

September 2023 Newsletter



Business Development Services



We're Introducing a range of services to really move your business forward

We're here to make a real difference to you and your business. Delivering a high-quality, efficient compliance service is just part of that. Helping you develop, improve, and grow your business is the next step. Here is a brief outline of some of our Business Development Services that have been designed to help you build a better business.

Annual Accounts Review Meeting (Complimentary)

It's essential to understand your Annual Accounts and taxation commitments. We understand that most business owners don't have a background in accounting - the good news is that we can help you develop your financial skills. It's our job to empower you, so you can run a better business.

Typically, our Annual Accounts Review Meeting comprises two components, the first half is rear facing, looking over the past results, reviewing key data, trends and income tax issues including opportunities to improve your tax outcome. The second half is forward looking and will focus on opportunities, your goals and where relevant, discussing strategies for improving your profit and cashflow.

Cashflow and Profit Improvement Meeting

If you want to improve your cashflow and profit, and learn how to manage these more effectively, you should attend this meeting which will explain the difference between cashflow and profit, help you understand the key cashflow drivers and the Cash Conversion Cycle in your business, identify ways to improve your Debtor Days, Inventory Days, and Payable Days, help you understand the impact small changes can have on your profit and identify actions you can take to strengthen your cashflow, profit and business value.

Business Planning

This is a fantastic session where you will take time out from day-to-day activities *in* the business to focus *on* the business. Together we will review your past performance, clarify future direction and set solid and realistic business goals and define strategies for achievement. At the end of the session, you will have a one-page Business Plan which will act as a guide map to ensure you are on course for success.

We will cover Key Issues including discussing and setting, both personal and business goals for the next 12 months, preparing an action plan with strategies to support achievement of goals, identify Gross Revenue Targets and Key Performance Indicators, identify opportunities and vulnerabilities in your business that need to be managed and establishing a 90 Day Action Plan to address immediate critical issues.

Our Business Development offerings are practical and tangible services to create long-term value for you and your business. Contact Paul (extn 807) or Natalie (extn 820) on Free Phone 0508 376 0092 to find out how we can help you.

What's the difference between employees and contractors?

Does your business use both employees and contractors? It's important to distinguish between them as they are paid and taxed differently.

Despite what you may call the individual concerned, that description is not definitive. If the status of the worker is questioned in the Employment Court or Employment Relations Authority, for example, the Employment Relations Act 2000 requires a consideration of the 'real nature of the relationship'. Common law tests assist in determining what that is. They include:

- the control test, ie how much control the hirer has over the worker
- the integration (or organisation) test, ie whether the worker is independent or instead an integral part of the business organisation of the person who engaged them
- the economic reality (or fundamental) test, ie is the worker performing services as a person in business on their own account?

These tests, which can involve many considerations, and the law that has developed in the employment jurisdiction, also assist Inland Revenue when it's investigating the status of a worker.

Key payment differences

When paying employees, businesses should deduct PAYE, ACC, Student Loan Repayments, Child Support, and KiwiSaver/Superannuation.

Inland Revenue takes a tough stance on employers who ignore their PAYE obligations by treating employees as contractors. Companies that breach the rules can be prosecuted and fined.

The bottom line:

As an employer, you need to keep good records and be clear on your obligations concerning the taxation of your workers' earnings.

Phone us if you are unsure and want to discuss.



Uber court case



- Last October, four NZ Uber drivers won a landmark case against the ridesharing app, which recognised them as employees, not contractors

The decision enables these workers to claim rights and protections as Uber employees.

The ruling has broader implications for kiwi businesses and how staff are categorised.

Employment status entitles workers to minimum employment rights under NZ law, including the minimum wage, leave entitlements, and access to union membership and collective bargaining.

While the ruling was only made for the four drivers, legal experts believe the case could lead to more action against businesses over employment status. Uber has been granted the right to appeal the Employment Court decision.

Your business should be clear on who is an employee and who is a contractor to avoid issues down the line.



Just got back
from a job interview
where I was asked if I
could perform under pressure.
I said I wasn't too sure about
that, but I do a wicked
Bohemian Rhapsody.



INLAND REVENUE UPDATES

Small Business Loans

If you find that you need to renegotiate the repayments terms (lowering the monthly amounts) because of cashflow constraints, please be advised that you will need to contact IRD yourself to discuss as they don't allow the tax agent (us) to handle this on your behalf (apologies in advance about possible long wait times on the phone to get through or receive a call back!)

If you have solid grounds for your renegotiation, IRD are usually very supportive and understanding.

Other Taxes Arrangement Plan—Just a reminder that if you are setting up an arrangement over the phone or via myIR online, if you don't want any future refunds applied to the debt under arrangement you need to advise IRD as it automatically sets it up as such.

Over the phone – you can tell them at the time.

Via myIR online – you need to message them and ask

Contact Diana on extn 811 for assistance



Blackburne Group proudly supporting the Cancer Society on Daffodil Day, August 2023

ACC Workplace Cover Invoices

From around July each year ACC starts to send out invoices to employers for their Work levies. These are based on the earnings information obtained from Inland Revenue for the previous tax year.

There may be several components to this invoice. In the previous 12 months you may have received a provisional assessment for the previous financial year. Your ACC invoice will include an update on that assessment and be based on the actual earnings for that financial year.

There will also be a provisional invoice for the current financial year. ACC will assume that you are going to pay the same amount in gross wages this year as you did in the previous year (plus any adjustment for inflation) and issue a provisional invoice accordingly. If your circumstances have changed, you may be able to get ACC to reassess that provisional invoice. Information sent with the invoice explains how to do this.

For example, from July 2023 onwards you could expect to receive an invoice that includes levies for:

- ACC Work levy adjustment for the income year 1 April 2022 to 31 March 2023
- Working Safer Levy payable for the year ended 31 March 2023
- Estimated ACC Work Levy for the income year 1 April 2023 to 31 March 2024

When you receive the invoice, it is important you check:

- That the liable earnings you have been assessed on are close to the amount of gross wages paid in the previous year ended 31 March.
- Classification Unit - this will determine at what rate your ACC levies are calculated.
- Experience Rating loading—this is adjusted each year based on historical claims and H&S performance.

NB: Women in Forestry has been working with ACC on options specifically for forestry contractors. ACC have advised they have several options to help reduce the financial impact, including payment plans across three, six and 10 month periods. Normally there is an administration fee for payment plans. To support the forestry sector during these challenging times, this will be waived and credited to your account. For information, contact the ACC team on 0800 222 776.

We can also help you with any ACC queries—contact Logan on extn 833



PREVENTION. CARE. RECOVERY.



Proposed Trust Tax Rate to increase to .39c

The Government announced in the Budget on 18 May 2023 that the trustee tax rate will be increased to a flat rate of .39c from 1 April 2024.

The current trustee tax rate of 33% has been in place since 1989, which was deliberately aligned with the top personal tax rate at that time. But in 2020, a new top tax rate of 39% for personal income over \$180,000 was introduced.

The change is intended to prevent taxpayers from achieving a 6% tax saving by accumulating income within a trust, rather than distributing the income to individual beneficiaries who are on a 39% tax rate.

The proposed tax rate increase brings into focus the question of whether trusts will remain useful asset planning structures. There are a number of reasons why trusts are useful asset planning structures, even in the face of an increase in the trustee tax rate:

- Income allocation —to beneficiaries on lower tax rates
- Creditor protection
- Setting aside income or assets for specific purposes—Family Home, Business Fixed Assets (Plant & Equipment)

It is important to note that establishing a trust carries with it a range of responsibilities that are imposed on the trustees.

These include:

- adhering to the trustee duties that are now enshrined in the Trusts Act 2019;
- provision of trust information to beneficiaries;
- keeping trust records; and
- if the trust derives income, filing an annual return with IRD which includes financial statements, information about settlements and distributions.

If you are a Trustee and want to talk about this tax rate change and how it affects your trust, please contact us we're here to help.



We're introducing another service at Blackburne Group

We're excited to share with you a new tool that will make our communication more effective and engaging: loom!

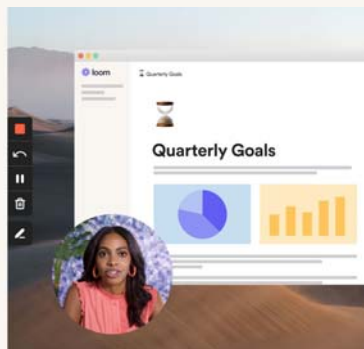
Loom is a video messaging platform that lets us record and share our screen, voice, and face with anyone, anytime. With loom, we can create personalised videos that capture our ideas, feedback, and emotions in a way that text or email can't. You can watch loom videos at your own pace.

We'll start off with adding a short loom video (2-3 minutes) to our GST email communication to you, we'll make comments on your performance and stats reports. We'll attach a link within the email to you, which you click on and watch the video of your manager giving you some business highlights..... We'd love to hear your feedback!



**Show it,
say it, send it.**

Record video messages of your screen, cam, or both. Faster than typing an email or meeting live.



smartAR

The smart way to pay

If cashflow is tight and you'd like to pay your Blackburne Group invoice off over time, we have some options for you.

If you go to Blackburne Group website www.blackburnegroup.co.nz and click on the orange icon at the top right on the home page, this will take you into a secure online payment portal. You will need your invoice number and then have to decide how much you want to pay. You will have an option of paying via credit card or debit to bank. The invoice can be financed over periods of between 3—18 months. You are always welcome to phone us and we can discuss terms of repayment with you. Phone Dru on extn 809 for further information.





Xero Beautiful Business Fund

It's Xero's new initiative, backing small businesses for the future.

Xero is offering more than NZ\$750,000 in funding to Xero small business customers across Australia, Canada, NZ, Singapore, South Africa, UK and the US.

There will be four winners from New Zealand, each receiving NZ\$20,000.

There are four funding categories, with no cap on how many you can enter.

- **Innovating for sustainability**
- **Strengthening community connection**
- **Trailblazing with technology**
- **Upskilling for the future**

For each category you'd like to enter, create a 90 second pitch video and complete the short online application form. (Refer email with link to enter)

Applications close 6th October 2023.

My doctor asked
if anyone in my family
suffers from mental illness.
I said: "No, we all seem
to enjoy it."



Get to know the Blackburne Group Team

Each newsletter we'll profile two team members.

And this time we introduce you to:

Jolene Rodley

Jolene has been an Accountant with Blackburne Group almost 4 years and is our resident Xero guru. She was privileged to attend the 2023 XeroCon in Sydney where she was blown away by the sheer scale of the Xero world and learned a few tips and tricks to pass on to our clients. Jolene is currently studying toward her Chartered Accountancy (some 20 years after gaining her Bachelor of Business Degree). When she is not working or studying, she spends time with her family and two dogs. Jolene loves singing, she has sung for the local theatre productions, the occasional band, her church, and has given singing lessons from time to time.

You can contact Jolene on extn 810

Natalie Alexander

Natalie has been a Manager at Blackburne Group for the past 2.5 years and has 8 years of experience in the field. During this time, Natalie has completed her Bachelor of Accountancy and attained her Chartered Accountants membership. Beyond crunching numbers, Natalie enjoys settling down with a book, getting outdoors for a walk with the dog, indulging in retail therapy, and spending time with her friends and family.

You can contact Natalie on extn 820



Jolene



Natalie

Corporate Trustee Annual Fee

We are implementing an annual fee to be charged for the use of a Blackburne Group Trustee Company as an Independent Corporate Trustee for a clients Trust.

The fee will cover the additional Corporate Trustee responsibilities/ requirements arising from:

- The Trusts Act 2019
- Our Professional Indemnity Insurance criteria
- AML
- Disclosure and record keeping

If we act as a professional trustee of your Trust, we will contact you during October to advise you of the annual charge and issue an invoice.



Disclaimer

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.