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AML/CFT (Anti-Money Laundering and Countering Financing of Terrorism) and Client Due Diligence

We expect that by this point most of you will be familiar with AML/CFT law and what it requires. The AML/CFT Act has been in place for all accounting firms since 1st October 2018 and means we are required to complete client due diligence on all our existing clients. To do this we need to:

- **Take a copy of your proof of ID and proof of business and residential addresses;**
- **Ask if there is anyone else who manages your business, has access to your business bank account or who undertakes daily banking duties – if there is, we are also required to have proof of ID and proof of residential address for that person; and**
- **Ask if you or any of your close relatives or associates have held a prominent overseas position in the last 12 months.**

Some of you will have already completed this process, those that haven't can expect to be called upon to supply this information in the near future. We understand that supplying this information isn't always easy and the questions can be intrusive. We sympathise with the inconvenience however this process is one which we are required to complete by law.

If we do not complete this process we can be charged and fined, therefore your cooperation is greatly appreciated.

Leanne, Becks & the Team



Find an excuse to spend again

Kick-starting the economy – what a cliché! Here are some thoughts about ways we can all help:

- Buy from small businesses whenever possible. Go out of your way to do this. Try to maintain the habit.
- Bring forward projects you have been thinking about.
- Look at your small-business suppliers and see if you can place an order earlier than you might otherwise have done.
- Put away your loyalty cards when you go to cafés and restaurants. They are going to be desperate for cash flow.
- In a nutshell, find an excuse to spend, if you can afford to do so.

Wage subsidy is not part of sales

If you've received a wage subsidy, don't treat it as being part of sales.

It's not taxable income and not subject to GST. You are required to forward the money on to the employee and deduct PAYE when you pay it.

When you pay wages to your staff the subsidy portion will not be tax deductible. We will adjust for this. Although the wages subsidy received for employees is not taxable, it becomes taxable income for the self-employed and will need to be included in their tax returns.

Similarly, a shareholder-employee not receiving a PAYE salary needs to treat the subsidy as taxable income.

Tax changes worth noting



There have been several tax changes recently. Some of the important ones are listed here:

- Any asset you buy from 17 March 2020 until 17 March 2021 can be treated as an expense up to a total cost, excluding GST, of \$5000. For some small businesses, this could even mean buying a car and treating it as an expense. After 17 March 2021, this threshold for writing off assets as expenses is going to drop to \$1000 permanently. You should keep a record of these assets because if you sell them, or take them privately their value will be added back as income.
- The owners of commercial buildings will be able to claim depreciation again at 2% DV. No such luck for residential. Air B&B, for this purpose, is deemed to be residential.
- At the moment, once your year-end tax works out to be more than \$2500, you must pay provisional tax. This threshold is to be raised to \$5000 for the year ending 31 March 2021 or equivalent balance date.
- If you qualify for research and development tax credits, some law changes might benefit you.
- If you qualify for the right to a six months mortgage repayment holiday, remember the interest will still accumulate.

Cyber safety

More and more we are relying on technology for the day to day running of our businesses and lives. Because of this there is ever increasing activity in the cyber-crime area to steal data and money. Regardless of your industry it is very important that you keep vigilant about safety with your online activity and business data.

All systems should be regularly backed up and these backups stored securely. If in the event you are compromised by a malware attack this will mean you are up and running again quickly, with minimal data loss and you won't have to pay to get your data back.

Hacking into invoicing systems (through phishing invoices or similar) is on the rise. Once in, these criminals will usually only change the bank account for payment on your invoice and you usually won't even notice they have been in. Clients then think they are paying you for services but are in fact depositing their money into a criminal's bank account. Security is key here and 2FA (2 factor authentication) is a great way to add an extra layer of protection from hackers.

Cyber insurance is worth looking into, regardless of the industry you are in. So much is done online now that you should make sure you are protected if the worst happens.



ACC Updates - 2020



Detailed below are some practical ways in which ACC are trying to provide respite and support where possible to their clients.

Delays to invoicing – Invoicing has been delayed until October. Invoices for the 2020/21 financial year would usually have been sent from 1 July but will now be issued in October. Payment options will be available once ACC send invoices in October, to further assist in managing payment for these invoices. If you would prefer to still receive your invoice as normal, you can simply do this by logging in to your MyACC for Business account or notify us and we can sort for this for you.

Payment holds – During lockdown you may have been contacted by ACC offering the opportunity to put your outstanding balance on a payment hold. If this is something you have done, the ACC Collections & Recovery Team will be making phone calls, to check in with you to see if you are now able to pay your outstanding balance. Options will be available if you cannot repay your outstanding balance in full, such as offering a payment plan.

ACC CoverPlus Extra invoices – Those of you on CoverPlus Extra can expect your invoices shortly as these were issued on 1 July, a three-month delay from the usual 1 April date. If you are concerned you may not be able to pay the invoice on time, please get in touch with ACC or contact us to discuss what support they can offer. If you receive a CoverPlus Extra invoice but you are no longer in business be sure to let us know so that we can cancel your policy, or contact ACC directly, you can do this through MyACC for Business at business.acc.co.nz. If your invoice is not paid by the due date and if you have not contacted ACC, your CoverPlus Extra policy will be cancelled, and you will revert to standard cover. This means you will need to go through the application process all over again if you wish to reapply.

Payment – You will have 30 days to make payment or setup a payment plan before the due date. **If you were previously on a payment plan, this will begin again from 1 July.** Any new invoices will be added to your payment plan and you may see some overlap between your existing and new payment plan. For now, your policy has rolled over for the 2020/21 year and you are still covered. You can check your policy details through MyACC for Business or contact us and we can check for you.

Business Bites

Keep in touch with customers



The events so far this year have highlighted more than ever the benefits of modern-day technology and its role within business.

Now is the time to focus on keeping in touch with customers or past customers and networking.

Networking? Yes, with a bit of ingenuity you could organise this by means of internet meetings using apps such as Zoom and similar. Don't let circumstances hinder your business, where possible use technology to your advantage!



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Business Bites

OFFICE NEWS

HoY Success



Earlier this year Rebecca Conole had great success at the 2020 Horse of the Year show.

Her mount, Private Benjamin III, placed third in the Working Hunter Horse of the Year class and had numerous placings in Show Hunter classes throughout the weeklong show.

Congratulations Janis!



Janis Ronald is now a qualified Associated Chartered Accountant (ACA). This qualification was obtained with practical experience, support and mentoring from Leanne and study through Chartered Accountants Australia New Zealand (CA ANZ).

Banks to phase out cheques



With the number of customers using cheques steadily declining within New Zealand Banks, along with the rise in digital and online services, many banks have staged plans to phase out cheques. **This follows Inland Revenue and ACC, who in March this year both stopped accepting cheques from customers who were able to use alternative payments options.** Generally, banks have stated that they will provide support to customers in their transition from cheques to alternative payment options.

See below for a summary on what we know so far regarding banks plans in phasing out cheques:

ANZ – Are still to confirm an exact date but have indicated they will phase out cheques over the next year.

ASB – Have not yet finalised a cut-off date but have staged a plan to stop accepting and issuing cheques.

BNZ – Will no longer be accepting cheques as of July 2021.

Kiwibank – Stopped accepting cheques in February of this year.

The Co-operative bank – No longer issue new cheque books as of 1 July. Replacements to existing cheque books and cheque processing will continue as normal.

Westpac – Have not yet finalised a cut-off date but have staged a plan to stop accepting and issuing cheques.

Whoever you bank with, it is important to stay up to date on the latest proceedings. Most banks are good at making you aware of any changes, especially those that relate to you. However, a good way of insuring you're kept in the know is to keep tabs on the 'Latest News / Updates' section on your banks website. A simple way to find this would be to google the name of your bank and updates.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended *as general information only*.

