



AUTUMN'S KISS, QUEENS GARDENS, NELSON, 7 APRIL 2017

Robin Whalley Associates

Autumn Newsletter

Risk and Reward

Selling across the ditch – GST on low value goods

Do you sell goods to Australia? If so, you may be affected by new Australian tax rules. At present, goods valued under AUD\$1,000 do not generally have Australian GST applied to them where they are sold into Australia directly to the end customer.

However new rules will now apply **from 1 July 2017** to impose Australian GST on goods valued at \$1,000 or less ('low value goods'), where the supplier's GST turnover (on low value goods sold into Australia) in a given year exceeds the threshold (\$75,000 for most entities and \$150,000 for non-profit bodies).

If this sounds like a slice of your business, you will be required to register for Australian GST, charging Australian GST (currently 10%) and remitting it to the Australian tax system.

This applies whether your customers purchase goods from you online, over the phone or in person in a retail outlet here where your business ships the goods over to Australia. It applies whether the goods are physically here in New Zealand or sourced elsewhere overseas.

For New Zealand businesses exporting low

value goods to Australia, the Australian Taxation Office (ATO) is talking about a GST registration process whereby you elect to be a 'limited registration entity' and return GST that way.

Along with registering for GST, you will need to look at how your software and record systems are set up and rethink your pricing and marketing.

The Bill hasn't been passed yet but it looks as if it will.

Reputation and Trust

Caleb Walker, ICNZ Scholarship-Winning Essay, Australian & NZ Institute of Insurance & Finance Journal, Volume 40 Issue No. 1/2017

... While reputation management is a thriving part of the PR industry, it can be argued a reputation cannot be managed, it must be earned, thus reputation management is actually expectation management through stakeholder engagement.

The key here is engaging stakeholders, from customers to employees to shareholders and government, *to shape their perceptions and*

manage their expectations to ultimately generate a more positive reputation.

While advertising and sponsorship could be considered engagement, they deal more with building a brand, which is distinct from reputation. So, are New Zealand companies placing too little emphasis on engaging customers and focusing too much on advertising to build brand awareness and drive revenue? It would appear so.

Using Insurance as an example, the industry is "full of people passionate about making a difference for customers ..." yet the industry is 'despised' by some stakeholders.

Recommendations:

- A website catering for changing needs & tastes of stakeholders – make it fun, vibrant, relevant & challenge any long-held perceptions of your industry
- Promote the good work your industry (business) is doing.
- Increase transparency (clearer expectations).
- Foster an understanding of social media & cyber risks.
- Make your business a desirable profession. Increase awareness through students, social media.
- Meet changing workforce needs with flexible work practices, adopting new technologies & train/develop.



How to build high-performance teams

Membership

High-performing teams are built on people who want to be there. Call it morale, motivation or engagement: successful teams draw people in and keep people going. People give more of themselves, because they want to be part of the team.

Please follow this link for the full article:

<https://www.intheblack.com/articles/2017/04/01/how-to-build-a-great-team>

Craig Gowan, *InTheBlack* magazine, April 2017



My Puppy ate my tax return!

Each year people fail to pay their tax on time. Some of IRD and Australian Tax Office strangest excuses:

- I need an extension because I am going to a wedding
- My mailbox is full of grass/weeds so I didn't receive any correspondence or reminder letters
- Snails eat our mail, so must have eaten your lodgement demand
- My puppy got into the letterbox & ate it
- The parrot ate it
- I can't do it because I am helping someone else do theirs
- The mailman stole it
- My ex-husband steals my mail
- Just divorced and my ex has all the files & computer
- Broke my wrist 6mths ago, it's been a long road to recovery
- My client is currently at the North Pole

Aaron Watson, *Acuity* Apr/May 2017

IRD Changes – the IRD is busy busy!!

No doubt everyone has now noticed the recent IRD GST changes and its many teething problems – we look forward to the no doubt 'continuous improvements' that must be occurring in the IRD's IT mothership, including hopefully the changes back to a prompter customer phone service!

On the positive side people will have noticed receiving their refunds faster from the IRD. It is now compulsory for IRD to provide GST refunds by direct credit. If you would like us to confirm the IRD have your current bank account details please let us know

Another positive, from this new tax year (ending March 2018) there is now no Use of Money Interest (UOMI) on the first two Provisional Tax instalments (if you normally pay in 3 instalments/ use prov tax standard method). If your residual income tax is less than \$60k (using standard method) you will not be subject to UOMI.

The IRD are also focussing their attention on Motor Vehicle log books – these need to be done for 3 months every 3 years – if you need to brush up on your log book and get them in order this may be a good time – feel free to talk these over with us the next time you are in the office ... we have log books for any client who needs one.

Provisional Tax changes will apply from 1 April 2018, including the proposed accounting income method (AIM) to pay provisional tax. This requires having accounting software that can use AIM, so not relevant for everyone yet – we will keep you posted closer to next year

PAYE will be the next area of change but not proposed to start until 1 April 2019 – another area we will keep you up to date with as necessary.

IRD's Direct Approach

(*Tax & More*, March 2017)



You have to wonder what's the point of an agency arrangement at all if the **IRD are going to go directly to our clients**

A number of you have asked 'what's the deal here?'

There has always been an unwritten agreement between IRD and Tax agents – **the IRD will not contact clients directly.**

However, IRD appears to be going directly to our clients for not only outstanding tax, but also calling clients regarding unfiled tax returns, and seeking explanations regarding expenses claimed!

We think it's got out of hand

CAANZ have been battling with the IRD for months now to get some common sense. If you have examples of offending correspondence please let us know so we can forward them onto CAANZ, to help their argument

Please be aware you may be placing yourself at a disadvantage by dealing with the IRD directly, so your standard response needs to be,

'Talk to my accountant! Good-bye'.

2017 Tax Year End

It is that time of year again! It seems to come around faster and faster each year!

This is a good time to make note of (print off) your stock, debtors, creditors and any bad debts as at 31st March 2017. Also keep an eye out for bank statements, bank tax (RWT) certificates, dividend statements and other investment documents showing balances and interest for 31st March 2017 – please keep these with your financial documents until you hand them in to us later this year

Wafu Bistro

Business Perspective

Wafu – meaning ‘Japanese-style dressing’

The word on the street is that the Wafu Bistro is definitely a business that is dressed for success

There are already a number of other Japanese restaurants in Nelson, I hear you cry, so why would we need another. To be honest I have no idea, however after only opening it's doors at the end of January 2017 Wafu Bistro has a solid following of locals and visitors alike.

With reviews like:

“Finally ... we got excellent Japanese restaurant in Nelson. Fresh fish and everything is made by professional chef's hand”

“We have travelled quite a bit and by far this is the best sushi/sashimi and nigiri anywhere we have been, awesome freshness and a pleasure to watch Yuki preparing it with care and respect ...”

“Wow! I am a convert!”

“Excellent value, food and Experience. Not only is the taste amazing but so is the visual experience”

Yuki, the owner and master chef of Wafu Bistro, is instantly likeable and has high standards. Previously an IT expert living in Japan, Yuki has made some big changes which has resulted in a big ‘win’ for lucky Nelson!

We wish you all the best of luck in creating gorgeous food, running a successful business and raising your young family



80 Hardy Street, Nelson
(crn Hardy & Rutherford)

Opening Hours:
Tuesday to Saturday 5.30pm to 9.30pm

Ph: 03 548 1231

Watch out for this SCAM!

**Scammers are using social media sites to research you & your company,
but there are ways to fight back.**

(Adam Courtenay, InTheBlack magazine, April 2017)



Melbourne-based insurance claims expert Allan Manning was out of town recently when his wife received an unexpected email that **appeared to come from him**. A project needed to be funded and “could she please process a payment urgently?”

As financial controller of Manning’s company (LMI), his wife, Helen, promptly replied she would arrange payment as soon as he sent her the details. A second email ‘from’ Manning followed, seeking a payment of A\$42,947 and saying a tax invoice would follow shortly. The instruction was to transfer the money directly to an account in Cranbourne, Victoria. Helen duly complied.

Just before 5pm when Manning returned to the office, his wife casually mentioned she had processed the remittance. “What remittance?” When they realised what had happened, Manning says they were both in shock.

LMI’s chief executive officer and financial controller had been hit by what some call “business email compromise” – also known as a whaling or spear-phishing scam. **The fraudster had successfully impersonated Manning and the money had been sent six hours earlier.**

“At the time, we were doing renovations in the Melbourne office, as well as renovations on our home and an upgrade of one of our web-based products,” Manning explains. “The ‘project’ could have been payment for any number of things and the email looked like it came directly from me.”

By sheer luck, the fraudster had made an error in his own bank account number and the payment was stopped at Cranbourne. In the end, three fraudulent bank accounts were uncovered and details provided to the authorities

Fraud experts say Manning’s situation is almost commonplace these days. He was a victim of social engineering fraud.

“It’s not about exploiting technology, but **exploiting the person**,” says Warren Dunn, partner at Ernst & Young (Accountants). Dunn rates **this kind of fraud as among the top three scams globally.**

Dunn says the “engineering” comes in **three forms**, each more sophisticated than the last. The first, like Manning’s, is an email seeking a **quick funds transfer**. The second asks the **victim to telephone external lawyers**, citing the remittance as confidential; and the third form is a **fake vendor** emailing or phoning someone in accounts payable and **asking to change a real vendor’s address and bank details**. In the last case, scammers have even been known to request updates on monies coming due.

Fraudsters are researching you and your company

All this relies on the fraudster building a picture of company personnel and processes. The fraudster may start with a corporate website, then move onto studying social media such as LinkedIn, and then Facebook to find out where the person is (out of the country or at a conference?). That’s when he’ll (*she’ll*) strike.”

Will a cyber insurance policy cover the loss? There is confusion on this issue. It’s a straight crime and if someone willingly paid the bogus bill there may be a problem on the claim.

How to combat the fraudsters

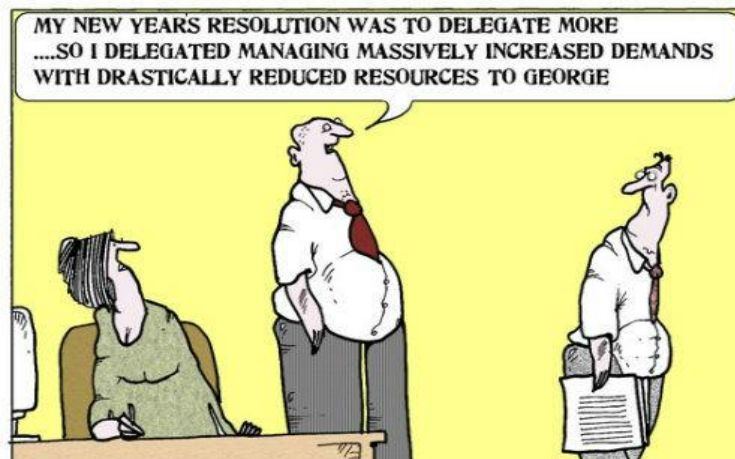
The solution entails combining people, processes and technology. People need to be regularly trained to be aware of these frauds, ensure there are multiple authorisations over certain payment thresholds, for companies to segregate approval responsibilities, ensure role changes are reviewed against system permissions, subscribe to a cloud-based email filtering service, and always check social media. “Where you work, who you work for, what your role is – all this information can be exploited,” “I would look carefully at controls on LinkedIn and make sure you know who can see your information. “Be ever vigilant with all incoming persons. Don’t just click onto anyone who wants to be your friend or colleague. This is the easy pathway in for the smart hoaxer”



A tip for increasing productivity

- Fight the tyranny of the urgent. Keep a focus on the important stuff and delegate or prioritise to achieve this.

As Sonya's Father always says, "I make all the important decisions and delegate the rest to my wife. Luckily there have been no important decisions to make yet"



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.

**robinwhalley
associates**

PO Box 1307, Nelson 7040