

MONEY

END OF YEAR UPDATE

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LEADING CHARTERED ACCOUNTANTS AND BUSINESS ADVISERS

Kickstart your holiday marketing

The festive season often presents a time of increased sales for small businesses.

Proactively seeking out seasonal opportunities can help to boost not only your sales but your business' customer base.

Here are five ways to kickstart your holiday marketing efforts:

Join forces

Pair up with a similar local business that compliments your business' products and services to provide a combined holiday offer. A holiday partnership can open up opportunities to reach new customers that you might not have come into contact with through your own business. The key is to find the right partner - ideally a non-competing business with similar customers to yours.

Get creative

The festive season is a great opportunity to show off your creativity. For example, you can create a store window display or decorate your office (if you are service-based), give clients a customised thank-you gift, provide gift suggestions and so forth. To boost your online profile, you may want to add a holiday banner to your website, develop landing pages for specific products and promotions, and send out a holiday focused email marketing campaign. If the holidays are your slow season, tailor campaigns for the New Year instead.

Exhaust your social media

Social media can boost your business' reach and visibility immensely, so use it to your advantage. Launch a holiday marketing campaign and advertise it heavily on all your social channels. Use your social presence to create a holiday thank you video, post holiday messages, advertise your opening hours and advise of any last-minute cancellations or openings.

Target new customers

The holiday season is the perfect time to attract new customers and hopefully convert them into long-term, repeat customers. Use sales promotion techniques such as discounts, competitions, free samples, giveaways, vouchers, and limited-time offers to create demand and reel in new customers.

Add perks

For some businesses, it is simply not feasible to use sales promotion techniques such as discounts at this time of year. Alternatively, you can add value to your existing products and services by including some additional perks such as free shipping, gift-wrapping, guaranteed-before-Christmas delivery, and rewarding loyal customers with a bonus. If you are a service-based business, consider extending your availability for appointments.



DFK Oswin Griffiths Carlton

LEVEL 4
52 SYMONDS STREET
AUCKLAND 1010

PO BOX 6077
WELLESLEY STREET
AUCKLAND 1141

TEL +64 9 379 3890
FAX +64 9 309 3304
EMAIL
office@dfkogc.com
WEBSITE
www.dfkogc.com

PARTNERS

David Griffiths
Navin Patel
Mukesh Parshottam
Shane Browning
Sanjay Kumar

Michael McNab
Paul Collins
Nikki Gower
Anit Patel
Steve Darnley

Business Advisory Services
Accounting & Taxation
Audit & Assurance
Forensic & Litigation

Preparing your team for the EOY shutdown

The holiday season often means closing down the office for a week or two, but before doing so, carefully consider the most appropriate and harmonious way to do this.

Legally, you are required to give your employees at least 14 days notice of the closedown. However, you may consider giving more notice so your staff can make arrangements, particularly if they aren't entitled to paid leave for this period.

The benefits of business valuation

Knowing the value of your business is critical, especially nearing the end of the year. It allows you to enter the New Year with an informed understanding of the business' worth and potential.

There are numerous benefits of getting a business valuation, including the following:

Understanding the worth of the business

Conducting a business valuation can provide you with accurate, reliable data as to how much your business is actually worth. Your prediction as to what your business is worth may be completely off. Whether your belief is that the business is worth a considerable amount more or less, actually knowing the true value allows you to act accordingly.

Evaluating business growth

A business valuation will provide you with the data to adequately assess how successful your business has been. In fact, a business valuation at the end of each year can help you evaluate how to implement strategies for the New Year to increase profit and business value.

Strategic planning

Without knowing the true value of the business, strategic planning for the future becomes extremely difficult; it is not based on true data. Knowing how much your business is worth allows you to reassess how effective your marketing and business practices are, and how to improve upon them.

Christmas and the New Year are an expensive time of year, so the more notice and time you allow for staff to prepare, the less likely they are to become disgruntled.

This is especially true for employees who are not entitled to any annual leave (i.e., those who have been employed for less than 12 months). These employees can take annual leave in advance and be paid (if agreed upon) and additionally they must get paid 8 per cent of their gross earnings as of the closedown date (less any amount paid as 8 per cent or already taken as annual holidays in advance). In this situation, these employees don't get any annual holidays for the period up to the closedown or any further pay while the closedown is on.

It is always wise to notify employees formally, whether that be through a printed memo, email, etc. This time of year can be very busy and chaotic, and by only telling employees in a conversation, it can be quite easy for them to forget. By having the closedown plans in writing, you can also prove you have given adequate notice should any issues arise.

Coming back to work after the EOY shutdown can be quite tumultuous, particularly if the employees haven't

completed appropriate tasks before closing down. Appropriate tasks would include:

- Notifying clients of the office's closing dates and reminding them that there won't be anyone to help them for the set time frame
- Diverting calls and emails
- Wrapping up any projects before going on leave
- Office clean up such as cleaning out the fridge, taking out rubbish, turning off appliances, etc.



Avoiding the Grinch this year

The annual work Christmas party is a much-anticipated event; a chance to celebrate the year's achievements with colleagues and forget about work for a night.

However, employers must be wary of the legal risks associated with holding an employer-sponsored event. Employers have a duty of care and must meet health and safety standards to ensure the end-of-year celebration does not go awry.

Save HR from a headache with these tips:

Outline expectations in advance

Send a memo to all employees before the event reminding them of what is considered appropriate and inappropriate conduct. Setting the standard prior to the party helps to prevent misconduct and ensures employees are aware of the repercussions if they do not behave appropriately.

Serve alcohol responsibly

As most Christmas parties will involve some degree of alcohol, employers must take reasonable steps to ensure alcohol is provided responsibly, i.e., providing food,

low alcohol and non-alcoholic drink options, and having trained staff to serve alcohol.

Provide transport

Employers can be held liable for an employee's safety and actions when travelling to and from the Christmas party. Organising travel arrangements such as a mini bus or pre-booking taxis ahead of time will help to eliminate potential safety risks such as drink driving or a fight on the way home.

Allocate a supervisor

Allocating one responsible person or group of managers to monitor behaviour and deal with any issues that may arise is important as employers can be held liable for the actions of their staff including sexual harassment, discrimination, and bullying.

Create clear start and end times

Be sure to define the start and end time of the event and stay clear of endorsing any 'after-parties' held once the official Christmas party is finished. Employers can easily find themselves in a legal nightmare if they fail to do so.

End-of-year admin tasks

The end of the year is the perfect time to catch up on administration tasks that have fallen to the wayside throughout the year.

Consider completing the following admin tasks before closing down for the holiday season:

Update employee details and client lists

If you know of employees planning on resigning over the New Year period, it would be wise to ask for the return of any business belongings, such as the company car, uniforms, lift pass and so on. Removing the employee from software such as staff email, the payroll system, etc. are also smart things to do, to save you doing it in the New Year. For employees starting in the New Year, make appropriate adjustments so that there are no holdups and everything is set-up for them on their first day.

Make arrangements if you know you will be losing any clients, such as cancelling their direct debit payments and removing them from mailing lists.

Review annual performance

End-of-year is an ideal time to review and analyse how successful it has been, in terms

of marketing, customer satisfaction, profit margins and so forth. Evaluate the practices that have made you money and that have been successful. Establish how to improve upon these in the New Year. Also, cut ties with the practices that have cost you money or haven't made you any.

Set goals for the new year

Establish the goals you want to accomplish in the New Year. Focus on the different aspects of your business you want to improve upon and brainstorm with your team ways to accomplish these goals. Areas you may want to focus on include:

- Improving customer service and satisfaction
- Streamlining office processes such as introducing automation for payroll, rostering, etc.
- Increasing profit margin
- Strategies to reduce spending

Make appropriate payments

Before the start of the holidays, ensure you have made appropriate payments to employees, including quarterly super contributions, wages, and any holiday

bonuses. It would also be worthwhile to make sure clients are up to date with any payments or bills owing.

Review cyber security

Before wrapping up for the year, invest time to ensure your cyber security is up to par. Ensure that all malware and antivirus software is up-to-date and renew any software licenses where appropriate. If you are closing down for the holiday season, remove any saved passwords or cached information such as credit card details.



Enforcing employment standards

Legislation pertaining to employment standards that was introduced 1 April 2016 has proven to be effective, as several employers have recently been caught out evading their responsibilities.

All New Zealand employees, regardless of their citizenship status and their type of employment, are entitled to minimum employment standards. These standards include a formal written employment agreement, sick, parental and bereavement leave, paid annual leave and public holidays, accurate pay, appropriate breaks and a safe workplace. However, many employers take advantage of their employees and fail to meet these standards.

According to the New Zealand Government, the legislation aims to strengthen employment standards by focusing on:

- Ensuring all breaches of employment standards are dealt with appropriately.
- Ensuring sanctions provide an effective deterrent.

- Avoiding unnecessary compliance costs on employers.
- Ensuring employers keep accurate employee records.

Following recent decisions made by the Employment Relations Authority, the Labour Inspectorate is looking more stringently at employers that are neglecting their responsibilities and are non-compliant with the minimum employment standards.

Penalties receivable for failing to meet the minimum employment standards for minor breaches remains the same at \$10,000 for an individual and \$20,000 for a company. For major, more serious breaches, penalties have been increased by five from the aforementioned figures to \$50,000 for individuals and \$100,000 for companies.

To decipher whether a breach is classified as a minor or major offence, cases will be presented to the Employment Court where a list of factors will be considered, such as:

- amount of money involved
- duration of the breach
- whether the breach was intentional or reckless.

Since the recent crackdown, several New Zealand companies have received hefty fines. One of these companies includes the second-hand car dealer business '2 Cheap Cars Limited' who received a \$70,000 penalty and owe over \$250,000 in arrears. Another company, a petrol station in Northland received a penalty of \$28,500 for failing to meet standards such as minimum wage and correct holiday pay.

With the holiday season among us, it is thought that the Labour Inspectorate will be taking an even closer look at New Zealand businesses to ensure the minimum employment standards are being met, particularly in relation to annual and holiday leave and pay. Ensure you are meeting these standards to avoid being hit with fines this festive season.

Tax credits for a cause

Contributing to charity this Christmas is a meaningful way to give back to the community while also gaining tax benefits.

There are many charities that run special Christmas programs, and if you are contemplating gift ideas, making a charitable donation in someone's name is a fantastic solution.

Making a donation to an approved donee organisation is tax deductible under certain conditions. Individuals can claim a tax credit for all donations of \$5 or more made to an approved donee organisation where there is no identifiable direct benefit to an individual or their family.

To claim a tax credit, your total donations cannot exceed your taxable income for the year. If they do, you can claim donations up to the amount of your taxable income.

Individuals can claim either the lesser of

33.3333 per cent of the total donations made or 33.3333 per cent of their taxable income.

Receipts must be kept for donations of \$5 or more to:

- approved donee organisations
- approved New Zealand religious organisations
- medical research schools and universities
- approved overseas aid funds
- kindergarten associates (excludes private kindergartens or other early childcare fees)
- state and state-integrated schools, or their board of trustees (the payments can either be "donations" or payment of "school fees" if they go to the school's general fund)
- other schools who have been approved as donee organisations (the payments must be "donations")
- parent-teacher associations (the payments must be "donations").

You cannot claim if you donate through payroll giving; however, you can still receive tax credits which your employer is responsible for calculating. Once the tax credit is calculated, your PAYE is reduced by the amount of the tax credit.



Going green in the new year

There's no better time than the New Year to transform your office into an ecological, environmentally-friendly space.

While there are initial up-front costs of switching to green, the long-term savings will be substantial and you will also be reducing your carbon footprint which is great for everyone!

Consider implementing the following changes:

Go paperless

Reducing paper use and printing is great for the environment and will save you money in buying paper, printing, and administration costs if you end up automating processes



that you would otherwise need an employee to do, such as filing. Save energy

Switch to more energy-efficient products through:

- Replacing lighting with LED lighting
- Taking advantage of natural lighting
- Turning off appliances at the powerpoint at the end of the day

Sell a product that is green

Not only can you alter office practices, but you can also adopt more environmentally-friendly business practices, such as sourcing products from an underprivileged community, or partnering with a charity and donating a percentage of profits to said charity. This is a great way to bring in more customers and keep them loyal to the business, making you more money in the long run.

Encouraging smart commuting

Provide incentives to employees who ride, take public transport or carpool to work.

Lead by example

The best way to encourage your employees to practice green behaviours is to set a standard for them to follow. An example of how to do this is by using and encouraging keep cups for takeaway coffee and reducing plastic packaging.

Important tax dates

20 November

Employer deductions (EDF/IR345) form and payment due, and Employer monthly schedule (EMS/IR348) due for employers who deduct less than \$500,000 PAYE and ESCT per year.

EDF/IR345 and payment due for deductions made between the 1st and 15th of the same month.

28 November:

GST return and payment due.

5 December:

EDF/IR345 and payment due for deductions made between the 16th and the end of the previous month, EMS/IR348 for the whole month is due.

20 December:

Employer deductions (EDF/IR345) form and payment due, and Employer monthly schedule (EMS/IR348) due for employers who deduct less than \$500,000 PAYE and ESCT per year.