BUSINESS Advisor
Financial & Business Advisor Journal NZ
Management
Marketing
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November - December 2021 | www.businessadvisor.co.nz

TAX BILL INTRODUCED

- DEALING WITH INJURED EMPLOYEES
- THE CHALLENGES OF MARKETING
- INVOICE FRAUD
- DIRECTOR'S BASIC DUTY OF LOYALTY - PROPOSED AMENDMENTS
- IRD DATA COLLECTION POWERS
- HOW TO BOOST YOUR SEARCH ENGINE OPTIMISATION
- HOW TO SOLVE YOUR CASHFLOW PROBLEMS
- HOW TO TAKE PEOPLE UNDER YOUR WING
- PREPARING FOR THE HOLIDAY SEASON

+ BUSINESS INSPIRATION + UPDATES + ADVICE + MORE HELPFUL TIPS »

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Editor's Note

As mentioned in my recent email to subscribers, FBA is retiring our subscription service that has been running for 27 years.

In response to queries, our website will continue to be available to subscribers. It has a great library of articles that will remain relevant for some time, but we advise caution, especially regarding tax and legal articles that will not remain current.

Last year, we postponed our billing for the annual renewal due to Covid. So, for many, this last online journal will be a bonus issue.

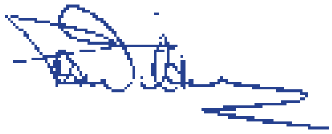
Our lead article looks at proposed tax changes that were introduced to Parliament in September. Due to the solid majority that the government has, it is likely that most will be implemented with possible amendments.

The rest of the journal, as always, contains updates and advice to help your business. We include our annual update on preparing for the year end. Keep an eye out for tips and review subscriber questions on page 17. We'll let you know if we find someone willing to fill the gap left by our Q&A service, though this may not necessarily be on similar terms.

Our team would like to thank you all for your continued support. We have had a consistent resubscription rate of over 80% and many of our subscribers have been with us for well over ten years.

We also thank the many contributors whose material we have published, our proofreader, wonderful suppliers, including Attentive Design who have laid out our publications, our printers, Crucial Colour and the many others who have helped along the way.

As we move to a new normal, we wish you a happy summer and prosperous 2022. May it be a better year for all. Lastly, we wish you the very best of business.



With warm regards

Paul Wilton
Editor

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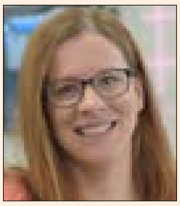

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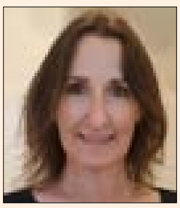

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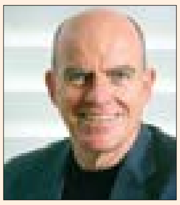

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See article Page 14.

"Liquorice allsorts" tax bill introduced

In September, the Government tabled the Taxation (Annual Rates for 2021-22, GST and Remedial Matters) Bill.

The Bill contains over one hundred policy and remedial amendments, although that latter classification is more appropriate for some changes than others. We have not attempted to cover them all. Below is a summary of some of the key changes. Not all will be relevant to you or your business but, given the range, it is likely that some may. That's why it is a "liquorice allsorts" type of Tax Bill. It has something for everyone.

As always, with draft tax legislation, the devil is inevitably in the detail. And at over 100 pages it will take some time to work through.

And there is likely more to come for this Bill. In June, the Government consulted on two aspects of its March housing tax changes – the design of interest limitation rules for residential property and the "new build" exemption. We expect draft legislation on these design features will be added to the Bill later this month. The interest limitation rules apply from 1 October this year.

GST POLICY AND REMEDIAL AMENDMENTS

The inclusion of GST in the title means that it is a key focus. The Bill:

- confirms that "cryptocurrency assets" (a new tax definition is proposed) will largely be removed from being subject to GST
- confirms the New Zealand domestic leg of international transportation services can be zero-rated
- allows all taxpayers to agree a GST apportionment methodology with Inland Revenue (currently, this is only available for larger taxpayers with annual sales over $24m). The method must fairly reflect the taxpayer's taxable activity.
- provides a fairer outcome when assets are disposed of, when they have been used to make both taxable and exempt supplies
- contains extensive changes to modernise and update the GST tax invoice and related record-keeping requirements to better reflect modern systems and practice. These changes are quite detailed but, in general, they remove most of the prescriptive requirements and allow for much greater flexibility. There will be some education needed for businesses and their accounts team as, once the changes are made, the format of tax invoices as we know them may change. However, these changes should not affect the GST payable/receivable.

These changes were largely signalled in an issues paper released in February 2020 (yes, just before COVID hit New Zealand). There are a number of other proposed changes raised in that issues paper still under active consideration. These are some of the more challenging issues. They include the GST treatment of insurance and managed funds and further changes to the apportionment rules.

INCOME TAX POLICY AND REMEDIAL AMENDMENTS

The Bill contains an assortment of income tax changes, including:

- confirming that cryptocurrency assets are (generally) not financial arrangements for tax purposes
- allowing tax pooling to be used for tax liabilities arising from a voluntary disclosure for a greater range of tax types (including PAYE, FBT, GST, and NRWT in addition to income tax and RWT currently), if certain other conditions are met. This will allow reductions in use of money interest.
- fixes to the "Fair Dividend Rate foreign exchange hedging rules" for PIE managed funds. These are technical changes but are intended to make these rules more workable and, therefore, able to be applied more generally
- clarifying that the related party debt remission rules apply to any type of remission (not only debt

forgiveness); will result in an Available Subscribed Capital (ASC) uplift for a company debtor without requiring a debt capitalisation; and extending the rule to cover remission of debt owed by a New Zealand branch within a wholly-owned group

- permitting imputation credit account (ICA) entries for a transfer of tax from a previous period to be made on the transfer request date, rather than the effective date of the transfer (subject to certain conditions). This should mean that amendments to prior ICA returns are not required.
- various remedials to the “main home” exemption in the residential property bright-line rules to confirm construction taking longer than 12 months is not counted as a potential taxable period and to clarify the intended operation of the 12-month non-taxable buffer
- allowing foreign exchange losses on foreign currency residential mortgages to be offset against future foreign exchange gains. (Currently, this is prevented due to rental loss ring-fencing).
- amending the hybrid mismatch tax rules to deal with imported mismatches. These are likely to be of narrower application but, for those in the rules, it will be important to determine their effect.
- amendments which deal with the capital gain, dividend, and ASC consequences of share-for-share transactions. These rules will affect mergers and internal restructurings. The positive and negative aspects of these changes should be worked through.
- many administrative rule changes which clarify/ amend the actions of Inland Revenue. These appear to be largely “tidy up” changes. However, they do need to be considered.

And there is one other amendment that deserves a special mention. The Bill proposes that fax will be removed as an approved method of communication with Inland Revenue, marking the end of an era.

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HOT Topics

COP26 Climate Summit

New Zealand has pledged a 50% reduction in net emissions and is one of about 100 countries that have signed an agreement to lower methane emissions by 30% this decade. Methane is a major contributor to global emissions and, according to Newshub, accounts for 42 percent of New Zealand's carbon footprint, with Agriculture responsible for 89 percent of that. The deal has fuelled the debate concerning trade-offs between self interest and the global imperative, what is our fair share and who is most to blame for global warming. How much of our share do we intend to buy from others through carbon trading? A full two-thirds according to our climate change minister, James Shaw. The 1987 ozone protection protocol signed in Montreal showed how science, supported by political will, can change the world. The phasing out of nearly all ozone-depleting substances had a significant effect on replenishing the protective layer. Until 2021, that is. This year, the temperature differential between the earth’s atmosphere and the stratosphere has been blamed for causing a reopening of the ozone hole over Antarctica. It remains to be seen whether political commitment to the aims of COP26 is genuine, given the backtracking and careful wording of delegates, and the disparities between the promises of politicians and targets of scientists. In recent times, New Zealand has reaped the rewards when politicians have listened to the advice of independent experts and seen what happens when they do not.

Covid change to tenancy terminations

On 28 October, a bill was passed to restrict tenancy terminations when people are required to stay at home due to public health measures. The restrictions will be able to be switched on and off by Ministerial Order in response to public health measures which restrict people from moving house (for example, Alert Level 4 restrictions). The restrictions are aimed at protecting tenants and do not currently apply. When activated, landlords will not be able to end tenancies, except in limited circumstances and most terminations will be postponed for at least 28 days. A tenant may give two days’ notice to terminate if unable to move in due to Covid. Landlords and tenants are encouraged to talk to each other to resolve issues together.

Retail Payment System Bill

A new Bill had its first reading in the House on 26 October, to regulate participants involved in the retail payments systems market. The lack of effective competition has led to higher merchant service fees (MSFs) across New Zealand, compared to our overseas counterparts. While credit card transaction surcharges in the UK and Australia are typically less than one percent, there has been a growing tendency in New Zealand to charge between two and four percent. These charges are applied whether the transaction is online or over the counter. This has been of particular concern during the COVID-19 pandemic, due to the increased reliance on contactless payment methods, incurring higher MSFs than traditional forms of payment.

TIP

BUSINESS AND CLIMATE CHANGE

Every business has a responsibility regarding climate change and carbon footprint. It is not our role to complete the task, but neither are we free to desist from it.
Adapted from Pirkei Avot (2:21)

Employer Guide to dealing with injured employees

When an employee is injured, they may need time off work to recover.

This guide describes:

- your obligations to allow sick leave under the Holidays Act and in accordance with any employment agreement;
- your obligations to provide a safe workplace under the Health and Safety at Work Act,
- your obligations under the ACC regime.

General employment law obligations

If an employee gets injured they may be unable to work. You should have clear policies in place about how employees are to notify you if they are unable to work, and how they can apply for sick leave.

Most employees are entitled to a minimum 5 days of sick leave per annum (after becoming entitled to sick leave), and this can be accumulated up to 20 days. Some employees may be entitled to additional sick leave, based on what is recorded in their employment agreement. It is therefore important to check any agreement if you are unsure.

If an employee has no sick leave available (or has used it up), an employer can agree to let their injured employee use sick leave in advance, to use their annual leave entitlements, or to take unpaid leave.

Employers must keep accurate record about wages, time and leave, so that they know how many days of sick leave their employees have available and how many days have been used.

It is important to make sure that you can still meet your business needs while the employee is recovering. This could be by way of delegating the employee's work out to other existing employees, or by employing a temporary worker to help out for a set period of time. You should consider how other employees will be impacted by the absent employee (for instance their work load may increase beyond a reasonable level).

Once the employee has recovered, you are obliged to let them return to their usual duties, and to pay them their usual wages (unless they are returning to work in a reduced capacity).

Breaching the minimum entitlements of an employee, or failing to keep accurate records, can lead to costly penalties and personal grievances.

Obligations under the Health and Safety at Work Act

Employers have to provide a safe workplace (whether that be a business premise, or the employee's home if they are working from home).

Employers must identify hazards in the workplace and put in place processes to eliminate or minimise the risk from those hazards. This includes putting in place accident registers, providing safe equipment, training employees, and providing personal protective equipment (PPE).

Employers should also ensure that their employees are familiar with these processes and that adequate training is provided to them on the role they play in keeping themselves and others safe from harm while at work.

If an accident does happen in the workplace, this should be noted on the accident register (if less serious) and notified to WorkSafe (if serious).

Employers must take their obligations seriously under the health and safety laws, as penalties and prosecutions can result and the fines imposed are very high, even for seemingly lower level breaches.

Obligation under the Accidence Compensation Corporation Act:

If an employee is injured at work you will need to pay them 80% of their wages for their first calendar week off work (or part week).

If the employee was not injured at work, you will not be required to pay 80% of their wages, but the employee could instead apply to use their sick leave (if they have it available).

After the first week of an injury, ACC will pay the employee 80% of their wages until they can return to work. An employer can agree to top up their employee's wages out of their own pocket or by letting the employee use some of their sick leave or annual leave.

Employers can agree to sign an Employer Reimbursement with ACC, who will then calculate the payments due to the effected employee/s, but the employer will pay the employee directly on ACC's behalf. The employer will then be reimbursed periodically, or at once, as the case may be.

You may be required to provide certain information to ACC, including about the employee's wage, time and leave records, and also about your IRD number.

The employee should keep you informed about their progress towards recovery, but if they do not, you should check in with them to make sure that you can plan ahead for your business's needs. If the employee will likely recover fully in a reasonable period of time, you may be able to delegate their work to existing employees. You will need to be careful not to overload existing employees.

If an employee will be off work for more than 7 days, they will have a recovery team assigned to them. You and your employee may need to have discussions with the recovery team and the relevant health care providers about the nature and extent of the injury and recovery time, and how you can support the employee to return to work (if at all).

It may be necessary for an injured employee to return to work gradually, or to return to work permanently in a different role. You should keep ACC informed about any work that the employee is doing and you should also pay them accordingly. ACC will continue to pay what is required to top the employee up to 80% of their pre-injury wages.

If it is not clear whether, and to what extent, an employee will be able to return to work, ACC will pay for an assessment to be done by an occupational therapist. The occupational therapist will prepare recommendations around what tasks the employee could safely do, how long for, and/or what support and modifications to the work environment could be helpful, and so on.

It is possible to let an employee trial a return to work, at little risk to your business. ACC will continue to pay 80% of their wages, while you assess whether the employee can safely return to work.

What if the employee does not fully recover from their injury?

If an employee does not recover completely from their injury, you could agree to allow them to come back to work in a reduced capacity (for instance in a different role, or with reduced hours). It is a good idea to record any agreed changes to work terms in writing.

If you cannot keep your employee's role open for them while they recover from their injury, you may need consider other options like hiring a temporary replacement employee. This is a good idea if you have concerns about existing employees being otherwise overloaded, or if your business will not be able to operate efficiently without someone in that role.

If it becomes clear that the employee will not be able to return to work at all, or if you cannot keep their role open until they do recover, you may need to consider terminating their employment due to medical unfitness. This should be a last resort, after alternatives have been considered.

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TIP

HEALTH & SAFETY

When it comes to compliance, complacency is not an option. It's when you don't have any problems that the problems can arise - and when they do, they need to be dealt with in a timely manner. Hold regular health and safety meetings to monitor preparedness and issues management and ensure that proper minutes are kept.

"Marketing is a challenge, it's expensive and nothing works..."

Where does one start? How much should you spend?

We hear this statement often. Mostly from small to medium business owners absolutely frustrated with trying to market a business and feeling completely overwhelmed by all the options and information out there.

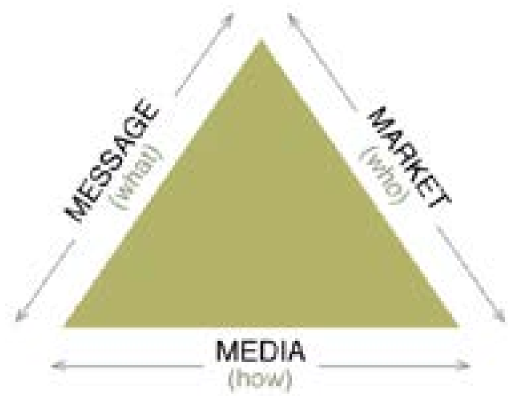
There are endless advertising platforms available these days. From traditional channels, including print, posters, magazines, radio or direct mail to digital mediums like social media, websites, email marketing, digital billboards, blogs, cinema, in game, Google Ads, podcasts, and much, much more.

So, where does one start when developing a marketing plan? And how much should you spend? How do you know if it is going to work? We can tell you (hand on heart) that just about all marketing channels will and can work – but if you've tried and not seen any return, you probably don't agree. There are three strong reasons that you may think this is the case.

1 There are too many cooks in your marketing decision making process. Too many stakeholders want a say in the 'advertising message' and the primary marketing message gets lost in unnecessary detail and industry language. Trust your marketing guru and use their skills to make sure the marketing message is clear. If you don't have a marketing guru, don't consult the entire team - keep it selective.

2 You select the wrong marketing channels that fit your audience. A strong advertising account rep can be very convincing. Also 'The Joneses' are quite persuasive. The reps are correct that their marketing channel gets results and has strong data to back it up, and The Joneses reckon Tik Tok is where you advertise... but YOUR business might not need to be there.

Marketing Results Triangle



You MUST know if your primary target customers are listening/watching/interacting with those channels.

AND

3 There is a fundamental misalignment in the 'marketing results triangle'.
You need to inherently understand HOW each marketing channel works, WHO the intended audience is, and if your brand and target audience sits in ALIGNMENT with the channel. If you have those ducks in a row, you also need to ensure the language of your marketing efforts are TAILORED to that channel's audience... which in simple terms means, don't run the same advert/message across everything.

The marketing job you need to do as a business owner is understand:

- which channels your customers are actively engaged with;
- who are your customers and why they do business with you;
- what differences are there among your customers, and how to 'speak' to those differences.

For example: If you sell books, you may believe you have a wide customer base. But not everyone likes a physical book anymore and may use a digital device (likely with GenY/Millennials or Gen Z) – so using ‘youthful’ channels like Tik Tok, SnapChat or ClubHouse might be a waste of time/budget. The Baby Boomers and Gen X still love a good book – but one group is watching TV news or listening to ZB, and the other is scrolling Facebook, You Tube and reading Stuff online.

If you say: ‘We are the best bookseller in town, we have books for everyone’ and you run ads in the paper, on Facebook, billboards or on Spotify... You might be establishing a little brand presence, but it won’t be driving results. However, if you say (on ZB for example) ‘For the latest autobiographies, gardening and cookbooks, and where customer service is still a personal experience, come to our bookstore’ – you’re speaking Baby Boomer language, on a channel they’re actively listening to.

In comparison for Gen X you might run a Facebook carousel advert (a series of images and offers), highlighting the latest best-sellers, trending topics, parenting or self-help books, and use a quick ‘click to buy’ option through the Facebook store. GenX (and Xennials) are at a busy, family and career driven stage of life. Language that makes things easy, on a channel they use regularly is going to win.

That was a very simplistic example, but hopefully you understand the point. There is no one size fits all approach to marketing. The goal posts have shifted a lot in the last 20 years, and to make a success of it, you cannot have misalignment in the marketing results triangle.

If you take one thing away from this article it’s this: Know your target audience, know the marketing channel, know the language you need to be using to ‘speak’ to them in a way they relate.

A way to get clarity on this is to have a solid marketing strategy. It is just as important as your overarching business plan. It should give clarity on the who, what, why and when and should provide clear guidance on where and how to spend your hard-earned marketing dollars and what opportunities to look for.

If everything I’ve said above sounds like it should be filed in the ‘too hard’ basket, then consider using the services of a marketing agency, a consultant, or employ a qualified and experienced marketing person(s) into your team to make sure your marketing is no longer a challenge but is a part of your business that is generating great results.

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SMILE with FBA

It’s been a while since we looked at humour in the courtroom.

Would you believe that there’s a 50-odd page thesis online from an eminent institution explaining why humour in the courtroom is a serious business which, for the most part, is frowned upon! After all, the Court is a place of decorum, dignity and respect, where decisions affect people’s lives. Apart from the odd display of wit, smiles tend to arise from the unintentional:

From a defendant representing himself:

Defendant: Did you get a good look at me when I stole your purse?

Victim: Yes, I saw you clearly. You are the one who stole my purse.

Defendant: I should have shot you while I had the chance.

Judge: The charge here is theft of frozen chickens. Are you the defendant?

Defendant: No, sir, I’m the guy who stole the chickens.

Bruce Epstein recounts the following story:

Long ago, it was my first divorce trial as a young attorney.

All morning, the other side testified that the husband was an adulterer, and that the wife knew he cheated on her because she saw his truck at the Catalina Motel. On cross-examination, the wife told me that she peeped in the motel window, saw a human shape that she thought was Sam. “I don’t know who the woman was, that my husband was cheating on me with, but I know the room had orange upholstery”, she said.

My client, Sam, would take the stand first thing after lunch. So during the lunch recess, we drove to the Catalina Motel to see if the upholstery was orange—then gulped down our lunch and arrived just in time. My first question was, “Sam, have you ever been to the Catalina Motel except when you and I were there?”

You could’ve heard a pin drop. The Judge asked, Counsellor, would you like to rephrase that question?

Oh, and by the way, yes the upholstery was orange.

www.medleague.com
www.tickld.com

INVOICE FRAUD

HOW IT WORKS AND FIVE WAYS TO PREVENT IT

A lot of online scams are pretty obvious. You know you don't have $154,000.12 in Bitcoin waiting to be claimed. You're not going to correspond with any Nigerian princes. And you know your bank isn't sending you emails titled 'Alert: You're Balance will soon EXPIRE!!!!!'.

Unfortunately, the types of scams most likely to affect New Zealand businesses are considerably more sophisticated. Invoice fraud is increasingly prevalent, surprisingly convincing, and it's already conned some of the world's smartest people and corporations out of millions of dollars.

HOW IT WORKS: What clients need to look out for

Invoices look like they come from suppliers

There are various types of invoice fraud, but the most common is a fake invoice from a supplier. A scammer can simply create a bogus invoice that looks like one from your supplier, but with a different bank account. They will often use an email address that is just one single letter apart from your supplier's email address. This is what happened to experienced US entrepreneur Barbara Corcoran, star of Shark Tank. She sent US$388,000 to a fraudster's bank account in Asia, after being tricked into thinking the invoice was being forward by her assistant. The invoice was sent using an email that was almost identical to the assistant's email, only missing a letter O. That money was never recovered.

This fraud can be particularly effective if your business is still processing payments manually based on each invoice.

Hacked emails mean scammers can be extremely convincing

Even harder to detect? When scammers hack your supplier's email account and start watching for patterns. They get to know your business cycle, know when you're expecting to receive an invoice, and they know the typical amounts and items on invoices. This method proved effective in scamming our own America's Cup team out of $2.8 million. Following some carefully timed emails for the correct amounts, two payments went to a Hungarian bank account instead of to the team's European TV broadcast partner. Only a small amount of the money has been recovered and there is now an ongoing dispute about who is responsible for the mistake.

Scammers can make it even easier for themselves, simply emailing you from your supplier's actual email address to tell you that their bank account has changed. The Far North District Council was conned out of $100,000 using this method, after fraudsters hacked a supplier's email and notified the Council of an account number change. The Council was lucky enough to recover all the money, but that's often not the case. And replying to the email won't necessarily help; fraudsters can set up routing so any reply goes to them, not your supplier.

New clients and high-value one-off transactions most vulnerable

Scammers can also intercept a supplier's email, altering a PDF invoice to change the bank account number for payment. The advantage of this method is that it raises no alarm bells for you or the supplier. This method won't always work, particularly if you just pay automatically to the usual supplier account, but it's especially effective with new suppliers – and of course scammers are on the look-out for those.

Invoice fraud is most effective when you're paying someone for the first time, which is why scammers have great success with businesses doing high-value occasional transactions. Some examples include law firms which often do one-off property transactions, and construction companies, whose clients have short life cycles. Manufacturing also falls into this category, with its large occasional orders. However, cybercriminals will target any type of business at all, of any size. For them, it is a low-risk, low-cost business that pays massive dividends.

FIVE WAYS TO PREVENT INVOICE FRAUD

Here are five tips to prevent invoice fraud:

1 *Call new suppliers to confirm their account numbers*

When you receive an invoice from a new supplier, ring them and speak to your contact there. Check the account number and tell them to call you if they plan to change it.

2 *Set up two-step authentication on your email*

If your email account is hacked, it could be you whose name is being used to scam your clients. Don't make life easy for fraudsters; set up two-factor authentication for access.

3 *Use an e-invoicing option*

Emailing a PDF is a point of high vulnerability. An e-invoicing option sends emails directly from your accounting software to your supplier's own accounting software. There is also a new e-invoicing network, supported by the New Zealand and Australian governments, which looks like a fantastic option.

4 *Double-check if an account number changes*

When a supplier emails you about a new bank account number, or their invoice has a new account number, use a second method of communication to confirm this is genuine – don't email back, make sure you call or text them.

5 *Have bank accounts preloaded for payments*

For larger businesses, this might mean a database that integrates with your bank account, so invoices are paid to established and trusted accounts. For smaller enterprises, this means loading supplier details into your banking app so you're not entering them by hand, from the invoice, each time.

WHAT CAN YOU DO IF YOU INADVERTENTLY BECOME IN AN INVOICE SCAM?

If you discover your business email has been hacked and fake invoices have gone to clients, call your IT provider and all your customers, as fast as you can.

If you have accidentally sent money to a scammer's bank account, call your bank immediately. It's hard to stop local transactions, but if you're quick enough you may be able to intercept international ones.

Unfortunately, if your payment has already gone to the wrong account, it's very hard to get that money back. Speak to your insurer about whether you are covered for this, what is covered, and how much it might cost to make sure you're covered comprehensively. Your right of pursuit is not always strong, and your insurance may not pay out if it feels that you were at fault. Establishing fault can be complex, just like in the America's Cup case, with the potential to leave you out of pocket even if you're not to blame.

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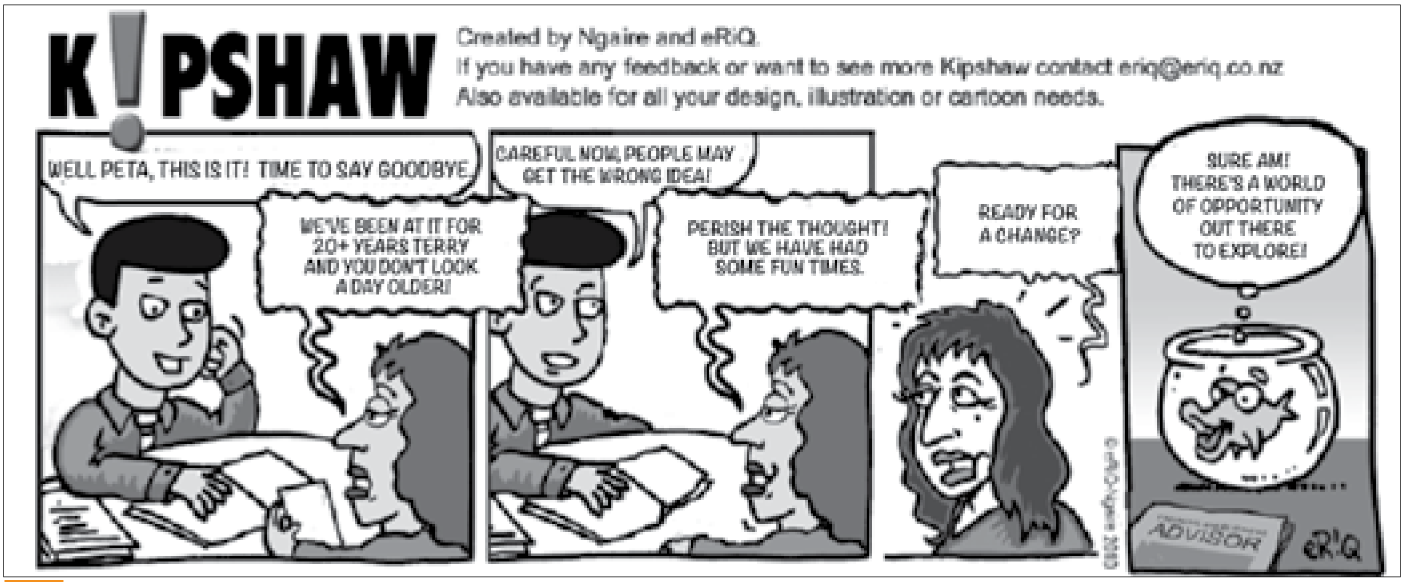

Proposed amendments to the director's basic duty of loyalty-

The Companies (Director Duties) Amendment Bill

At the end of September, a Labour MP announced that he had a Bill drawn from the ballot that has, as its aim, clarifying that a director can take actions which take into account wider matters other than the financial bottom-line.

This, the explanatory note for the Bill says, accords with modern corporate governance theory that recognises that corporations are connected with communities, wider society, and the environment and need to measure their performance not only in financial terms, but also against wider measures including social, and environmental matters.

The Bill takes the shape of an amendment to section 131 of the Companies Act 1993. Section 131 specifies the (basic) duty of a director – to act in good faith and in best interests of company. Specifically, the Bill proposes to amend section 131 by providing that, when determining what is in the best interests of a company, a director may take into account "recognised environmental, social and governance factors".

Examples of these factors are listed and include:

- recognising the principles of the Treaty of Waitangi;
- reducing adverse environmental impacts;
- upholding high standards of ethical behaviour;
- following fair and equitable employment practices; and
- recognising the interests of the wider community.

Drivers for change

At first glance, the change proposed by the Bill may seem quite wide-sweeping. The Law Commission report that drove the present Companies Act specifically rejected the idea that directors should have some sort of (enforceable) duty to wider stakeholder interests. Instead, the Law Commission noted that such a primary obligation could be legislated elsewhere (it gave the example of employment law).

But, the Bill is proposing a "for the avoidance of doubt" provision. And it says that directors "may" take such ESG* factors into account.

** ESG - Environmental, social and governance*

The architect of the Bill seeks to clarify the point that directors can take into account a wider range of matters than the financial bottom-line. Despite this, there already exists a body of opinion that a wider range of factors (for example those related to mitigating the environmental impact of the company's business) must be considered as part of any consideration of the company's economic performance.

Is there a problem that needs fixing?

Of course, a company can already identify wider, social good type objects in the constitution. One of the benefits of doing so is that gives notice to all the worlds, and particularly those people with whom it is dealing, of those objects.

And, in the case of listed companies, the NZX Corporate Governance Code contains recommendations on ESG matters – with NZX listed companies having to "comply or explain obligations" in relation to those matters.

It must be considered unlikely that an expansion of the factors that directors may take into account when determining the best interests of the company will (of itself) lead to changes in corporate behaviour. And it is difficult to know, because the Bill does not tell us, what problems it is seeking to fix. To the extent that companies (or directors) may be accused of 'short-termism' or self-interested behaviour, this does not seem to be a direct route to the try line. A direct route is needed – in the face of a range of (societal) factors that are clearly driving many of the most successful companies, and their directors, to have regard to wider and longer-term factors while identifying the meaning of what are the "best interests". Couple this with a body of governance practice that is better suited to flex with the size and shape of the business, and the communities of interest within which it operates, leaves the interested spectator wondering what the author of the Bill is trying to achieve – and whether the drafting of the Bill is the best means for doing so.

The Bill also follows the recent Institute of Directors 'white paper' on the need to review directors' duties. Some of the points in the white paper seem to be well made. Particularly the need for reform of sections 135 and 136. Others are difficult to follow and do not make a good case for reform – and have been criticised as representing woolly thinking.

UK example

A 5-year old change to the Companies Act 2006 (UK) provides an example of how not to lead law reform. It provides that a director of a company must act in the way [he] considers, in good faith, would be most likely to promote the success of the company for the benefit of its [shareholders] as a whole, and in doing so have regard to a finite list of factors.

The result has been the creation of a new industry designed to provide directors with the appropriate paper trail.

Some commentators have suggested that it has led to precisely the opposite outcome to that proposed by its designers. As a result, there have been efforts on law reform (largely to redefine what "success" looks like).

In short, let's not go there.

Comments

The Bill will be subject to the usual Select Committee process. It needs to do so for a variety of reasons – including inadequate problem definition and the need to clarify a laundry list of questions. What, for example are "recognised factors" and will they change over time, by sector, or by region? How does the proposed change interact with the balance of section 131 of the Companies Act? And how does the architect of the Bill expect that the clarification might be back-stopped – should directors be said to have not met any new test for their behaviours?

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Increase in IRD data collection powers

19 August, 2021: The Inland Revenue is adding another tool to its toolbox in its quest to ensure business owners are paying their fair share of tax.

Specifically, the Department is looking to extend its powers to obtain data on individual businesses to ensure they are declaring all of their income. This collection of data will apply to all businesses with less than $30m value through a payment service provider.

It is packaged as enabling the IRD to provide quicker, simpler more accurate services to taxpayers, such as automatic refunds without the need for a tax return.

In order to do this however, Inland Revenue will have access to a business' sales data to ensure income has been declared correctly. They will collect bulk lots of data from payment service providers, such as banks and other third-party businesses who facilitate payments for goods and services between customers and merchants.

In addition, they will use this regular data to establish benchmarks and expected cash ratios for industries and areas to easily identify businesses who fall outside the ratios.

While IRD collection of data is not new, currently it can only be done on an ad hoc basis and each time they wish to obtain data on a business from a third party, a notice needs to be issued under the Tax Administration Act.

The data will be collected from payment service providers quarterly and will consist of a business' aggregated monthly income data, including debit, credit, cash out and refunds (both volume and value) as well as the business' identity and contact information. Individual transactions at the customer level will not be obtained to ensure individual customers will not be identifiable.

In addition to the above, the business' bank account number will also be provided to the Inland Revenue. The reasons provided in the discussion document for collecting bank account numbers is in order to "aid with data matching, to calculate total transaction values and to access records". The latter reason does raise a level of concern if this implies that Inland Revenue intends to have access to a business' bank records without the business' knowledge. Clarity on this should most definitely be sought.

The increased data collection will no doubt be beneficial to revenue collection in a number of ways, such as to determine if a business should be registered for GST, to ensure a business is returning PAYE on the correct basis, and to highlight potential under-reported income.

It does, however, raise the question of where will this all lead.

If Inland Revenue have access to monthly business data, similar to what they currently do with wage and salary earners, will they look to use this to auto assess businesses for taxes such as GST and income tax? Watch this space.

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A strong internal linking strategy can boost your SEO

Boost your SEO by adding internal site links

If your site is going to rank, it needs links. Google finds your posts and pages best when they're linked to and from somewhere else on the web, such as directory listings, and from internal links. Also, because Google deems a page that gets lots of valuable links as more important, you'll increase the chance of that page ranking.

An irregular web or net is the structure you are aiming for, with as much relevant cross linking as possible.

What is an internal link?

An internal link is any link from anchor text on one page of your website to another page. It is the clickable text that visitors see. Both your users and search engines use links to find content.

Improved crawling and indexing can boost your SEO

Google's bots regularly crawl the web for fresh content. If you have a strong internal linking structure, your website will be crawled, indexed, and ranked by search engines a lot faster.

Lots of content

The best way to have a healthy internal linking structure is to have lots of internal pages. It's a real must have.

Why? Basically, internal linking can boost the link juice of the internal pages.

What? When your website receives a link to the homepage, some of the link value is passed on to internal pages. This is often referred to as 'link juice'.

Google divides link value between all links on a web page. If Page 1 then links to Page 2, the 'link juice' flows from Page 1 to Page 2, helping it rank higher in the search engine results page (SERP).

Sharing the juice

Usually, your homepage has the greatest link value because it has the most backlinks. That link value will be shared between all the links found on that homepage, and subsequently passed to the pages they're linked to, and so on.

You can make new content more authoritative by adding links to it from the homepage or the top navigation pages. You should do this with the posts and pages that are most important to your business. This will give these posts or pages a lot of link value and makes them stronger in Google's eyes.

But repeatedly linking everything to your homepage won't help your SEO score.

Why not? You can't just have loads and loads of links from one page alone, your homepage for example, or you will be punished; it will have a negative SEO effect.

What to do? The best internal links are those that connect one article to another. This creates a strong internal linking structure deep within the site.

And by creating lots of content, you'll have lots of places for links. The more links to the more places, the better your internal linking strategy will be and the better it will perform in searches. You can find a guide on our website to help you create quality content.

Link to and from content-heavy pages

When you write a new piece of content, you should include five or more links to old articles; about 5-10 links for every 2,000 words is best practice. Then you should go to those old pages and link back to your new post or page: create a link between an old established page and a new not-so-established page.

Why? Google ranks websites with a 'freshness value'.

Freshening up old pages with a new link helps to boost its likelihood of better ranking in the SERPs.

Add contextual links

When you've written various articles about a certain topic, you should link them to each other. This will show Google, and users, that those articles are topically related. Add a link to the most important all of the articles on this topic, and then link back from this article to the other posts.

Don't forget the kids

What? Don't create orphaned content. These are pages and posts that don't have any internal links pointing to them. They are hard for users to find, and also hard for search engines to crawl: wasted SEO real estate.

Update the old

You'll get the most power from internal linking if you combine it with another important SEO technique: updating old content.

When you update old content, Google's crawler sees it again, indexes it again, and may increase its ranking in the SERPs.

So, updating your old articles regularly by

- Adding several new internal links to content you've recently created.
- Adding a new paragraph of content at the beginning, explaining your updates.
- Adding additional or updated information.
- Removing or replacing outdated stats or information.

Setting up an internal linking strategy

When it comes to your site's SEO, adding to and improving your internal linking strategy on a regular basis is crucial.

Go forth and link

Without links, your content can't rank! With a solid internal linking strategy, you can show which content is related and which of your articles are most informative and valuable. If both Google and your readers understand your site better, you increase your chances of ranking well.

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How to solve Cash-flow problems

No matter how well your business is doing, cash-flow problems can bring everything to a screeching halt. Without adequate cash flow, your business can't pay staff, suppliers, or creditors – which could eventually shut you down.

The good news is, there are ways to find cash both inside and outside your business. Whether you choose to cut costs or improve processes, seek funding from an outside source, or even look at crowdsourcing, there are options when it comes to boosting your cash flow.

HERE'S HOW TO GET STARTED:

Start inside the business

Before you apply for loans or seek funding, look for ways to improve cash flow within your business. If you're able to free up some cash without going to a lender or investor, you'll avoid adding to your overall debt.

Cut your overheads
Take a hard look at your expenses and find ways to cut overheads. This might mean reducing staff numbers, moving to a smaller office or less popular area, working from home, or cutting back on extras like company cars.

Clean up and cash out
If you have excess stock, unused technology or equipment available, think about selling or renting it out to gain some ready cash.

Talk to your vendors
If you're struggling to pay suppliers, it's worth trying to renegotiate your payment terms. This might mean asking for an extra week to pay your bill or a reduced rate on certain products. If your suppliers won't budge, it's time to look at other options – you may be able to get better payment terms or lower prices if you switch to a new vendor.

Chase your invoices
Late payment can be a huge problem for businesses. Although you'll always have some clients who are slow to pay, you can minimise issues by making your terms clear. Get all customers and clients to agree to a fixed payment period, issue invoices promptly, and chase late payments every time. Consider offering an incentive for early payment.

Finally, always get a deposit before you start a large project or take on a large order. That way, you're not left out of pocket if clients cancel or fail to pay their balances.

FINDING OUTSIDE FUNDING

If changes inside the business don't boost your cash flow sufficiently, it's time to look elsewhere. There's a huge number of options out there, from traditional lenders to crowdfunding, so it's a good idea to seek expert advice before you make a decision.

Get an overdraft
Applying for a bank overdraft is a quick, relatively simple way to access some cash. However, banks can call in the debt on demand, which makes them a risky proposition for some business owners.

Take out a loan
A loan from a traditional bank gives you a set lending-term, so the bank can't call back the debt before you're ready. On the other hand, you will usually need to provide security in the form of business or personal assets, which means you're taking on risk.

Asset financing
If your business has high-value assets, you may be able to apply for a loan using these assets as collateral.

Invoice discounting
Invoice discounting means borrowing from a bank or specialist lender based on your upcoming receivables. This type of loan tends to have a very quick turnaround, and you'll usually be able to borrow up to 80% of the invoice amount.

On the downside, invoice discounting can be more expensive than other forms of loan.

Peer-to-peer lending
Peer-to-peer lending platforms match individual lenders with borrowers and let them set the terms for their loans. Although you will have to go through a credit check and often pay a fee, interest rates for P2P loans are often much lower than for traditional lenders.

Crowdfunding
Crowdfunding isn't just for charity – it can be a way to boost your business as well. With equity-based crowdfunding, you offer an equity share in your business in return for funds. Several online platforms let you find people to invest in this way.

However, unless you have a particularly interesting or unique business, it can be difficult to get enough people to invest. If you don't get the numbers, many crowdfunding sites will require you to return the money to investors, leaving you with nothing. If you do find investors, you run the risk of ceding too much control.

FINDING THE BEST SOLUTION FOR YOUR CASH-FLOW PROBLEMS

There's no one magic bullet when it comes to cash flow. Some businesses will be able to find the cash they need by making changes. Some will need to take on loans, and others may do both. It's about finding ways to bring in cash and achieve sustainable business growth.

If you're not sure where to start, seek help from an expert. The team at GECA knows the ins and outs, the risks and the benefits of every cash-flow opportunity, and we can help you find the best option for your business.

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TRAP

ASSUMING THAT ONE SIZE FITS ALL
In many businesses it is possible to provide different offerings at different price points to different customers, depending on their needs and budgets. In other businesses, payment options and terms may help with affordability.

How to take people under your wing

The term 'mentor' originated in Homer's classic, Iliad. Before Odysseus, king of Ithaca, left his family to fight in the Trojan War, he asked an old and trusted friend, Mentor, to raise his son, Telemachus, to succeed him as a wise and good ruler. To do this, Mentor had to become a father figure, teacher, role model, trusted adviser, challenger, encourager, and counsellor. Individuals will need to be 'mentored' in your organisation, nurtured in growth and development. This advice will help...

1 Understand why mentoring is required.
Try to see mentoring, not as a programme, but as a way of life. Mentors can play a variety of roles. They can:

- help new staff members to feel part of the organisation.
- provide information about the way the organisation 'really' works.
- help protégés set goals, plan careers, and develop the skills necessary for career advancement.
- listen to problems, calm fears, provide feedback, and boost the confidence of their protégés.
- provide a role model for protégés to observe and emulate.

Though you may act as the mentor, it does not mean you will not enlist the support of others (workmates or 'buddies', if you prefer) in helping to provide general support.

2 Allocate mentoring tasks.
Mentoring should be a consideration when a new employee is set to join your organisation. Although remember, you can't possibly act in that role for every newcomer. Before the new employee arrives, you (or the designated mentor) should:

- Make contact with the employee, complete introductions, and generally make the employee feel welcome. Don't forget, one of the most common reasons for people leaving an organisation is that they feel they do not fit.
- Arrange a meeting to determine any particular needs the new employee may have, provide any preliminary reading that may be of assistance, and explain the mentoring function. If you're involved in these preliminaries but are not going to be the mentor, tell the employee who will be.
- During the first two weeks of the newcomer arriving, do everything you can to make the employee feel part of the organisation (Refer to Business Advisor Jan-Feb 2021).
- On an ongoing basis, remain available for questions while encouraging independence, and take an active interest in the new employee's work, reading, etc.

3 Identify and encourage rising stars.
Though your open management style will encourage most employees, there will be those whose qualities and potential impress you more than others. You consider that those people have a great deal to offer the organisation if their talents are nurtured and developed. They will be the ones you are more likely to put under your wing.

4 Distinguish between buddies and mentors.
Mentors appoint buddies to provide on-the-job support. The buddy will most likely be a peer with similar academic and work backgrounds, have at least two years in the organisation, be a recognised good performer, and present the desired image of the organisation. You are looking for someone who is likely to instill in the newcomer a sense of pride in the organisation and an appreciation for its ethics and culture. Allocation of buddies, therefore, can be used to exemplify and reinforce important messages about day-to-day life in your organisation. Meanwhile, the process helps to prepare the mentoring buddy for more senior roles in the organisation.

5 Promote individuality.
One of the potential down sides of mentoring can be the desire to 'make' protégés resemble the mentor. Such outcomes are counter-productive. The experienced mentors will work at building a relationship, but maintain the individuality of their protégés and themselves. Mentors' expectations can be explicit without dominating the behaviour of their protégés.

6 Realise how the process can benefit the mentor.
The practice of mentoring has stood the test of time because it is a win-win for the mentor and the protégé. Mentors experience a high degree of personal satisfaction as they see their protégé 'grow'.

Protégés often bring fresh insights to a position that can provide challenges and motivation. In addition to being encouraged to consider different perspectives, protégés can help to keep you abreast of new developments and new skills. The protégé also becomes a walking advertisement for the mentor. Not only does the protégé speak highly of the mentor in discussions with others in the organisation but the mentor also gets to bask in the glow of the protégé's success.

Dr Neil Flanagan

Jarvis Finger

Just about Everything a Manager Needs to Know
By Neil Flanagan and Jarvis Finger

Management Memo

Two are better than one; for if one falls, the other will lift up the fallen; but woe on one that is alone when, having fallen, has not another to be raised up.

Ecclesiastes 4:9-10

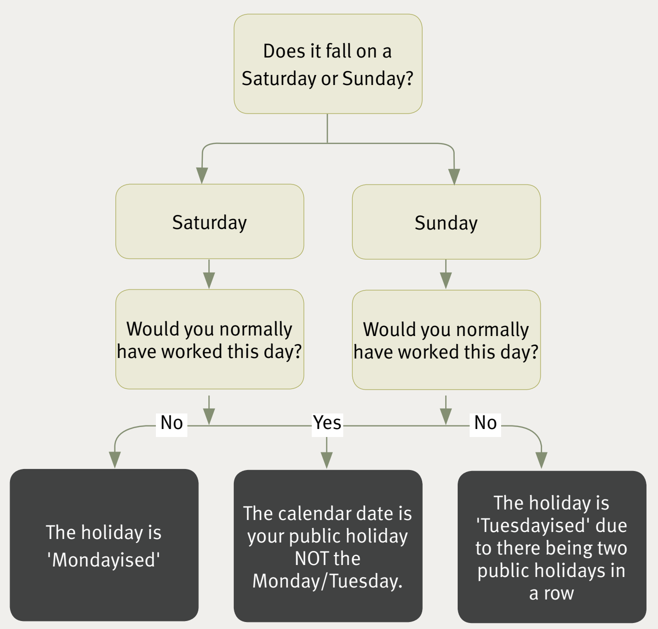
Preparing for The Holiday Season

Despite changing times, wage subsidies and other Covid-related effects in the workplace, New Zealand employment law, including the Employment Relations Act and Holidays Act, continues to apply to all employment relationships. Here, we remind you of your obligations for the upcoming Holiday Season.

Public Holiday Dates

- Christmas and Boxing Day, Saturday 25th and Sunday 26th December 2021.
- New Year's Day and the day after, Saturday 1st and Sunday 2nd January 2022.

This season, all four statutory holidays fall on the weekend. For employees who would normally work on any of these days, those days will be treated as a public holiday. For days that the employee would not normally work, the holiday would be taken on the following Monday and/or Tuesday, assuming that is a normal working day as follows:



Ministry of Business, Innovation and Employment

Anniversary Days by region for 2022
(Dates actually observed and not the official dates):

Auckland	Mon, 31 January
Buller	Mon, 7 February
Canterbury (South)	Mon, 26 September
Canterbury	Fri, 11 November
Chatham Islands	Mon, 28 November
Hawke's Bay	Fri, 21 October
Marlborough	Mon, 31 October
Nelson	Mon, 31 January
Northland	Mon, 31 January
Otago	Mon, 21 March
Southland	Tue, 19 April
Taranaki	Mon, 14 March
Wellington	Mon, 24 January
Westland	Mon, 28 November

Employers and employees may agree in writing to transfer the observance of a public holiday to another working day to meet the needs of the business or the employee.

An employee can be required to work on a public holiday only if the individual would otherwise have worked on that day and if the employment agreement requires the person to work on public holidays. In all other circumstances, employees need only work on a public holiday if they agree to do so and this should be recorded in writing.

Public Holiday Pay

An employee must be paid for a day off on a public holiday if it falls on a day that the employee would otherwise have worked.

Payment must be made in the pay that relates to the pay period in which the holiday falls.

Employees who work on a Public Holiday are entitled to one and a half times ordinary pay for that day (or more if agreed), as well as a 'Day in Lieu' (being any other day, as a day's paid Annual Leave). This means that they can take another day as a holiday and be paid for it.

You cannot contract out of this requirement, even if you offer double or triple pay for working on a Public Holiday.

If there is a public holiday when employees are on annual leave, they get paid for the public holiday if they would normally have worked on that day, and do not lose an annual leave day.

Part time employees who work regularly on the same day as a public holiday are entitled to pay for that day in proportion to the number of hours they work x 1.5 ordinary pay. For example, Joe works 5 hours each on Sunday and Monday of every week. Therefore, over the holiday period, Joe is entitled to 5 hours pay at x 1.5 for working on Sunday, as well as 5 hours deferred leave on a future working day. As Joe does not normally work on Saturday, Christmas Day and New Year's day are taken on the following Monday, so Joe is also entitled to be paid for the day off on Monday 27th December and January 3rd. If he does not work on the holidays that fall on Sunday, he can take the day off as a paid holiday on Boxing Day and January 2nd.

Days in lieu that have not been taken within 12 months of the days being "earned" may be "cashed up", but only if this is mutually acceptable to the employer and employee.

Annual Holiday Pay

Employees are entitled to a minimum of 4 weeks' pay for every 12 months of service. A week's Holiday Pay for annual leave is the greater of:

- ***The average weekly gross earnings*** i.e. everything that the employer was required to pay for that employee over the year (including all overtime, but excluding payments made for ACC compensation, cashed up holiday entitlement and voluntary military service); and
- ***The current ordinary weekly pay at the time the leave is taken.*** This is the amount that the employee is paid under the employment agreement for an ordinary working week and includes all regular payments. It includes regular, but not irregular overtime, one-off or intermittent payments, discretionary payments and employer contributions to superannuation schemes.

Reimbursements for expenses are excluded unless otherwise stated in the employee agreement.

Holiday Pay must be paid to the employee before they take leave, unless the employer and employee agree in writing that the normal pay cycle will continue undisturbed during the holiday. In either case, the holiday pay calculation must be done as at the start of the annual holiday as average gross weekly pay, for example, can change while the employee is on leave.

Cashing up Annual Leave

An employee may request in writing to be paid in cash for up to one week's annual leave per year and this may be granted by the employer. The request must be considered within a reasonable time and may be declined. The employee must be advised of the decision in writing and no reason is required to be given. If granted, the payment must be at least the same as if the employee had taken the holidays and must be paid as soon as practical – usually the next pay day. An employer cannot pressure an employee into cashing up holidays.

Casual Staff

Casual employees are not entitled to annual leave. Instead, they receive 8% over and above their gross earnings for every 12 month's continuous service. If they agreed to be paid the 8% on a pay as you go basis on each pay day, then they are not entitled to extra holiday pay after 12 months or in the event of a business close down. If they have not been paid on a pay as you go basis, and the business has a close-down period, then they are entitled to 8% of their gross earnings, less any payments already made from that amount.

For public holidays, if it is clear that a casual employee would have worked on that day (had it not been a public holiday), then they are entitled to be paid for that public holiday just like any other employee.

With casual staff, it is crucial to keep an eye on their hours. If a regular pattern has formed, then they could lose their status as a casual employee and become either a full- or part-time employee.

Entertainment Tax

There has been no change to the entertainment tax regime this year and the details can be found in your Quick Reference Guide.

We wish you a safe and happy summer and a prosperous 2022. May it be a better year for all.

Editor

Q+A

QUESTION & ANSWER SECTION

Take advantage of our question and answer service which is designed as an open invitation for our subscribers. You can email, fax or post your questions through to us:

EMAIL: queries@businessadvisor.co.nz
FAX: 09 836 7148
PO Box: 69253, Glendene, Auckland 0645

Thanks to our subscriber who picked up the exception relating to a bright-line test question in our last issue. The general rule is that the bright-line period is counted from the date the property title is transferred to you (generally the settlement date) and ends when you enter into a binding sale and purchase agreement to sell the property.

For the 10-year test, however, the IRD advises that a property acquired on or after 27 March 2021 will be treated as having been acquired before 27 March 2021, if the purchase was the result of an offer the purchaser made on or before 23 March 2021 that could not be withdrawn before 27 March 2021. Where this applies, the 5-year bright-line test applies.

Q ***We have a Trust that has received income from the sale of timber in the current year.***

We are looking to spread this income back over the current income year and the three previous years.

As part of spreading the income back to prior tax years for the Trust, are we also allowed to then allocate the Trust income spread back to beneficiaries in the years we have spread the Trust income back?

A Yes this is possible. You would need to relodge the beneficiary tax returns if they have already been filed.

Q ***My client has purchased a new vehicle in his GST-registered business). There will be a significant portion of personal use and he is electing to pay FBT on this vehicle. Can he claim the full GST on the vehicle purchase?***

A In order for the company to purchase the vehicle and claim the GST, it should be used for business purposes for greater than 50%. The full amount of GST can be claimed on purchase, and a subsequent GST adjustment for the private use will be done via the FBT adjustment.

Q ***A company makes a loss. Does the company need to declare shareholder-employee salaries to the extent of the wage subsidy received which increases the company loss, or otherwise?***

A Correct, the shareholder salary will need to be at least the amount of the subsidy that was received for the shareholder-employee.

Q ***A client is receiving a car allowance which is taxed according to tax law. However, can she then claim her mileage in her personal tax return?***

A We believe any losses would be ring fenced.

Q ***A client who is an optometrist did some tattoo training, so that he could add some services to his business. (It isn't "get a skull on your arm" kind of tattoo, rather for cosmetic purposes around the face). Is this training tax deductible?***

A If there is a direct nexus between this training and the services that he offers then yes this will be tax deductible.

With special thanks to our Q&A team for over 20 years of dedicated service

Q ***A client works as a nanny. She has to travel from home to the client's home to carry out her duties. We understand this travel cost is not deductible. Do you concur? Secondly, the job means at times she needs to take the children on outings, and she uses her own car and own petrol. We believe this cost is tax deductible. Do you agree?***

A Yes this is correct. Travel between home and work is non-deductible, however any trips during the day which are work related will be tax deductible.

Q ***Our company is trading as a property development company. How should we treat the expenses on developing a section, like rates, water and legal cost on buying and selling? Treat as cost of goods sold or overhead expense?***

A Holding costs such as interest, rates and insurance should be treated as overheads. If the total amount of legal fees in any tax year is less than $10k then these will be deductible and also treated as overheads.

Q ***Our client, a GST-registered Trust, holds a couple of commercial properties and residential properties. Recently they sold one of the residential properties. Let me know if we can claim GST on lawyer fees, staging expense and other sale-related expenses.***

A As these expenses relate directly to the residential property, no GST claim will be available.

Q ***Our client is a GST-registered vehicle dealer. He receives commissions from the finance companies for the cars that are bought from the client on finance. Should he pay GST on this commission receipts?***

A Yes, GST should be returned on the commission received.

From the IRD in Brief

We understand the effect that COVID-19 (novel coronavirus) has had on the income and businesses of many of our customers. Tax relief and income assistance is available to people affected by the downturn in business due to COVID-19.

- **Business and organisations:** For information about wage and leave subsidies, income tax, temporary loss carry-back, resurgence support payment, small business cashflow loan scheme and GST responses to COVID-19.
- **Manage my tax:** Options for filing and paying tax, penalties and interest and tax treatment for people who have had their income or business impacted by COVID-19.
- **Individuals and families:** Find out about support for families, KiwiSaver, Student loans and income tax if your income is affected because of COVID-19.
- **International:** Information about international measures responding to COVID-19. These relate to tax residency, advance pricing agreements, practice issues for transfer pricing, the Common Reporting Standard and FATCA.
- **COVID-19 Information sharing:** Updates on our current information sharing agreements related to COVID-19.

COVID-19 Contact us

Covid-19.govt.nz

www.ird.govt.nz

TAX calendar

5 November 2021 PAYE	File employment information within 2 working days after payday. Payment due for large employers for 2nd half of October, 2021.
22 November 2021 PAYE	File employment information within 2 working days after payday. Payments due for large employers for 1-15 November, 2021; and for small employers* for the month ended 31 October, 2021 * Less than $500,000 PAYE and ESCT deductions p.a.
29 November 2021	GST return and payment due for month end October 2021
7 December 2021 PAYE	File employment information within 2 working days after payday. Payment due for large employers for 2nd half of November, 2021
20 December 2021 PAYE	File employment information within 2 working days after payday. Payment due for November, 2021 for small employers; and 1-15 December, 2021 for large employers
17 January 2022 PAYE	File employment information within 2 working days after payday. Payment due for large employers for 2nd half of December, 2021
17 January 2022	GST return and payment due for month end November 2021

PROVISIONAL TAX (31 March year end)	If you're not registered for GST	If you're registered for GST and pay monthly or two-monthly	If you're registered for GST and pay every six months
First instalment	28 August	28 August	28 October
Second instalment	15 January	15 January	7 May
Third instalment	7 May	7 May	

If you have a 31 March balance date and you use the ratio option to calculate your provisional tax payments, these are due on:
28 June; 28 August; 28 October; 15 January; 28 February; and 7 May.
If you don't have the standard 31 March balance date, your payment due dates will be different.
Use the **Tax due date tool** on www.ird.govt.nz to work out the dates that apply to you.

FBT PRESCRIBED INTEREST RATES

Quarter	Prescribed Rate (%)
From 1 July 2020 (Previously, from 1 October 2019 to 30 June 2020: 5.26%)	4.5%

(Note: Once the prescribed interest rate is set, it applies to all future quarters until it is altered. If no new rate is set for the current quarter then the previous quarter's rate applies.)

USE OF MONEY INTEREST RATES (UOMI) FROM 8 MAY, 2020

	Current Rate (%)
Charged by Inland Revenue on **underpaid tax**	7.0%
Rate paid by Inland Revenue on **overpaid tax**	0%

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