



# October 2022 Newsletter

## The key to succession planning success

So you've created your company from nothing, put years of blood, sweat and tears into its success, and retirement is just around the corner. What do you do next? If you're one of the lucky people who have an exit strategy, congratulations. If you're unsure what will happen, it's time to think about succession planning.

Succession can mean a number of things: handing over the reins to a new generation or having someone in the wings ready to buy you out. Either way, you need a plan.

### Develop your succession plan

First, ask yourself these two questions:

What needs to be done to prepare your business for succession?

Do you have a set timetable for handing over the company?

When developing a succession plan, follow this four-step process.

1. Complete an analysis of financial and non-financial matters.
2. Conduct thorough due diligence of business risks.
3. Remove obstacles that might hinder succession planning.
4. Look at ways to enhance your company's value, if you're preparing for a sale.

### Handing over to family?

You might be planning to hand over your business to a family member. But this still requires careful planning.

A family succession plan recognises and accommodates the various needs, goals, and objectives of each family member. It should avoid creating ill-feeling and take everyone in the family into account. Compromises should be reached where necessary to ensure a smooth transition.

Consider what different members of your family want from the succession process. This can help families work out how they feel, what different people want, what the business needs to thrive in the future, how much money and equity is changing hands, and who gets what.

### The lowdown on selling up

You might presume that selling your company will be a golden ticket to a dream retirement, but making that dream a reality is far from straightforward.

With so many companies on the market, yours needs to stand out. Good businesses will fetch a good price, while bad ones won't.

Start by assessing the current position of your business. Perform internal due diligence and conduct financial and non-financial analysis.

Valuing the business with an independent party is another key part of succession planning. It's common for there to be large gaps between an owner's expectations and what the market is willing to pay.

Also, reflect on what you can do to make your business more attractive to potential buyers. There are four key drivers of business value that need to be addressed: growth, profitability, efficiency-capacity, and risk management. Leave no stone unturned.

### Succession is a journey

Developing, improving, and grooming your business is just the starting point in the succession planning process. Good advisers, including accountants and legal counsel, are also invaluable in helping you on your journey.

Get in touch to see how we can help shape your succession plan. Why not start today?



## Payroll news

With Christmas holidays not that far off, ensure you're sorted with your employees leave entitlements.

A great website to check is [www.business.govt.nz/hiring-and-managing-people/handling-holidays-and-leave](http://www.business.govt.nz/hiring-and-managing-people/handling-holidays-and-leave).

As a reminder—you must:

- give employees at least 14 days' notice before an annual closedown
- give employees at least 14 days' notice if you are requiring them to take annual holidays.

**Katya is available on ext 816 for all payroll enquiries**



**RSP - Resurgence Support Payment**

**CSP - Covid Support Payment**

**SBCS - Small Business Cashflow Scheme**

**Unite  
against  
COVID-19**

The above Covid-19 support products were introduced under a high trust model. Although there were integrity checks in place, there was an expectation that only eligible people/businesses received the support.

The IRD have recently started focused work on post payment verification for the above assistance types and have identified some customers who may not have met all the relevant eligibility criteria.

In early October the IRD are sending out letters to customers who may need to double-check their eligibility and they want customers to let the IRD know if they have made a mistake.

If you receive a letter from IRD and are concerned, please contact your manager and we can assist you in responding or making a declaration to the IRD as soon as possible.



## Junk Email Folder

A small number of clients have been impacted by the emailed tax payment reminders from Blackburne Group being assigned to their junk/spam email folder, so missed making their provisional tax payments by the due date to the IRD.

Standard tax payment dates for a 31 March balance date are:

### Provisional Tax

28<sup>th</sup> August, 15<sup>th</sup> January, 7<sup>th</sup> May

### Terminal Tax

7<sup>th</sup> April



So..... keep an eye on your email inbox AND junk mail folder 2-3 weeks before these tax due dates for your tax reminders.

Sometimes your email provider will view an attachment as a potential risk so allocates our email to your junk/spam folder. One effective way to reduce this event is to add a sender (us in this case) to your contacts to avoid the spam label.

Please contact Diana on ext 811 if you wish to discuss further.

## Cost of Living Payment

You may have heard recently about the cost of living payment being made by the NZ Government, for eligible New Zealanders. \$350 paid in 3 instalments on; 1 August, 1 September and 1 October 2022.

If you haven't received the payment already, don't worry, there is plenty of time. You have until 31 March 2023 to file your tax return to receive the full payment, if you are eligible.

(\$70,000 income is the threshold before tax). We will consider this threshold and request the payment on your behalf when preparing your annual accounts and tax return if applicable.

**New Zealand Government**

Te Kāwanatanga o Aotearoa





On 30 August 2022, the IRD have changed their interest rates on overpaid (credit interest) and underpaid (debit interest).

This is often called “use of money interest” or UOMI. Rates are reviewed regularly to ensure they align with market interest rates.

Current rates are now:

- Debit interest 7.96%
- Credit interest 1.22%



### GST Invoicing changes are coming!

New rules modernising GST invoicing and record-keeping requirements will apply from 1 April 2023. The key change is removing the requirement to issue and hold a “tax invoice” document (which meets certain prescribed requirements on details required). Instead GST requirements will be met provided specific GST information is held through various business records. For example commercial invoices or agreements.

Tax invoices will be replaced by taxable supply information (TSI). This is a set list of information that must be provided to any GST-registered customers within 28 days of the date of supply. Information over and above current tax invoice requirements includes:

- the “date of the supply” — when the time of supply is triggered, rather than the current tax invoice requirement of the date on which the tax invoice is issued
- for supplies over \$1,000, the TSI must include the recipient's physical address (if that information is available).
- for supplies over \$200 it will become mandatory to issue TSI to GST-registered customers within 28 days of the date of supply, and for supplies made to non-GST registered persons you have 28 days from when the customer requests the information.



### Privacy Act 2020

#### Privacy Act Authorities Review

Inland Revenue has issued an operational statement dated 6 July 2022 that covers all guidelines for authority to act as a Tax agent, electronic signatures, online identity verification and record keeping.

Considering that this statement replaces previous guidelines issued by IRD, we are taking this opportunity to review all previously obtained signed Privacy Acts we hold on file.

If what we have does not meet the current standards, we will be creating new forms that will be sent out with your annual accounts/tax documents so that it's easy for you to just sign and return with the other paperwork.

Children under the age of 16 need a parent or guardian to complete the authority to act on their behalf. When a child turns 16, the child will need to complete their own authority to act so we will be reviewing this as well.



**Te Kaporeihana Āwhina  
Hunga Whara**  
prevention. care. recovery.

From 29 August 2022, ACC have changed their approach to ACC payment plans, and this may impact you.

Customers will continue to have direct access to 3 and 6-month plans, but ACC are removing the 10-month payment option. This option will be available for customers only in exceptional circumstances

If you are on an existing 10-month payment plan you will not be impacted by this change, as your plan will continue to roll over.



**NEW ZEALAND COMPANIES OFFICE**

The NZ Companies office have recently increased their charges to file the company annual return.

Blackburne Group will continue to charge the annual fee of \$192.67 for this service and will absorb the additional Companies Office costs.

Yay - some good news!





## Tax code declaration

### Tax Codes - Should I use M or S??

Do you receive NZ Superannuation or ACC income AND are still in paid employment and having PAYE deducted? —please consider if you need to change tax codes

As a general guideline:

- If NZ Super/ACC is your highest or only source of income then choose “M” tax code
- If NZ Super/ACC is NOT your highest or only source of income, then choose secondary “S” tax code

Give your manager a call if you would like to discuss further

### Xero Learning

Questions we’ve been asked lately:

Q—How do I refund an overpayment of an invoice?

A—It’s important to reconcile the payment against the credit invoice, so there are steps to the process....

Check out Xero Central /Support - Process a customer or supplier refund

Q— My xero bank account doesn’t match what’s in the bank account

A—Xero bank transactions are updated overnight. Noted on the dashboard within the bank accounts are Balance in Xero AND Statement balance..... These should always match each other if all bank transactions have been reconciled.

Check out Xero Central /Support - Bank reconciliation in xero

If you require any xero assistance please phone the office and you’ll be directed to one of the team members who will offer guidance.



### Government extends cost of living support measures

- Fuel excise reduction of 25 cents per litre until 31 January 2023.
- Equivalent reduction in road user charges until 31 January 2023.
- Half price public transport until 31 January 2023, and permanently for community service card holders from 1 February 2023.
- Cheaper GP visits for more than half a million people, including free doctors’ visits for all children under 14.
- Parental leave payments boosted by up to \$40 a week
- Best start payment providing an extra \$65 a week for parents of newborns. Let us know if you have recently had a baby as we can apply for this when we do your tax return (if you are eligible)



## Get to know the Blackburne Group Team

Each newsletter we’ll profile two team members.

First up are:

### Sarah Barnett

Receptionist—aka Director of First Impressions

Sarah our Receptionist originally comes from Wellington, but has lived in Taupo for more than 20 years. Sarah has a background in administration/reception. She has a diploma in Business and is also qualified as a beautician, Sarah has completed 4 half marathons and is an animal lover she is the owner of a huntaway/kelpie cross.

You can contact Sarah on extn 800

### Joanne Dunn

Practice Manager— aka Chief Inspiration Officer

Joanne started working in the Chartered Accounting environment directly from highschool—back in (she won’t go there....) over the ensuing year’s she’s taken time out for 2 other jobs, family and work experience in Western Australia! While raising her 2 daughters Joanne gained a Diploma of Business Studies and received the top student of the year award! Joanne is a member of the Australia and New Zealand Chartered Accountants association and holds the ACA qualification.

Joanne says “Starting at the bottom is a great way to learn and makes it easier when you’re assisting team members as “you’ve done everything”. I love being able to give advice and assistance and help other team members find the answers so they can keep moving with their tasks. Mark and Sonya are great to work for - very forward thinking and not shy of implementing new technology.... I tell them they can stop now as my brain’s had enough learning!”

Joanne’s downtime is spent with family, friends, her dog and travelling in her van—come campervan which she’s still working on converting. You can contact Joanne on extn 822



Joanne Dunn

Sarah Barnett

### 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.***

