



The Tax Lady

Accounting Services for Small Business

www.thetaxlady.co.nz

Client Newsletter [October & November 2016]

GST registered businesses receiving remote services

From 1 October 2016, non-resident businesses that supply remote services (including online services) to customers resident in New Zealand will be required to register for New Zealand GST and charge GST on those services.

Remote services can include:

- digital content such as e-books, movies, TV shows, music and online newspaper subscriptions;
- games, apps, software and software maintenance;
- online gambling services;
- website design or web publishing services; and
- legal, accounting, insurance or consultancy services.

GST-registered New Zealand businesses won't be charged GST on remote services purchased from non-resident suppliers if the supply is part of their GST-registered business activities, and before or at the time of purchase they:

- a) inform the supplier that they're GST registered; and
- b) they give the supplier their New Zealand GST registration number or business number.

If your business does not inform the non-resident supplier that you are GST-registered, they will charge GST.

Charitable organisations and student loans

Approved charitable organisations that have a student loan borrower that is, or will be, working overseas as a volunteer (or for token payment), can apply to have the borrower treated as being physically in New Zealand to keep their entitlement to an interest-free student loan.

It is important to note that entitlement to an interest-free loan for the student loan borrower only applies when the work they undertake is to:

- (i) relieve poverty, hunger, sickness, the ravages of war or natural disaster; or
- (ii) improve the economy or raise educational standards, in a country that is on the OECD list of countries receiving development assistance.

The maximum aggregate period this can apply is 24 months.

Property update

Investment property owners should be aware of regulations that have recently come into force and take accurate records of the additional expenses and responsibilities that have arisen as a result.

Smoke Alarms

All tenancies are required to have smoke alarms within 3 metres of the main entrance of any sleeping space from 1 July 2016. They have to be compliant with no faults, defects or damage and meet specified standards e.g. contain compliant batteries. The only responsibility of the tenants is to replace the batteries in residences. When a new tenant comes into a property, the landlord must ensure the battery is current at the start of the tenancy.

Insulation

This also took effect from 1 July 2016 for income-related rent tenancies e.g. Housing NZ and community housing. These tenancies must have ceiling and underfloor insulation that meets certain standards. The insulation has to cover the entire ceiling and underfloor areas. The landlord can obtain an exemption for insulation if he intends to demolish or substantially rebuild the tenancy within 12 months.

Building report

This is not a regulation but is relevant in the current context. If you sell your property and the buyer relies on a building inspection report, Be aware of the following:

- The building inspection report must be current and up to date;
- Was the report issued by a builder that has professional indemnity insurance?
- It may not include everything so need to check what is covered and what is not e.g. it may exclude the weather-tightness of a property;
- Was any remedial work undertaken after the date of the inspection report?
- The contract is between the building inspector and the vendor which means that if the builder has made an error in this report, the builder is not liable to the purchaser/owner unless it was re-addressed.

Please contact us for further information or if you have any queries.

Add Value to Your Business

In today's business environment, competing on price has quite quickly become an ineffective strategy.

When a client wishes you to compete on price, typically you find regardless of the price you pitch, someone will be prepared to offer an even lower price. When that happens, the only winner tends to be the customer. Across many industries we are now seeing more business improve their competitive edge by stressing quality and value, and focusing less on price.

Adding value to your products or services is a way of improving the perception of your product or service offering often with no or minimal cost. Your customers then gain some additional advantage that they would not get elsewhere (without having to pay for it or by paying very little compared to its perceived value).

Differentiate the Product or the Process

When people buy from you, they are actually buying the differences they perceive about your business. That means you must differentiate yourself (or at least give the perception that your business is different).

Those differences could be that your business actually does offer a better, more unique product or service, or that the specific way you deliver the product or service brings better results for your customers, such as:

- Your business offers better value for the money
- Your products outperform the competition
- Your experience or knowledge within your business or industry outstrips your competitors
- You have received special accreditation in your industry
- You offer a unique guarantee that your competitors cannot match
- You offer customers a 24-hour service hotline, free delivery, several payment options, or more convenient opening hours
- You include a range of small additional services that your customers would otherwise have had to do pay for
- You have won service or product excellence awards
- Dealing with your business is more fun

It is important to review the way you do business occasionally to create and keep some differentiation even if it is only minor.

Important: This is not advice. Clients should not act solely on the basis of the material contained in the Client Newsletter. Items herein are general comments only and do not constitute or convey advice per se. Changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Client Newsletter is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and should not be made available to any person without our prior approval. 05/2016.