



# Belton, Smith & Associates Ltd

CHARTERED ACCOUNTANTS



## CHRISTMAS 2020



Merry Christmas to you all.

It is a relief that we have reached the end of what can be described as an interesting year, so we wish you all a happy and "normal" 2021.

2020 has certainly been a year that we won't forget for a long time. It has seen events that no one has experienced in their lifetime, especially with the lockdown.

It has given a lot of people a chance to reflect on the things in life that are important and it certainly makes you appreciate that living on an island at the bottom of the world has its advantages.

The lockdown was an unprecedented event that was extremely disruptive for everyone, especially businesses, and a lot of change was fast tracked as a result.

We have noticed that banks and government departments have made changes to the way they operate and communicate with their customers and the trend is a cloud based and faceless approach to conducting business.

This includes phasing out cheques and to insist on communication with them being conducted over a computer as opposed to being able to talk to a person. Reducing branches and customer interface is all part of changes to make more money and save more costs.

We have enjoyed our interactions with you all this year. The trials and tribulations of the roller coaster year have really shown that having someone to discuss your affairs with is still a very important part of business.

Whanganui is a great place to live and do business and the economy has soldiered on despite the challenges seen elsewhere. Enjoy the freedom we have to travel around over the break and maybe explore somewhere you have been meaning to get to but never had the time over the summer.

Thank you all for your ongoing support and we look forward to a more normal year ahead in 2021.

Hayden and Bryce

## Belton Smith & Associates News

### Staff Changes

In June this year we welcomed Teresa Spindler to our team as Hayden's personal assistant. Teresa has moved back home to Whanganui with her young family from Melbourne. She is sitting at the front desk with Kate, so make sure to say hi next time you are in the office.

In February, the lovely Kate will be leaving Belton Smith to venture off to Hamilton to study full time. Kate has worked at BSA for three years and she has been the welcoming face at reception. We would like to wish Kate all the best in her studies and thank her for her time working here, she will be sorely missed.

### New Website

Our website has gone through a refresh and the new version launched early December. We will be updating the website with regular news and articles that maybe of interest, so be sure to check it out at [www.beltonsmith.co.nz](http://www.beltonsmith.co.nz) Belton Smith has also launched a new Facebook page, where we will be sharing regular office updates, jobs and commentary around news and events. If you are currently on Facebook, give us a like and follow along.



### Office Christmas Closure

Our office will be closed over the holiday period, with the last day in the office on the 23rd December. The doors will re-open on the 11th January with a lighter team, however the full team will be back on board on the 20th January.

### Senior Accountant

At Belton Smith we currently have a job opening for a senior accountant. We are looking for someone who is a Chartered Accountant with over 5 years' experience. If you have any family or friends looking to move back to Whanganui, let them know about this fantastic role and forward any resumes to [admin@beltonsmith.co.nz](mailto:admin@beltonsmith.co.nz)





## How the government can help you recover from Covid 19

Over the past few months, Covid 19 has brought a lot of uncertainty to our lives, and the government have released multiple policies and support packages to help us recover financially both personally and commercially. However, with so many different support packages released at different times, it is hard to keep on top of what they all are and how they can help you.

The wage subsidy scheme was the main package released by the government to help businesses retain their employees across lockdown and the recovery phase. This was then extended until September and is no longer available.

Current support packages where applications are still available:

**Small Business cash flow loan**, the application period has recently been extended until the 31 December 2023. This is for businesses who have 50 employees or less and are viable on an ongoing basis (can pay their debts on time in the next 18 months). The loan is for \$10,000 plus \$1,800 per full time employee, up to a max of \$100,000. Sole traders can receive up to \$11,800. The interest rate will be 3% and there will be no interest charged if the loan is paid back within 24 months. The government has also eased restrictions on what the loan can be used for, giving people more freedom.

**Business Finance Guarantee scheme loans** mean that the government will be a guarantor for your business to allow the bank to provide term loans and revolving credit facilities in situations where normal lending requirements would not be met. There are multiple caveats in place, but more information can be found on the [www.treasury.govt.nz](http://www.treasury.govt.nz) website.

**Consultancy support** helps businesses to understand and manage their Covid19 impacts and plan for recovery. Small businesses may qualify for vouchers to help pay for services such as training workshops, courses and coaching that build the management capabilities of their owners, operators and key managers. Management Capability Development Vouchers are only available through the Regional Business Partner Network (RBP) Growth Advisors. Vouchers may be provided to a business where the Growth Advisors have identified a need for management training as part of an action plan to support the business owner to grow and innovate their business. For more information on the Management Capability Development Voucher Fund or to find your local Growth Advisor go to [www.regionalbusinesspartners.co.nz](http://www.regionalbusinesspartners.co.nz)

Belton Smith and Associates offer two services that are registered with the Management Capability Development Voucher fund. These services are Quarterly Accounting Coaching and Accounting Systems Training.

**Depreciation Tax Deductions** mean eligible businesses can claim depreciation on commercial and industrial buildings in the 2021 tax year.

**The low value assets threshold** has also been lifted meaning you can now claim the cost of your business assets purchased after 16 March 2020 and under the value of \$5000 in the year you purchased instead of spreading across the lifetime of the asset. This will only apply until 16 March 2021, where the threshold will reduce to \$1,000.

**Remission of Penalties and Interest** on late tax repayments, as long as the payment was due after 14 February and your inability to make the payment on time is due to Covid 19 challenges. The outstanding tax must be paid as soon as practicable.

**Temporary tax loss carry back** allow businesses who have made a loss or are expecting to in the 2020 and 2021 tax year, to carry back that loss into the preceding income year. To be eligible you need to have made a profit the year before the loss.

**Business Debt Hibernation** allows businesses who have been affected by Covid 19 to place their debt on hold for up to 7 months to help them start trading normally again, rather than starting the process of liquidation.

**Temporary changes to Commercial Property law** aimed at giving relief to businesses struggling to pay rent or commercial landlords' ability to make mortgage repayments include: 30 days' notice to cancel a lease, 40 working days' notice before lenders can take possession of a property and the obligation to negotiate payment options.

**R&D Tax incentive** means that qualifying businesses can claim tax credit on their R&D costs of up to 15%, helping with cash flow and incentivising continued investment into research and design.

**Other Changes:** We have seen an amendment to the Tax Administration Act which effectively allows the IRD to modify tax timeframes and procedural requirements for businesses impacted by Covid 19.

Provisional Tax Threshold has increased to \$5,000 from \$2,500. This means if a taxpayer's residual income tax is under \$5,000 they are not required to pay provisional tax. This measure is a permanent change moving forward.

If you would like any more information on any of the support initiatives, please get in touch.

## Big Changes ahead for Trusts in 2021

For over 60 years there has been no significant changes to the trust law in New Zealand. This is all about to change when the Trusts Act 2019 comes into effect on the 30th January 2021. Trustees need to become familiar with the new legislation, so to help you in that endeavour, we have simplified the key changes below.

Trustees now have an obligation to disclose information to beneficiaries. This means in most cases basic trust information will need to be provided to each beneficiary and additional information if requested. Basic information includes: that they are a beneficiary of the trust, the details of each trustee and the right to request information. There are some exceptions to providing this information, so it is best that trustees familiarise themselves with these exceptions.

Trustees now have five mandatory duties they must follow and ten default duties. These mandatory duties should be nothing new to trustees as they were already within current trust law, they are just now requirements and can't be avoided. These are:

- To know the terms of the trust
- To act in accordance with the terms of the trust
- To act honestly and in good faith
- To act for the benefit of the beneficiaries
- To exercise power for proper purpose

There are record keeping requirements for trustees in the new act. One trustee must hold all the documents and agree to make copies when required. The documents that need to be held are: the trust deed, any variations to the deed, records of any property held by the trust, records of trustee decisions, any contracts entered into by the trust and all accounting records and financial statements.

Other changes in the act include maximum duration of a trust is now 125 years. There is flexibility for trustees to delegate their power and the introduction of a more simplified process to remove a mentally impaired trustee.

At Belton Smith, we will be using this time before 30th of January to review our client's trusts and make sure that they are compliant. Trustees are advised to start acting on any changes needed, so they can be worked through in the coming year, the transitional period for the law to be embed in.



## Landlords face tougher restrictions with new changes to the Tenancy Act

As many of our clients have investment properties and are landlords, we wanted to bring to your attention the new Residential Tenancies Amendment Act 2020, which sees many changes to how landlords can act with regards to their properties. The most controversial of the changes is the removal of the 'no fault 90 day eviction notice' which in the past could be issued to tenants without reason. Now the landlord must prove 3 instances of anti-social behaviour within a 90 day period before evicting.

Landlords may only raise the rent once a year, and must give tenants 63 days' notice if they or their family members want to move into the house. Multiple sections of the act have been amended that now make failure to comply an unlawful act, making the landlord liable for a fine.

Tenants now need 28 days' notice to vacate previously 21 days, unless they are victims of family violence, which mean they need give only 2 days' notice. Tenants are also able to make minor changes such as hanging a painting or installing fibre connections and any complaints at the tenancy tribunal can now be anonymous.

Lastly, there can be no rent bidding on advertised properties, the landlord must offer the rent as per the advertisement and can't advertise a property without a rent stated.

This bill was moved through Parliament quite quickly so the changes will come into effect from the 11th February 2021. With more people being priced out of the housing market, New Zealand is slowly becoming a nation of renters so amendments were designed to keep pace with the changing housing scene.



### Keep in touch...

For further help on any of the articles featured in this newsletter or any other tax questions you may have feel free to contact either Bryce, Hayden or one of the team members.



# Is your business prepared for the new privacy laws?

The Privacy Act 2020 has finally made its way through Parliament, and came into effect on the 1st December. The previous act was created in 1993, and since then the web has developed at a rapid pace, with more business being conducted online, and many companies that are solely digital.

We have put together a summary of the key changes and actions for your business.

## Mandatory Breach Reporting

If there has been a breach within your company that has caused or is likely to cause serious harm, it will be mandatory that the breach is reported to the Office of the Privacy Commissioner. The key word here is serious harm, which can be assessed by looking at the sensitivity of the information lost and the nature of the harm that could arise. The Office of the Privacy Commissioner will launch an online notification tool for reporting these breaches.

## New Criminal Offences

There are two new criminal offences which carry a fine of up to \$10,000. The first is misleading an agency to gain access to personal information (impersonating someone) and the second destroying information if a request has been made for that information.

## Overseas Business

New Zealand businesses can only disclose personal information to an organisation or business overseas, if that business has similar safeguards in place as per the NZ Privacy Act. If your company uses overseas service providers, a cloud software for example, they will also need to meet the NZ privacy law standards. Lastly, if you are an overseas company and carry out business in NZ, you will need to comply to our standards.

There has also been a strengthening of the Privacy Commissioners power to issue compliance notices and carry out investigations into breaches of privacy complaints.

We recommend that you review your company's privacy policy, and make sure you are aware of the data you hold on your clients, suppliers and staff, where it is stored, and how easy it is to access. We further recommend that you work through an action plan in case you uncover a breach of data

## Thinking of taking on a new apprentice?

The Apprenticeship Support Programme is offered through MSD and is worth taking a look at. The fund is available now and you apply through the MSD work and income website. It allows employers and businesses access to support to help them retain and take on new apprentices. The programme covers four key job focused initiatives to support apprentices.

### 1. The Apprenticeship Boost

This is a payment to employers to help them keep and take on new apprentices. It runs for a maximum of 20 months per apprentice and is paid in advance, with different payment rates based on the year of apprenticeship. \$1,000 a month for first year; and \$500 for second years. There are conditions to qualify but you can find out more on the work and income website.

### 2. Mana in Mahi expansion

Mana in Mahi was established to help people who need additional support retrain and get a job. Employers are matched with employees that fulfil their needs, and the employees are supported to gain a formal industry qualification. Costs covered include a wage subsidy to help with costs of employment, funding of pre-employment training and funding of training course fees up to \$8,000 per year. There are also incentive payments for participants.

### 3. Group Training Schemes

Funding will be provided to the seven existing group training schemes so they can continue to employ their apprentices. The Tertiary Education Commission will contact eligible Group Training Schemes with details on how to apply for funding.

### 4. The Regional Apprenticeships Initiative

A new regional apprenticeship scheme will provide funding for regional employers to support them to take on new apprenticeships. The scheme will initially focus on displaced workers, and Māori and Pacifica People.

For all initiatives the apprentices need to be paid the minimum wage, and apprentices should not be accessing a wage subsidy or other similar apprenticeship support from any other source. The funding started on the 5th August 2020 and will run for 20 months. Each apprentice will need to be signed into a TEC approved apprenticeship with an Industry training organisation. A list of these Industries can be found at [www.tec.govt.nz/teo/working-with-teos/itos/directory/](http://www.tec.govt.nz/teo/working-with-teos/itos/directory/)

## Heads up for 2021

With Labour winning the election, they have indicated a number of proposed tax changes and other changes to employment law that you need to be aware of.

First, the introduction of a top tax rate of 39%, which will likely come into effect for the 2021-22 income tax year. It is only expected to be a change to personal taxes at this point, but as it hasn't been formally enacted yet, there is a chance it could extend to trusts as well.

Labour has introduced a bill to Parliament to extend sick leave for employees from 5 days to 10 days. Although, this will not be enacted until next year, it proposes having ten sick days a year with employees able to carry forward unused days to a maximum of 20 days, which is the present level. It will take effect for existing employees on their next entitlement date and for new employees after six months of employment.

## Keep in touch...

For further help on any of the articles featured in this newsletter or any other tax questions you may have feel free to contact either Bryce, Hayden or one of the team members.