvest the proceeds in replacement business assets

As with all taxes, we believe the devil will be in the detail. We will provide a further update once the politicians have put their spin on a CGT!

***Tim Livingstone** is a Consultant at UHY Haines Norton.*

Reminder: Payday Filing From 1st April 2019

All employers must be payday filing from 1 April 2019.

From 1 April 2019 employers will be included in one of the following groups for delivering their employment income information to IRD:

- The online group
- The non-electronic group
- The new employer group

The Online Group

Criteria

- Employers who withheld $50,000 or more of PAYE and ESCT for the preceding tax year; or
- All payroll intermediaries; or
- Employers who submit their employment income information digitally (via payroll software or Inland Revenue's website)

Method Of Filing

The employment income information is filed via payroll software or IRD's myIR online services.

Filing Deadline

The due date is two working days after payday except for certain special payments. "Payday" is defined as the day an employer makes a PAYE income payment to an employee.

Payment Deadline

1. If the gross annual PAYE (including ESCT) was less than $500,000 in the previous tax year, the payment is due by 20th of the following month.
2. If the gross annual PAYE (including ESCT) was more than $500,000 in the previous tax year, the payment is due by 20th of the month or 5th of the following month.

Exemption From Filing Electronically

In some instances IRD may grant employers exemption from the requirement to file electronically after taking the following into account:

- The nature and availability of digital services, including how reliable the services are
- The employer's capability when it comes to using computers
- The cost to the employer of delivering information electronically

The Non-Electronic Group

Criteria

- Employers who withheld less than $50,000 of PAYE and ESCT; and
- Do not file electronically through myIR or payroll software.

Method Of Filing

The employment income information is filed in paper form, or if the employer chooses to file electronically they can switch back to paper filing.

Filing Deadline

- Within 10 working days after payday; or
- Twice monthly, being 10 workings days after 15th and 10 working days after the end of the month.

Payment Deadline

If the gross annual PAYE (including ESCT) was less than $500,000 in the previous tax year, the payment is due by 20th of the following month.

The New Employer Group

Criteria

An employer is included in the New Employer Group if they become an employer in a tax year regardless of how much PAYE and ESCT they withhold during the period.

Method Of Filing

- The New Employer Group is permitted to file on paper for the first six months of becoming an employer, despite withholding more than $50,000 of PAYE and ESCT. The six month period begins on the date in the tax year on which the employer starts employing employees.
- If a New Employer chooses to use electronic filing in the first six months they immediately fall within the Online Group.
- Following the six month period, the amount of PAYE and ESCT withheld determines which group the New Employer is in.

Filing Deadline

The filing deadline is either within two or 10 days after payday, depending upon which filing method is used.

Payment Deadline

The payment deadline is the same as for the Online Group.

Employment Income Information

With payday filing, employers will no longer have to file an Employer Deductions form (IR345). The new form will be similar to the IR348 Employer Monthly Schedule; however employers will also need to provide the following:

- ESCT (Employer Superannuation Contribution Tax) for each employee
- Pay period start and end dates
- Pay cycle, e.g. weekly, monthly, ad hoc
- Payday date
- Additional information regarding new and departing employees

Please contact us if you have questions regarding payday filing. You can also find videos, guides and more information on payday filing on the IRD website here.

Rental Properties: Which Expenses Can You Claim?

If you own a rental property or are looking to invest in one, it's worth understanding the different rental property expenses you may be able to claim to help lower your tax burden.

Rental Property Expenses Which Are Tax Deductible

- Legal fees incurred during the process of purchasing the property.
- Accounting fees for the ongoing costs of managing your rental accounts, preparing its tax returns and obtaining advice.
- The cost of advertising for tenants and agent letting fees.
- A valuation of the property for the purpose of getting finance, or a valuation of chattels for depreciation.
- Bank fees associated with applying for finance.
- Commercial cleaning of the dwelling and rubbish removal.
- Repairs and maintenance costs, i.e. the costs incurred in maintaining the condition of the property once it is tenanted or while it is available for rent.
- Lawn mowing and other gardening.
- Insurance on the rental property, and mortgage repayment insurance on the rental's mortgage.
- Interest on money borrowed to purchase the rental property or renovate it.
- Vehicle costs incurred in travel associated with the rental property, such as conducting property inspections while tenanted (a mileage logbook should be kept for this).
- Rent collection fees.
- Rates on the property.
- Home office expenses may also be claimed if you can sufficiently prove to IRD that you manage your rental property affairs from home. In this case you can claim a partial deduction of your private home expenses such as electricity, rates, insurance, mortgage interest, phone, internet and so on.

Rental Property Expenses Which Are Not Tax Deductible

- A valuation of the property for the purpose of buying it.
- The cost of making improvements to the property, including any renovations and repairs made prior to the first tenant moving in.
- The cost of bringing a dilapidated property back up to a rentable standard after acquisition.
- The principal portion of your mortgage repayments.
- Any costs associated with finding a property to purchase.

*For more advice on rental property accounting please contact our Property Accounting expert **Grant Brownlee,** Managing Director at UHY Haines Norton, at grantb@uhyhn.co.nz or phone 09 839 0087. Grant specialises in all aspects of property investment, structuring and tax.*

Is Your Business Ready For Sale?

The value of a business is largely determined by profitability and presentation. Although you may not be planning to sell your business for several years, you can – and should – start preparing it for sale now.

Profitability

Naturally the financial performance of your business will be a major factor in determining its value. You and your accountant can work together to assess your business' current value then identify opportunities to improve profitability and put strategies into place. Our article "How To Improve Business Profitability By Reducing Expenses" explains some of the actions business owners can take to make savings and improve their profitability over time.

Presentation

Because you want to present your business in the best possible condition, now is the time to assess the quality of your premises, plant and equipment, systems and documentation. Gradually undertake any necessary repairs, maintenance, replacements and aesthetic improvements to ensure your business physically presents as well as possible.

Reviewing your systems and documentation will help you to identify any improvement opportunities. For example, an inventory management, CRM or payroll system could add value to your business by increasing efficiencies and by making it easier to transition to a new owner. Similarly, taking the time to document your processes can also help you to identify ways to be more efficient while putting your business' best foot forward.

Future Maintainable Earnings

Don't think of your business as a static entity at any given valuation date, but rather as representing future earnings for potential buyers. A business presenting with the ability to deliver maintainable profits to a new owner will help to maximise its sales value. There are many aspects of your business which contribute to it being a healthy going concern:

- **Customers**. Spreading the risk by having a large customer base is preferable to having a small number of large customers. However, if the nature of your business means that your sales are mostly generated by a few large customers then we recommend putting customer contracts into place to provide some security to a new owner.

- **Suppliers**. Review your supplier contracts and if necessary renegotiate. Improving your supplier terms of trade can improve your current profitability as well as assisting new owners.

- **Staff**. Now is the time to ensure your business doesn't rely too heavily on any one staff member – yourself included. Putting strategies in place to reduce or minimise key person reliance will improve its attractiveness and value. Our article "Making Your Business Worth More Without You" suggests ways you can minimise the risks of key person reliance.

We recommend running your business as if always preparing it for sale. The reality is you might want a lead-in period of two to three years to put you in the best position to maximise its value.

*UHY Haines Norton Director **Kerry Tizard** works with business buyers and sellers across all industries. To find out more about how we can help, please contact Kerry on (09) 839-0300 or email kerryt@uhyhn.co.nz.*

Are You Running A Hobby Or Business?

Do you sell pot plants or homemade jam to friends or at your local weekend market? While this may be just a hobby to you, in the eyes of IRD it could be classed as a business and therefore is eligible to be taxed. Regular sales – however small they may be – can mean you're in business and should be declaring those sales as income.

In very general terms, a hobby is something you enjoy doing in your spare time, while a business is a commercial venture aiming to make a profit. However, it can be easy for the lines between the two to become blurred. For your hobby do you:

- Charge for the products or services you provide? Payment doesn't necessarily have to be in cash.
- Supply your products or services on a regular basis?
- Aim to make a profit from your products or services?
- Conduct your activities in a "business-like manner", i.e. keep receipts and records, or have a separate bank account for them?

If you answer yes to some or all of these questions then the IRD is likely to class your hobby as a business and you should probably declare your income.

Occasional sales of your products or services, such as to friends, neighbours, local markets and so on, or on sites like Trade Me or Facebook buy/sell/trade pages will not constitute a business because there are no tax implications for private one-off sales. However, regular sales made either in person or online, or selling with the intent to make a profit, are more likely to constitute a business from the IRD's perspective.

Contact us if you're not sure whether you have a hobby or business. We can help you to consider all of the factors that apply to your particular situation, and if you are in business we can help you to work out your tax obligations.

Paying Employees With Accommodation

It's common practice in some industries to provide accommodation to employees in return for the work they do. Farmers, orchardists, restaurant owners, hoteliers and campground owners, to name just a few, may provide accommodation and/or meals to workers either instead of, or in addition to, payment for their work. If you provide accommodation in exchange for work there may be income tax and GST implications you need to be aware of.

IRD stipulates that where accommodation is provided to an employee, the "market rental value" of the accommodation must be treated as salary/wages. Therefore the value of the accommodation is classed as income to the worker and is eligible for PAYE. There are guidelines clarifying who is an employee and what market rental value is on the IRD website.

If you provide commercial accommodation to workers (whether they are employees or not), there will be GST payable on it. Commercial accommodation includes hostels, camping grounds, hotels and motels.

Full details about the tax implications of working for accommodation can be found on the IRD website.

Please contact us if you would like to discuss the tax and accounting implications of providing accommodation to your employees.

Taxing Matters

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

- On 1st April 2019 the **minimum wage** increases to $17.70 (up from $16.50) for adults and to $14.16 (up from $13.20) for starting out and training wages.

- Changes will be made to IRD's **myIR Secure Online Services** from 26th April 2019. The page will look similar to how the 'My Business' section looks, and you will also have the ability to file, pay and amend your business income tax through myIR.

- **ACC** has been working through the refunds of overpaid levies owed to some people who were in their first year of self-employment between 2002 and 2017, or who paid provisional ACC levies after ceasing trading. ACC is aiming to complete the refund process by 31st March 2019. If you claimed the levies as a deduction then the refund is classed as income and should be accounted for in the financial year that you received it.

- From 1st April 2019 the Domestic Violence – Victims' Protection Act 2018 comes into effect. Employers are required to provide up to 10 days' paid leave to employees affected by family violence. The Ministry of Business, Innovation and Employment recommend that employers develop a **family violence policy** which sets out how their workplace will support employees who are affected. The Workplace Policy Builder is a useful tool for creating a family violence policy, as well as other types of policies relevant to your workplace.

- **ACC levy regulations** are set every two years following public consultation. It has been determined that employers and people who are self-employed will pay on average 6.9% less for their ACC Work Account levy for the next two years. The actual amount you will pay depends on certain criteria, including industry, classification unit and how much you earn.

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

Phasing Out Single-Use Plastic Bags

Back in December the government approved a mandatory ban on single-use shopping bags. The regulations take effect from 1st July 2019, so if you haven't already done so now is the time for your business to use up any existing stocks of plastic bags and begin to source acceptable alternatives.

The bags which will be banned from 1st July 2019 are those that:

- Are made of plastic less than 70 microns thick, including bags designed to be biodegradable, degradable or oxo-degradable; and
- Have carry handles; and
- Are new or unused; and
- Are provided for the purpose of distributing sold goods.

Some plastic bags are not included in the mandatory ban, such as:

- Bin liners
- Bags for pet waste
- Bags without handles, including light-weight barrier bags (e.g. for containing meat or produce)
- Bags made from bio-based materials such as cotton, jute, hemp, paper and flax
- Synthetic fabric (nylon, polypropylene or polyester) multi-use shopping bags between 45 and 70 microns thick and designed to have a long life

The regulations apply across the board to all New Zealand retailers, including online businesses and not-for-profit organisations.

For more information on the phasing out of single-use plastic bags please visit the Ministry for the Environment website.

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Client News: Aktive Awarded Governance Mark

Congratulations to UHY Haines Norton audit client Aktive – Auckland Sport and Recreation – who have been awarded the Governance Mark for Sport and Recreation in New Zealand from Sport New Zealand.

Aktive is an umbrella organisation strategically partnered with major sporting organisations across the greater Auckland region. Committed to helping people and communities achieve sporting habits for life, Aktive invests in organisations and projects that will get more people active and playing sport. Its partners include Sport New Zealand, the Auckland Council, Foundation North, the Lion Foundation, Sport Auckland, Harbour Sport and Sport Waitakere, as well as a number of commercial sponsors. Its vision is to make Auckland the world's most active city.

The Governance Mark is an independently assessed quality assurance standard for the sport and recreation sector in New Zealand. It is awarded for a three-year period and it signifies that an organisation is clear about how it intends to use its most valuable resources: time and money. It also acknowledges that the organisation has a good director recruitment practice, a clear Board role and a culture of external accountability.

In awarding the Governance Mark to Aktive, Sport New Zealand acknowledged the organisation's strong focus on strategic advancement and its commitment to building on the progress it is making with its partners across Auckland.

UHY Haines Norton are proud to act as auditors to Aktive and to be the preferred audit service providers to Aktive's sporting organisation members. Aktive and its members work hard and passionately to instil a love of sport and recreation in Aucklanders, and we are extremely proud to be associated with them.

The UHY Haines Norton Audit team help not-for-profit and charity organisations to have complete peace of mind in meeting their specific industry compliance requirements. To find out how we can help you, please contact Audit Director ***Bhavin Sanghavi*** *on (09) 839-0248 or email bhavins@uhyhn.co.nz.*

Can AI Make Us Better?

From home assistants like Alexa to apps like Uber, artificial intelligence is already making our lives more convenient. But beyond lifestyle gains, can it be harnessed to help overcome bigger challenges for the benefit of all?

At the 2018 Google I/O conference Sundar Pichai, CEO of Google Inc., stated: “We are at an important inflection point in computing,” adding that while it was an exciting time to be driving new technology, “it has made us more reflective about our responsibilities.”

He went on to reflect on a trend that is shaping how hi-tech’s big players are approaching the development of new technologies, where innovation for the benefit of society is key. Just as Google is keen to stress how artificial intelligence (AI) has the potential to positively impact healthcare, so its competitors are also showing a benevolent face: IBM launched its Science for Social Good programme in 2017, while Microsoft’s ‘AI for good’ declares its commitment to positively impact the environment, education and healthcare.

Whether or not the tech giants’ motives are truly benevolent, many believe that AI can be harnessed for the common good. The first AI for Global Good Summit was held in 2017, bringing together United Nations (UN) agencies, government officials, industry leaders and AI experts to discuss how AI solutions could address global challenges; at the 2018 Summit AI and digital technologies were identified as vital in achieving the UN’s Strategic Development Goals (SDGs).

Can AI really help to make the world a better place? And if so, how?

From Small Seeds

Beth Schulte, principal at UHY Advisors MO in St Louis, United States, has worked extensively in the technology space, as well as being a mentor for one of the most highly ranked accelerator programmes in the US. “While big players like Google have a lot of money to invest, the ideas and innovation driving tech often come from young innovators,” she says. “Building on grassroots ideas with a strong team, they go on to be acquired by an organisation with the resources to expand it. Many of the large corporations have an innovation arm, but they might also look to acquire small entities or start-ups and build on their technology. For this reason, whenever I start working with an entrepreneur in the tech space, I always ask what their exit strategy is.”

DeepMind is a prime example of an AI start-up that has flourished under a tech giant. Founded in London, UK, in 2010, it was acquired by Google in 2014 and is now a world-leader in AI research and its positive application. DeepMind Health was launched in 2016 and has worked in partnership with two London hospitals: Moorfields Eye Hospital, where AI is being used to help clinicians improve the diagnosis and treatment of sight-threatening eye conditions; and the Royal Free Hospital, where the AI-based Streams mobile app is being used to detect patients’ risk of acute kidney injury. Both applications have yielded positive results, enabling quicker diagnoses and treatment, and saving time for clinicians and nurses.

Power And Responsibility

DeepMind's healthcare solutions show that AI undoubtedly has the potential to transform patient care and treatment. However, early testing of the Streams app and Google's recent announcement that its DeepMind subsidiary is being moved into the main arm of the organisation, have raised concerns about the sharing and use of patient data. AI can process vast quantities of data quickly and accurately, but it also needs vast quantities of data in order to 'learn'. Particularly in light of the Cambridge Analytica scandal, where personally identifiable data was harvested from Facebook and sold for political gain, there is heightened concern about how personal data is held and used.

"With great power comes great responsibility," says Stuart Hurst, cloud accounting specialist at UHY Hacker Young in Manchester, UK, and chair of UHY Hacker Young's cloud accounting group. Stuart is an advocate of AI and machine learning, describing its application in professional services as game-changing due its capacity to provide insights into client data at speed. "The power of data is incredible and we have access to more of it than ever before," he says. "Whether it relates to business, healthcare, weather events or famine, that data can be analysed and applied. But we have to be responsible; we have to be savvy about what we do with it."

Hyperconnected Health

In an increasingly connected world, issues around personal data have arguably become more problematic. However, this hyperconnectivity is also helping to drive, develop and deliver AI-based solutions aimed at improving access to healthcare.

Despite its healthcare system being universal, India has one of the largest subnational disparities in access to quality healthcare in the world. Bangalore hosts one of the largest tech clusters in the world, with numerous homegrown start-ups innovating to find ways to make healthcare more readily available in areas with a high patient to doctor ratio, or where medical facilities are not easily accessible. Mfine, for example, has developed an AI-powered platform to connect patients with medical professionals via a 'Cloud Clinic'. Partnering with 30 local hospitals, it facilitated over 25,000 consultations in six months. Meanwhile, SigTuple is developing a platform which uses machine learning to collect, digitise and analyse medical data from specimens including blood samples and x-rays, with the aim of deploying it in areas where a lack of resources and trained individuals raise barriers to accessing care.

So far, so promising – but challenges remain. Dhwani Gala is a partner at UHY member firm Chandabhoy & Jassoobhoy in Mumbai, India, which offers 'one-stop shop' support to start-ups and small enterprises seeking business and financial advisory and services. "As a country, we definitely have the ability to improve healthcare – our tech experts and scientists are among the best in the world," she says. "The great challenge in India is going to be ensuring that the improvements offered by AI really can reach remote towns and villages and the poorer sections of our society."

Connectivity and technologies that use it have the potential to help address healthcare inequalities in India and elsewhere. But while mobile coverage now reaches 95% of the global population and the adoption of both fixed and mobile broadband is on the rise even in the least developed countries, the UN's International Telecommunications Union (ITU) iterates that "higher growth will be needed to bridge the divide."

Investing In The Future

Hyperconnectivity has also enabled new ways of working that have allowed start-ups to flourish and has, together with technology, democratised innovation to some extent. But investment and support is key if the young entrepreneurs looking to innovate for social good are to succeed. Whether backed by governments, industry or academia, investment in specialised hubs and accelerators is growing globally.

In Singapore, supporting tech start-ups is a key part of government strategy, aimed in part at improving healthcare management in an ageing population with the fourth highest medical inflation costs in the world. Innovations being developed by the deep tech start-ups funded by government-owned company

SGInnovate include a stethoscope that will allow doctors to ‘see’ into a body and use data to look for and analyse problems, and a handheld device capable of capturing ultrasound images from patients in more remote areas, which can then be used to make treatment recommendations.

Crispin Lee, director of business development at UHY Lee Seng Chan & Co, Singapore, has noticed an increase in the number of start-ups seeking business support from the firm. “Singapore has a very probusiness climate, backed by government incentives and support,” he says. “As well as promoting Singapore as one of the best start-up hubs in the world, they are actively focusing on the tech space, including AI.

“As a firm, we support the ideal of using AI for the benefit of all. Apart from being a professional services firm, we also have a social responsibility and want to ensure that technology is used in the right way,” says Crispin. “And we will certainly do our best to support those start-ups working towards solutions that benefit society.”

Supporting Success

Of course, the start-ups that are driving innovation need support beyond seed investment and early-stage mentoring if they are to succeed. In the light of potential interest from ‘big players’ such as Google, support from a trusted advisor is key.

Rob Starr, corporate finance director at UHY Hacker Young in London, UK, helps support start-ups to raise finance. “Less experienced management teams may have the technical skills for their business, but may need much more support. Alongside things like proof of concept, the ability to demonstrate market potential, and a sustainable and adaptable business model, would-be investors need to know how big the potential exit is likely to be and next steps following the current investment round,” he says. “I would always recommend using an advisor. We can help bring a level of credibility, even where experienced entrepreneurs are involved. As well as utilising our market knowledge and international network, we can help facilitate conversations and negotiations.”

Beth Schulte agrees: “Professional services firms like UHY can help start-ups in many ways, from setting up their entity correctly and ensuring access to tax credits for research and development, to guiding them on their business journey. We can help them tell their story, act as a chief financial officer if they don’t have one, and even help try to increase the value of their company. Alongside financial consulting, we can offer tailored, strategic support.”

Stuart Hurst at UHY Hacker Young in Manchester, UK, sees that the flexibility that enables start-ups to lead AI innovation is also reflected in their approach to the services they use. “Start-ups are looking for a different kind of service,” he says. “They tend to be flexible and can be quick to change, and cloud technology suits them well – the client can use cloud solutions to gain greater insights into their business.”

However, the need for a personal, human relationship remains. “While the technology means you can access the information at your fingertips, clients still want face-to-face meetings,” says Stuart. “That personal relationship is still incredibly important.”

Working In Partnership

Used in healthcare or professional services, AI offers many advantages, but the human element remains fundamental. In the words of Fei-Fei Li, director of Stanford University’s Artificial Intelligence Lab and chief scientist for AI research at Google, “Despite its name, there is nothing ‘artificial’ about this technology – it is made by humans […] it must be guided by human concerns.”

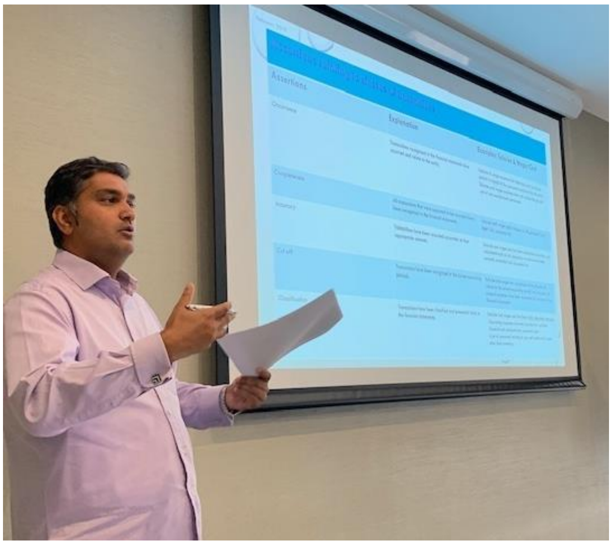
While AI may not be a panacea to global challenges, its application is playing a valuable role designed to benefit humanity. It is perhaps not a question of whether AI can make us better, but rather how we use it.

Staff News

This month we say farewell to Accountant **Rafe Williams** who is leaving to pursue new opportunities. We wish Rafe all the best for the next chapter in his career.

Congratulations – again! – to Accountant **Lorraine Agraval's** son and daughter-in-law Rick and Lisa Agraval. Their online butchery business The Meat Box was the winner of the People's Choice award at the Westpac Auckland Business Awards - Best of the Best for 2018. The prestigious Best of the Best awards recognise the overall winners from the Auckland regional awards, to effectively be named as the best across the entire Auckland region.

Last month we had the pleasure of hosting here in Auckland the **2019 Audit Conference** for the New Zealand and Australian UHY Haines Norton Audit teams. Attended by more than 20 audit staff members, the conference was a packed two-day schedule. The attendees did, however, manage to take some time out from discussing technical and topical auditing issues for a very successful fishing trip on the Waitemata Harbour.




SHIRT