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June 2023



Fiona Cameron will celebrate her
25th Anniversary with Southey Sayer
on 7 July 2023
Congratulations Fiona!

Proud to Sponsor the Wellington Free Ambulance

In one of her many roles within the community, Leanne is a member of the Wellington Free Ambulance board and so this year, it was decided that we would help to support the WFA as part of our sponsorship within our local community.

Not only do they provide our local emergency ambulance service for free, the WFA can also hold Heartbeat CPR & AED sessions for you and your business!

If you want to learn more or make a donation, head along to www.wfa.org.nz



The Bank of Mum & Dad

Increasingly parents and grandparents today are having to help their children buy a first home – they are referred to nowadays as the Bank of Mum and Dad.

Beware the tax man if you're helping out! If you buy a property either jointly with your offspring or in any other way involving your ownership of that property, you can be taxed on any gain in value.

There is a capital gains tax on property sold within 5 or 10 years of purchase. This time varies depending on when the property was bought, whether it is a new build and the tax law at the time acquired. It's called the Bright Line Test. It was designed to help take the heat out of the property market.

Budget 2023 – A Quick Summary

In case you missed it, here is a quick summary on the announcements of the 2023 Budget.

1. Aligning the Trustee tax rate with the top tax rate

The Government will align the trustee tax rate with the top personal tax rate of 39% from April 2024 to improve the fairness of the tax system.

2. Removal of \$5 prescription co-payments

To help ease the cost-of-living pressures, the Government will remove the \$5 prescription cost payments.

3. Funding for new National Resilience Plan

An initial \$6 billion for the National Resilience Plan which will support the investment into medium and long-term infrastructure. This programme will initially focus on the recovery post adverse weather events but will also fund strategic investments to develop long term resilient infrastructure.

4. Funding for education initiatives

\$3.6 billion is being allocated to a range of education initiatives designed to boost skills, improve achievement, reduce class sizes, and lift teacher pay. Additionally, \$17.1 million is allocated to the Apprenticeship Boost programme, \$521 million for further tertiary funding and training subsidies and \$63.1 million for rural school property improvements.

5. Continued reduced or free public transport costs.

The Community Connect programme is being extended to provide ½ price public transport for those aged 13 to 24 and free transport for children aged 5 to 12 years.

6. Supporting the cyclone recovery

In addition to the \$889 million already provided, a further \$941 million of operating and \$195 million of capital funding is being allocated to the cyclone recovery to support infrastructure investment in the region, the provision of business and community support and future flood resilience.

7. Kiwisaver contributions for paid parental leave

At a cost of \$20 million, the Government will pay a matching KiwiSaver 'employer' contribution to paid parental leave recipients

8. Funding the digital transformation

\$75 million is being allocated to the Industry Transformation Plan which will be used to fund a digital skills package to address the gaps within the technology sector and scaling up of NZ's horticulture technology industry. Additionally, a new 20% rebate for game development studios will be introduced. \$15.4 million for the Equitable Digital Access programme which provides free home internet access for student households.

9. Funding for winter, waitlists and workforce.

\$1 billion has been allocated to increase health workforce pay rates and boost staff numbers. This includes \$76 million over four years to develop the health workforce with a focus on primary care and nurses.

Incorporated Societies Act 2022

Prepare for the Changes:

The new regulations under the Act will be published around September 2023. Your society should review these changes as soon as possible to check that your existing rules/constitution will comply with the new Act. Be sure to consider any procedural changes that you may need to make and update your constitution accordingly.

Once your society is re-registered and thus has a compliant constitution, it will need to adhere to the financial reporting under the new Act also.

A Quick Summary of Changes:

- All Incorporated Societies must re-register between October 2023 and April 2026
- To re-register you must have a compliant constitution. A great tool to help you do this and ensure that you are compliant with the new act is the Constitution Builder available on the Companies Office website: <https://isb.companiesoffice.govt.nz/constitutionbuilder/startscreen/>
- Members consent is required & a register of members is still a must.
- You need to ensure that a Governing Body/Committee is established – not just officers. Committees must comprise at least 3 members and the majority must be members of the society. All Officers (includes Treasurer, CEO and Committee) must be checked for criminal convictions.
- The Officers Duties have been introduced in line with those of Directors at the Companies Office.
- Enforcement & offences can be applied by courts to Officers in breach of their duties.
- The new financial reporting standards are in line with Charities requirements.
- Annual return obligations must be met and filed through Incorporated Societies Website within 6 months of balance date of your society.
- The distribution of any surplus assets must be distributed to one or more not-for-profit organisations after wind up.
- Your constitution must also include an amalgamation regime and dispute resolution section.

If you have any questions, please feel free to contact us for support.

The ChatGPT phenomenon

You've probably heard about the new AI (artificial intelligence) technology that has huge implications for how we all work.

Foremost is ChatGPT which launched in December, breaking internet records as its popularity grew to millions in just days. As its name suggests, it's basically a way to chat, more particularly to get information on any topic. Rather than a Google search, ChatGPT looks for the "best" answer. It looks at all the information on the internet to do that, using AI to create just the one answer.

It can be a huge helper in day-to-day life. Ask it for a weekly recipe plan based on a keto diet, how to repair a bike puncture, or what natural remedy might ease the pain of a bee sting.

The somewhat scary part of this technology is when it's used to overtake human creativity. Right now, a rapidly growing number of university assignments are being written using ChatGPT. For example, you can type in: "Give me a 500 word article on the molecular response to a virus." Architects might also ask for a building design based on Frank Lloyd Wright.

However, ChatGPT itself advises that it might "occasionally generate incorrect information" and has "limited knowledge of world and events after 2021" (unless you subscribe rather than using the free version). Meanwhile, OpenAI has also developed DALL-E 2, which is similar to ChatGPT, but it can generate images from textual descriptions.

DALL-E 2 can be used for many applications, such as product design, video game development and digital art. There is a charge to use it.

To try ChatGPT, register at chat.openai.com; for the image generator, go to openai.com/dall-e-2



Business Bites

Kilometre Rates updated for 2023 year

The Commissioner has updated the kilometre rates for the 2022–2023 income year to be used for motor vehicle expenditure claims.

The tier 1 rates increase from 83 cents to 95 cents per kilometre, largely as a result of steeper fuel costs. The tier 2 rate (which is for running costs only and applies for the business portion of any travel in excess of 14,000 kms) increases from 31 cents to 34 cents (petrol and diesel), from 18 cents to 20 cents (hybrid) and from 10 to 11 cents (electric).

The updated rates are published as Operational Statement OS 19/04 (KM 2023), "Kilometre rates for the business use of vehicles for the 2023 income year". These rates may be used:

- To calculate expenditure claims for the business use of a motor vehicle.
- By employers as a reasonable estimate for reimbursement of expenditure incurred by employees for the use of a private motor vehicle for business purposes.



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 circumstances, as they are intended as general information only.

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Keep on top of slow payers

Perhaps one of the most unethical and unfair things one can do in business is to not pay the bill when it should be paid.

When you get a bill, you have received the goods or services and you hold the upper hand. There is little your supplier can do to get paid without it costing a lot of money.

Of course, some people unexpectedly get into a tight spot financially. The reasonable thing to do is to send a message to the supplier apologising for not being able to pay on time and requesting an arrangement to spread payments. Don't ignore overdue bills.

There is talk of a recession looming. This is, if it occurs, likely to lead to more people having difficulty paying their bills.

- If you think you might be one of them, consider ordering only what you know you can pay for.
- If you're a supplier, you should be planning now, before it's too late, for how you deal with unpaid invoices.
- If your business has a large number of customers, none of them being of a significant size, you are in a much healthier situation than those depending on one or just a few big clients. If not, can you change things now to get more, smaller customers to spread the risk?
- In tough times small businesses can get badly hurt when a big customer won't pay. Continuing to supply that customer to keep them going, in the hope their situation improves so they can pay you can be disastrous.
- Can you get deposits or increase the amount of deposit you ask for up-front?
- Are you spelling out your terms for payment before you take a job and making sure the customer is aware of them?
- If you want to charge interest on overdue accounts, you need to make this clear at the start.
- A customer who has to be constantly followed up for payment is wasting your time. You might be better off without them. It might be better to get rid of them now, while there's still a good chance of replacing them. You could make better use of your time promoting your business.

Are you keeping in touch with customers? Emails are such a cheap and easy way to communicate. Develop a system for sending messages to your clients and customers regularly. Set yourself specific dates when this has to be done. Think about special offers, tips and suggestions that could be useful to them.

