

# MONEY

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# MATTERS



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## Managing morale through change

Adapting to change is essential for business survival. And as much as some try to resist it, most change is inevitable. Therefore, managing change is a key skill for business owners.

Every business will come across change in some form throughout its lifespan. Workplace changes such as new policies and procedures, restructuring, or emerging financial issues are unavoidable, and ultimately, affect staff members, management, and the overall business.

Although many changes can present as opportunities for business growth, not all changes will be received favourably among employees. Major changes to the current workplace environment can have negative effects, particularly on managers who are implementing the changes and affected staff members.

Here are three ways business owners can manage staff morale through major workplace changes:

### Communicate effectively

Open and honest communication is critical in managing staff through periods of change. To avoid the rumour mill, address issues with staff as early on as possible and respond to employee concerns promptly. Informing your staff members about the changes taking place or occurring, and how and when they will be implemented or

addressed can help to ease employee stress and alleviate uncertainty.

### Create a positive environment

Major workplace changes can cause tensions to arise, and subsequently, productivity and output can suffer. A great way to rebuild performance is to encourage widespread acceptance of the change through workplace design and practices. Employers can create a positive environment by implementing team-building activities, celebrating staff achievements, and organising regular briefings to discuss concerns, etc. Emphasising the benefits that the change will have on both the business and staff members will also help to transform negative perceptions from staff members.

### Provide extra support

Employees will have different reactions to change - some may feel vulnerable and visualise worst-case scenarios, whereas others may embrace change. It is important for business owners to recognise this and understand the impact change can have on staff health and productivity.

Offering resources to staff, i.e., support groups and counselling services, can help employees cope throughout the change process.

Additional resources should be provided for employees with increased workload or responsibilities to avoid employee burnout. Managers should also encourage employee feedback and open discussions between all employees and management.

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## Penalties for migrant employers

Under new measures, employers who hire migrant workers that break employment and immigration laws can be barred from hiring migrant workers.

From 1 April 2017, employers can be banned from hiring migrant workers anywhere from between six months, one year, 18 months or two years for breaching employment standards, depending on the severity of the breach.

Examples of breaches include paying less than the minimum wage, making workers work excessive hours or other breaches of employment standards that result in a penalty.

The new rules come as the Ministry of Business, Innovation & Employment (MBIE)

cracks down on the exploitation of workers.

The MBIE recognises that migrant workers are a particularly vulnerable section of the workforce and are less likely to be aware of their rights and entitlements than New Zealand workers, despite having the same employment rights as all other NZ workers.

These new measures are intended to ensure employers are complying with minimum employment standards, and those non-compliant employers cannot have ready access to the international labour market. The right to recruit migrant workers is an additional privilege for employers; therefore they must adhere to the immigration and employment laws to access this privilege.

## Finding your point of difference

In today's competitive landscape, business owners need to be able to identify and promote their business' point of difference

A differentiated brand helps businesses to stand out to customers and can prevent them from getting lost in the traffic. Businesses can differentiate themselves from competitors with similar offerings by creating a unique selling proposition.

A unique selling proposition is a marketing statement used to sell products and services to prospective customers, highlighting a key selling point. Although it can be tempting to compete on price alone, providing your customers with additional value can help to reach your sales targets more successfully.

Here are a few things to consider when developing and marketing your unique selling proposition:

### Understand your customers

Before pinpointing your core business strengths, it is important to understand what drives your customers to purchase from your business over competitors. Think about the factors that motivate your customers' behaviours and buying decisions. Consider what your customers want, if there are any underlying wants or needs they might be trying to satisfy,

and if you currently match or exceed their expectations. Creating a profile of your typical customer, i.e. age, gender, income, purchasing patterns and so on, may help to reveal the main reasons why customers purchase from you.

### Review your business' strengths

Once you have considered your customers' needs, you can begin to review the areas in which your business excels. Take a closer look at what your business does that no one else does - it may mean you offer specialist expertise or years of experience, provide quality products or deliver consistent customer service. Consider your competitive advantage and what you want your business to be known for, i.e. excellent results, convenience, a wide range of products and services, etc. If you are unsure, think about general feedback from customer reviews, or start prompting customers' to provide feedback.

### Market your unique selling proposition

Developing a unique selling proposition is ineffective unless it is incorporated in your marketing efforts. For example, you may choose to develop a sales slogan based on your point of difference, such as "fast delivery, service, and know-how." The slogan should encapsulate the main benefits associated with your business and how your business differs from its competition.

## Changes to online GST

Inland Revenue has introduced changes to help New Zealanders better manage their GST online.

The changes to GST are the first of many changes over the next few years to make tax simpler. Here are some of the following changes:

### GST payments and returns

- Pay your GST when you file your return without having to log out of myIR.
- Make GST payments by direct debit, or by using your Visa or MasterCard credit or debit card.
- Set up email and text message reminders when your GST return and payment is due or late, to avoid penalties.
- Arrange GST payment instalment plans online and in most cases receive immediate confirmation and approval.
- Request an amendment to an already filed GST return.

### GST refunds

- All GST refunds will now be paid directly into your bank account. You can update your business bank account details at any time in myIR.
- You can see the status of your GST refund online anytime.

### GST statements

- The new look GST statement is clearer and easier to understand. The statement will include a summary of your filing periods (s) and a summary of transactions for each period.



## Signing a personal guarantee

Personal guarantees are a standard business practice in commercial transactions; however, they are often misunderstood and can pose significant financial risks.

A personal guarantee is an agreement of one party to answer for the debt, default or miscarriage of another. Director guarantees are a common type of guarantee, where the director of a company receives a request for a personal guarantee which holds them liable for the company's debt if the company does not meet their obligation, i.e. fails to pay.

These guarantees are usually required in loan, lease or other finance arrangements with small companies. Here are five things to consider before signing a personal guarantee:

### The extent of the guarantee

Review the total amount that must be repaid under the guarantee and be wary of any other costs that may be added to the debt. For example, the wording of the guarantee may include other amounts which may be claimed under the guarantee, such as mercantile fees, legal costs and interest. These additional costs can significantly exceed the original amount when the final amount is owed.

### How the guarantee will be released

The release of the guarantee will vary depending on the type of agreement. In some circumstances, the guarantee will not be released until an amount has been repaid in full or there is an expiry of a lease. On other occasions, the guarantor may be able to negotiate for an earlier release.

Company directors should be aware that ceasing a relationship with the company, i.e. resigning from their role, does not automatically terminate a guarantee. The guarantor must obtain the consent of the creditor/lender, and potentially the debtor person/company, to be released from the guarantee.

### When there is more than one guarantor

In cases where there is more than one guarantor, joint or several liability for the debt may be accepted. This type of liability may hold both or even just one guarantor equally liable for the debt. The terms of the agreement may hold one guarantor responsible for all the debt if the other guarantor does not meet their obligations. In addition, creditors may be able to selectively enforce the debt on one guarantor.

### Understand the terms of the guarantee

Consider the consequences of the terms you are accepting and remember each guarantee



is different. The wording of the guarantee will also dictate whether it is secured or unsecured, and what debts may be claimed. For example, an 'all moneys' guarantee means that you will be liable for all the debts and obligations of the company.

### Be aware of the consequences

Make sure you understand who you are providing the personal guarantee on behalf of and the likelihood of the person/company not being able to pay the debt. Read the contract carefully and obtain independent advice before signing to understand the limit, extent and impact of the guarantee.

## Changes to Enduring Power of Attorney forms

Enduring Power of Attorney (EPA) forms have been made easier to understand and use.

Changes to the forms have been made to make it easier to set up and understand what setting up an EPA means. The changes will not affect existing documents but any medical certificates about someone's mental capacity must meet new requirements.

Along with the Protection of Personal and Property Rights Act 1988, the changes to EPA forms include:

- options to cancel or change previous EPAs

- allow you to cancel your existing attorney and appoint a new one without affecting the EPA
- change the requirements for medical certificates of incapacity so that health practitioners can use their own versions if they contain the required information
- make it easier for people, for example, a husband and wife, to appoint each other as their Enduring Power of Attorney by allowing them to use the same lawyer
- require an authorised witness to certify that you understand what the documents are about and are not acting under duress.



## Business tax bill is now law

The Taxation (Business Tax, Exchange of information, and Remedial Matters) Act 2017 received Royal Assent on 21 February 2017.

The new legislation focuses on changes to business taxation to make tax simpler. From 1 April 2017, the threshold for self-correction of errors under section 113A of the Tax Administration Act 1994 has increased from \$500 to \$1000, and most RWT exemption certificates can now be issued for more than one year.

Additionally, the use-of-money interest will be reduced or removed for the vast majority of business taxpayers from 1 April 2017. Revenue Minister Judith Collins says use-of-money interest is often seen by businesses as unfair. Previously, even if a business paid

the correct amount of provisional tax during the year they could still incur the interest.

For the 2017-18 and later income years:

- The 63-day rule for employee remuneration has been made voluntary.
- The PAYE/ESCT threshold for annual and income year FBT return filing is increasing from \$500,000 to \$1 million.
- A new simplified method of deductions for dual use vehicles and premises will be available.

From 1 April 2018, the introduction of the accounting income method will give smaller businesses a new pay-as-you-go option for provisional tax. The accounting income method will allow small taxpayers to use their accounting software to calculate and pay their provisional tax, taking the

guesswork out of calculating provisional tax.

The combination of the accounting income method and other provisional tax changes will reduce the impact of interest.



## Growing your business with livestreaming

With video marketing here to stay, why not take advantage of livestreaming to grow your business?

Livestreaming is the ability to broadcast live straight to the internet through social media platforms. It is a tool that has been adopted by savvy tech-heads, and it is powerful when reaching out to clients and building your customer base.

With over one billion users on Facebook and five hundred million Instagram users, why not take advantage of the ability to boost your business through livestreaming and gain a competitive edge?

As a marketing strategy tool, livestreaming is impressive; it's fast, it's easy, and it's cost-effective. Livestreaming allows you to speak directly to your clients in real time. It does not require teams of individuals working on

a marketing campaign; writing, proofing, designing and editing are not present in this process, saving you and your business time and money.

It is personable. Livestreaming is real. Customers can put a face to the name and can relate on a more human or intimate level to your business. The nature of livestreaming is fun; it gives customers an opportunity to see a side of your business they simply would not get to see just from visiting your website or following you on social media.

Take your customers behind the scenes, show them what goes into product development and allow them to be a part of the process. They will feel like they know your company and this is where trust can be built.

Using Facebook as a livestreaming platform gives you instant feedback. Data on the number of viewers and how long they are tuning in for are just some of the benefits that are not available as readily through any other marketing platform.

To use livestreaming effectively, consider the following:

- Keep it natural and avoid reading from scripts. This helps remove barriers and allows the viewer to feel like you are talking directly to them.
- Have a plan. Know what topics you are going to discuss to avoid awkward air time.
- Promote. Get the word out there about when you will be going live to maximise viewer engagement.



### Important tax dates

#### 29 May

GST returns and payments due.

#### 31 May

Quarterly FBT return and payment due.

Annual FBT return and payment due.

#### 6 June

Employer deductions form and payment due for deductions made between the 16th and the end of the previous month.

Employer monthly schedule for the whole month is due.

#### 20 June

Employer deductions form and payment due for deductions made between the 1st and 15th of the same month.

#### 28 June

GST return and payment due.