

Newsletter

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The Benefits Of Using A Chartered Accountant



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The Benefits of Using a Chartered Accountant

If you are a small business owner, you may wonder if you should use a Chartered Accountant. After all, accounting software packages are increasingly sophisticated in the tasks they perform, while still being user-friendly for people who are not overly tech-savvy.



Small business owners often need to wear many different hats: CEO, Business Development Manager, Sales Rep, HR Manager, Distribution Manager, Operations Manager, Marketing Manager – and yes, Accountant. But the reality is that you don't have to do all these tasks yourself. And while most people can ably manage their business' day-to-day finances, using a Chartered Accountant can save you time, money, and stress – as well as provide invaluable business improvement advice.

The value a Chartered Accountant can provide to your business includes:

- Increasing the accuracy of your accounts to help you to avoid accounting mistakes that can prove to be costly with the IRD. This provides great peace of mind that your tax obligations are all being met, and your business is fully compliant. Tax penalties and interest can be hefty so getting your tax right and paid on time is important.
- Looking after the more technical accounting and tax tasks to free you up to spend more time on the parts of running your business that you enjoy and have expertise in.
- Simplifying the year-end accounts process. Keeping your business accounts organised can save you hours at the end of the financial year.
- Acting as an invaluable resource in helping you to improve, control and manage your business' finances. Improving cash flow, profitability and budgeting are all areas your accountant is an expert in and they are there to help.
- Being an excellent sounding board with both technical and industry knowledge when it comes to important decisions such as refinancing, expansion, sale, or mergers. Independent, impartial advice can help you to identify and evaluate all your options and make the bigger decisions with confidence.
- Providing expertise in minimising your tax by maximising your deductible expenses, so they can actually save you money. Tax is an ever-evolving, complex area so it makes sense to use specialists who can help you achieve the most tax-efficient way of running your business.
- Providing expertise and assistance that improves your success in securing new financing.
- Helping you to plan for your financial future.

If you are wondering if you should use a Chartered Accountant for your small business, meet with one and ask them what they can do for your business. As an experienced, trusted Chartered Accounting firm, UHY Haines Norton provides accounting and tax services that go beyond year-end accounts to help you gain understanding, control and management of your finances and financial goals.

Xero News & Support

Xero has released a number of new features to help you get paid faster, including e-invoicing enhancements. Learn about their latest product news at

<https://www.xero.com/blog/2021/09/product-news-sept-2021/>.

Find, choose and purchase the right apps to improve the way you do business at the Xero App Store

<https://apps.xero.com/nz>. Apps are categorised by function as well as industry, making it super easy to look at options to suit your business.

A great initiative from Xero is the Xero Assistance Programme, which provides access to free and confidential mental health counselling and resources to Xero users and their families. Visit <https://www.xero.com/nz/about/social-and-environmental-impact/business-support/xero-assistance-programme/>.

Xero has also created The Check In, a 5-step series for all small business leaders to help prioritise wellbeing in the workplace. Go to <https://www.xero.com/nz/resources/the-check-in/>.



Things To Consider Before Buying A Business

Thinking about buying a business? We have been providing independent business valuations for over 30 years, so we've put together a checklist of things to consider before making that big decision on buying a business.



1. **Why is it being sold?**

It's not always easy but do your homework and see if you can find out the real reason why the business is up for sale. This can go a long way towards helping you decide if the purchase is right for you.

2. **Don't skimp on your due diligence.**

This should include a thorough review of the business' financials, operations, staff arrangements, legal compliance, customer and supplier contracts, assets, and any other relevant aspects. As your accountant, we can advise you on what to look out for.

3. **Are there restraints of trade in place?**

Beware of sellers who may want to continue trading and be in direct competition with you. Ensure the sale agreement includes a restraint of trade clause.

4. **Clearly define the assets you are purchasing.**

Accurately assess the assets and their worth. This can be done as part of a business valuation, or in the case of large assets by a specialist asset valuer. Be aware that goodwill is not tax deductible and can be attached to the owner rather than the business itself.

5. **Consider the staff.**

Good staff are really important to any business, but particularly small businesses. Staff retention when a business is being sold can be difficult, so it is worth considering contingency plans if some or several staff members decide to leave.

6. **Examine customer and supplier relationships.**

Key relationships are essential to the success of any business so be prepared to foster these right from the outset. Review any agreements in place for hooks that could potentially trip you up or impact on your profitability.

7. **Premises**

If the business you are purchasing includes premises, you will need to consider if you are buying or leasing. Review lease agreements carefully so you are clear on how long there is to run on the lease, as well as maintenance considerations. Decide on whether the location and buildings are suitable for your needs in both the short and long term.

8. **Help With Handover**

Even in small businesses it can be useful if the current owner stays on temporarily to assist with getting you up to speed with the systems, processes, and people. If this is important to you, it should be negotiated into your purchase price.

9. **Price**

Arguably the most important thing to consider is how much the business is worth – and it's important to look at it in those terms, and not how much you can afford to pay. An independent business valuation from an experienced business valuer like UHY Haines Norton will take many of these important aspects into account.

Before buying a business, we recommend taking the time and effort to do your research and due diligence thoroughly. Engaging experienced advisors like UHY Haines Norton will give you confidence in proceeding with your purchase if it's the right step for you. Contact us to find out more.

Audit Shield

The potential costs incurred if you are subject to an audit, enquiry, investigation or review by the IRD can be substantial. Audit Shield provides the opportunity to be protected from any unplanned professional fees resulting from audit activity.

Audit Shield is a comprehensive tax audit insurance accessible to our clients which covers the professional fees incurred as a result of audit activity instigated by the IRD (up to a prescribed limit).

The Audit Shield Master Policy covers claims relating to:

- Computer Tax Audits
- Dividend Withholding Tax
- Employer Returns
- Fringe Benefits Tax
- GST
- PAYE
- Income Tax
- Imputation Credit Account
- Resident Withholding Tax
- Non-resident Withholding Tax
- Record Keeping
- Plus many other relevant matters



Audit Shield cover is retrospective, therefore all previously lodged returns, irrespective of which year they were lodged, are included. The cost of Audit Shield is tax-deductible if you are in business or self-employed.

Please [contact us](#) if you are interested in learning more about Audit Shield and how it can protect you and your business.

Taxing Matters

- The first compliance date for rental properties to meet the new healthy homes standards was 1st July 2021. Private rentals must meet the 5 healthy homes standards within 90 days of any new or renewed tenancies which began on or after that date.
- New consumer credit laws came into effect on 1st October 2021. Directors and senior managers of businesses which provide consumer credit must now be certified as being “fit and proper” to provide this service, i.e., financially sound, honest, reputable, reliable, and competent. There are also new due diligence requirements to ensure the consumer credit business meets its legal obligations.
- The IRD has confirmed that depreciation on commercial buildings will be reintroduced from the beginning of the 2020/21 FY for all taxpayers. However, it is possible to make an election **not to depreciate** in certain circumstances. Once made, the election applies to the year of acquisition and all subsequent income years until disposal – i.e., there is no provision to withdraw the election not to depreciate.
- All New Zealand residents have resident withholding tax (RWT) deducted from interest and dividends earned from NZ bank accounts and investments by the payer (bank or fund manager). The new top tax rate of 39% for individuals who earn over \$180,000 annually now applies on interest earned. This new top tax rate does not apply to dividend payments.
- Applications for business debt hibernation close on 31st October 2021. This is a government initiative to help businesses affected by Covid-19 to manage their debts. By setting up an arrangement to pay existing debts, it can help businesses to stay solvent and continue trading. Visit <https://www.business.govt.nz/covid-19/business-debt-hibernation> for more information.
- Be on the lookout for changes to the layout in your myIR portal. These will include new account panels that display relevant balances, quick links to common tasks and alert tabs. The changes are expected to be implemented late October.
- It is becoming compulsory for employers to deduct child support payments from their employees’ salaries and wages. If an employer has an employee who becomes liable for child support payments, IRD will contact them with the necessary information to make deductions on their behalf.
- Currently when a taxpayer is made bankrupt their IRD number ceases and they are issued with a new one. However, this system is changing so that bankruptcy will no longer result in a new IRD number and taxpayers can continue using their existing one.
- The ratified Child Support Convention will be active in New Zealand from 1st November 2021. This means that from this date IRD will be able to request collection and enforcement of child support and domestic maintenance from people residing in 43 member countries. Those member countries will also be able to ask IRD for collection from people living in New Zealand.

Client News: Allan Wallace Builders



Congratulations to UHY client **Allan Wallace Builders**, who have been recognised in the Registered Master Builders House of the Year Awards 2021! In the competition's 'Resene New Home Over \$2 Million' category, their stunning build in Riverhead has won Regional APL Sustainable Excellence and Regional Gold awards. They have also been nominated in the Top 100 National homes (to be announced later this year). <http://www.allanwallacebuilders.co.nz/>

Staff News

Earlier this year we decided to relaunch our graduate programme and began the process of recruiting four new graduate BAS Accountants. Unfortunately, their start date coincided with the Covid lockdown which means they haven't been able to go into the office yet, but they have all been champions of starting a new job and training via Zoom! We are so excited to welcome them all to the UHY team.

Setefano Talamaivao-Marsters (Fano)

Fano is a West Auckland local and was first introduced to accounting as a subject at Kelston Boys high school. From there he gained a Bachelor of Commerce majoring in accounting and finance at the University of Auckland. He is excited to join the UHY Haines Norton team as a BAS Accountant and keen to work on his Chartered Accountancy qualification.



Fano is a Xero expert; he has a passion for technology and his goal is to help businesses identify and utilise technology to help them achieve their financial and business goals. With so many of our clients using Xero, he will be another great addition to our group of staff members who are Xero experts!

Although Fano can see how the role of accountants is changing as software and technology automates and assists with standard tasks, he says it's also clear how much accountants help businesses and are integral to providing real-time insights and achieving growth. He believes that relationships are the most important part of being an accountant and can't wait for the opportunity to develop his own client relationships.

In his spare time, he likes keeping active and enjoys boxing training and sparring as well as gym sessions. He also loves spending time with family and friends.

David Reddy

David joins our Graduate Accountant programme with a double degree in Accounting and Computer Science. After initially entering the tertiary path of accounting, he had doubts about a future as an accountant, worrying that accounting software and AI would ultimately automate the profession. However, he changed his mind after going on to complete a second degree in Computer Science. He came to the realisation that although some lower-level accounting functions could be automated through software, good accountants with higher, cognitive skillsets and excellent relationship skills would always be essential.



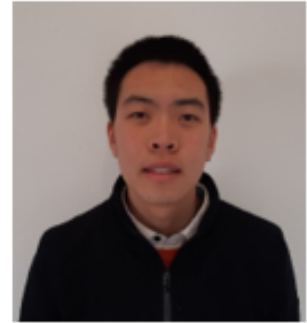
David is a local West Aucklander who enjoys keeping fit with kick boxing and martial arts. And a new addition to his household in the form of a gorgeous, high-energy Labrador/boxer cross called Teddy also keeps him busy!

David is excited to break the stereotypical cliches of what people assume accounting is and show clients how accounting can make a real difference to their businesses and livelihoods.

Staff News

Zhihao Huang (Hao)

Hao graduated with a Bachelor of Commerce from Auckland University and is now excited to be started his accounting career with UHY Haines Norton. Accounting and commerce runs in Hao's family – his mother is an accountant, and his father is an entrepreneur. He is keen to develop his skills and says he loves the way that accountants have the ability to really help and empower people.



Hao has practiced karate for nine years and is now at the senior level just below black belt. As well as the fitness, strength, and discipline appeal, he enjoys being able to work with juniors to progress their karate skills.

Hao also enjoys public speaking and is an active member of Toastmasters. He was initially interested in Toastmasters to develop his ability to be heard and stand out from the crowd, and now mentors younger members to help them achieve their personal goals. Hao says that having the confidence to take risks and believe in yourself has been a huge benefit of doing Toastmasters.

Christopher Scott (Chris)

Chris was 2/3 of the way through a Bachelor of Medical Science at Auckland University when he decided that it wasn't the field he wanted to work in. He completed that degree before embarking on a totally new direction of commerce and went on to complete a Bachelor of Commerce. He found that commerce was a much better fit for him and never regretted his change of tack.

Chris loves the way that there are so many different areas of specialisation within the accounting profession. He is looking forward to growing his responsibilities at UHY Haines Norton and progressing his knowledge to build up his skills and expertise. He believes the key to being a good accountant is having a great relationship with your client – understanding their needs and frustrations to really add value through your experience and knowledge.

Outside of work or study, Chris enjoys spending time with friends and keeping fit at the gym.
NB – like most of us Aucklanders, Chris says he needs a haircut and therefore is holding off on a photo!

We also have lots of good team news to share!

Congratulations to auditor **Aman Kaur** and her husband Mohan Singh who are expecting a baby later this year.

Congratulations to all these team members who have been promoted:

- **Irshad Mohamed** – Audit Supervisor
- **Satish Kathiriya** – Senior BAS Accountant
- **Fang Zheng** – Senior BAS Accountant

And exam congratulations are in order to Kumeu Accountant **Meghna Gupta** who has passed the Taxation exam, and Henderson Accountant **Matthew Dawson** who has passed the Financial Accounting and Reporting exam.