

Newsletter

WINTER 2022

Riding out the tough times

Interest rates are soaring, prices for groceries and fuel are rising, and businesses have unreliable supply and cost pressures.

Add staff shortages because of the lingering effects of Covid-19, and some small businesses are under severe stress. The natural reaction of many businesses is usually two-fold: Earn more, and/or spend less.

Spending less is the easier option, but many businesses are already cut to the bone. If you do look at cutting costs, be careful not to apply measures that affect your ability to earn more.

One example is marketing. During a downturn, more than ever, it's important businesses do whatever they can to stay top-of-mind for customers. Research has shown the businesses who continue to put resources into advertising, a website and social media are stronger when times improve.

They are better able to take advantage of the opportunities better times bring.

Whatever your marketing



message and delivery, through email newsletters, follow-up emails, phone calls, or advertisements, highlight your company's brand. You're letting customers and prospects know (or not forget) who you are and what you stand for.

Look at your core business, hopefully the things you do best and make you the most money. Concentrate on that and build it if you can. Don't put effort into weaker products or services.

Focus on existing customers and look after them like the gold they are to your business. Remember, it costs more to get new customers than to keep existing ones. They're all likely to be clamping down on their

spending, too, so never give anyone a reason to go elsewhere.

If you've built a strong relationship with your customers, you will together navigate the tough times and you will have customers for life.

And be the leader of your business. Delegate the "work" if you can so you have time to make the tough decisions and plan for the future.

Of course, cash flow is also important – see the story page 4.

GST changes afoot for sharing businesses

Many businesses are using the internet to introduce buyers and sellers to each other – Air B&B, for example.

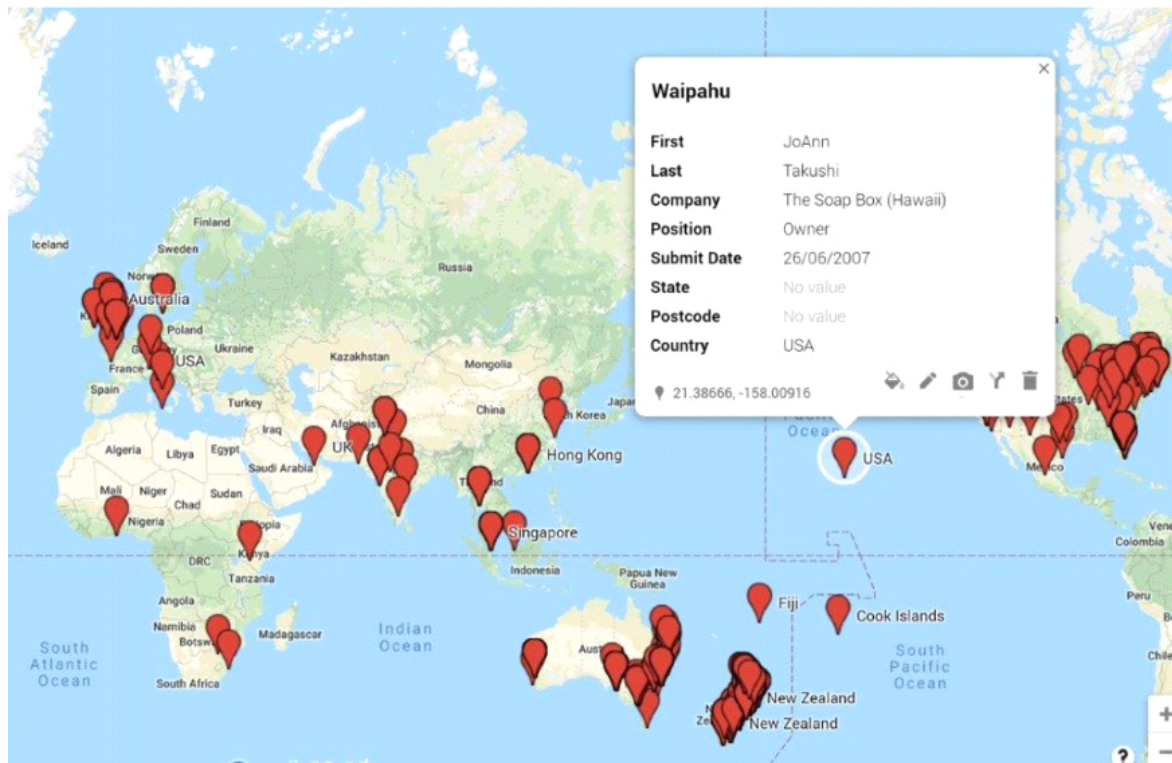
There are many other much smaller enterprises doing the same thing, such as ride sharing.

Inland Revenue is looking at ways to help these businesses pay their tax, which is very thoughtful of it. The department is concerned many of these businesses might be operating below the threshold for the need to be involved in GST. It has been suggested collectively they

are sufficiently significant to offer unfair competition to those who have to register.

Thought is being given to lowering the GST threshold for these types of businesses.

One of the challenges for these businesses is determining tax-deductible costs. One proposal is to have a standard cost for those who earn their income in this way. This might be a better alternative to making adjustments for private use.



The image above is a portion of Debbie Mayo-Smith's newsletter database using My Maps. Each pin represents a subscriber, and contains unique information.

MY MAPS

The secret diamond of Google

By Debbie Mayo-Smith

You can do more with Google Maps than asking how to get from A to B.

You can add layers (great for engineers, builders, farmers etc). You can add your business. However, there's a different way you can use Google Maps with My Maps.

My Maps are private (or public) maps you've created by uploading spreadsheet data. It's free and it's easy.

It's like a visual database. Each row of data creates a pin. When you click the pin, it shows the uploaded information. If you have, say, six columns, you'll have six pieces of information about that pin. If your spreadsheet has 15 columns, you'll have 15 pieces of information for each pin. Of course, the only given criterium is one column must be a location. It can be exact (number and street) through to just the city. Having the country will avoid mistakes between

similarly named locations.

When created, your map has a unique URL (web address). This can remain private to you, or you can share it with others or even embed it on a company website.

How you can use this for business, or personally? Your imagination is the limit.

You've heard a picture is worth 1000 words. An image highlighting what you're talking about can make you more persuasive.

For example, how much better is it:

- to show school fundraising sponsors a map of their peers already sponsoring
- in a meeting about church membership showing the actual map of members
- dare I say it – mapping who has Covid-19?

More ideas

Business:

- The location of offices or staff. The Retirement Villages

Association has a map on its website showing member villages. They use different coloured pins to represent different organisations. When you click on a single pin it will detail all the information about that one village – phone, address, email, number of units and so on.

- Mail-drop advertising success with new business picked up.
- Location of clients, members, students, employees, volunteers.
- Different coloured pins to differentiate between clients, or groups of clients.
- Location of prospects.
- Sales team appointments.
- Conference or exhibition attendees.

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My Maps – the secret diamond of Google

from page 2

Personal

- School, sport or church fundraising, membership.
- Places you've travelled or are going to in the future. You can pin places of interest and upload scanned images of their descriptions.

- Places you visited in your lifetime.

Make it interesting and unique. You can colour pins of different layers to distinguish and categorise. You can upload images to a pin. You even have a significant number of icons to choose from.

The image at top right shows the formatting options for your pins. The second image shows the colour and icon options. Clicking **More icons** opens up screens of them.

Convinced My Maps might be useful to you? Or at least a clever bit of dinner table conversation?

How to access My Maps.

Two ways, but you must have a Google account.

- 1 Open Google Maps. Click the top left corner menu button. Select **Your Places > Maps > Create Map**.

- 2 Second, and easiest is if you have a Google Drive account. Click **New > More > My Maps**. See the image at right. Once you have My Maps open and selected New Map:

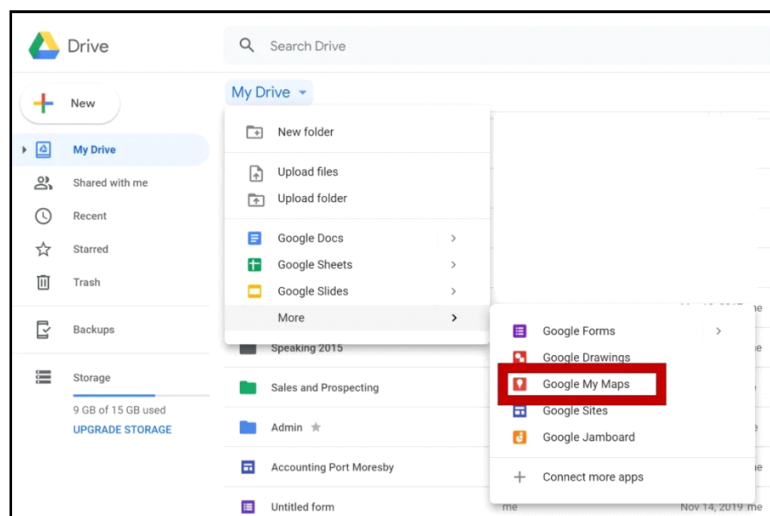
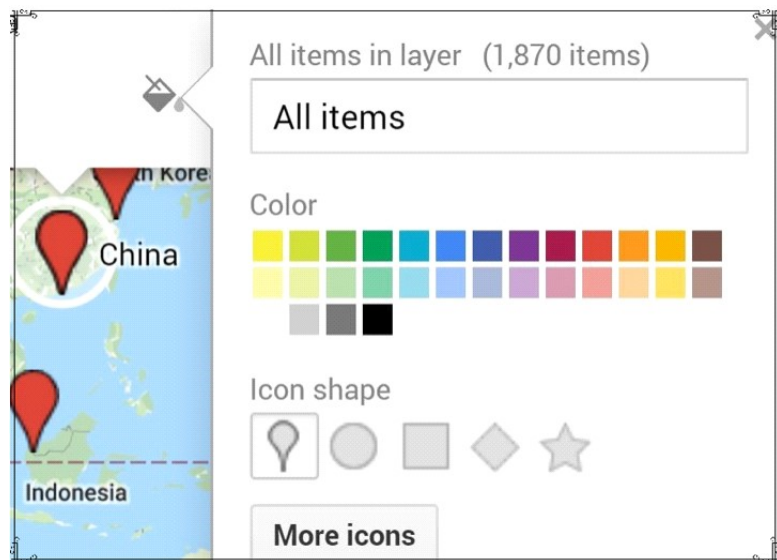
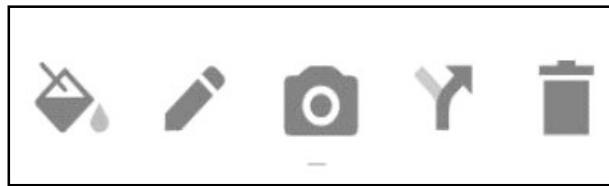
- 1 An Untitled Map will open. Give it a name to help differentiate in the future.

- 2 Select Import under Untitled Layer. You can import an Excel spreadsheet or CSV file.

- 3 Once your layer is uploaded, you can change icons and colours, and add images.

A map can have up to 10,000 lines, shapes, or places. Each layer you upload can have 2000 lines, shapes, or places.

Reproduced with permission from Debbie Mayo-Smith's Quick Tip newsletter – www.debbiespeaks.com



In communications, keep it brief

When writing and public speaking, consider how long your sentences are. If you want to be understood, keep them short.

Use simple words. Make sure your sentences actually make sense. Cut out unnecessary words such as “actually” (notice it in the previous sentence!). Some words are overused and are unnecessary. A good example is the word “that”.

Avoid clichés. They become irritating. I don't know about you, but I get sick of hearing people “reaching out”.

Read through your writing and tidy it up. You might need to do this two or three times. If it's an email, don't be in a hurry to press” send “.

Above all, spell people's names correctly.

Seeking emergency funding needs care

Disruption to the supply of goods is putting some businesses under stress.

Company directors have some responsibility to their suppliers. They should not buy goods on credit if there's a real risk they will never be able to pay for them.

Directors can be personally responsible for reckless trading. Think of Mainzeal and former prime minister Jenny Shipley.

If you are in a business, which could be severely interrupted by lack of supplies, start thinking about how you could get emergency funds.

Examples could be:

- make an arrangement with your bank early.
- if paying your suppliers could be a problem, talk to them now about some extended credit.
- don't overlook a useful short-term source of funds – your credit cards. The interest rate is very high but if you *know*

your cash shortfall is short-term – say a month – credit cards have the advantage of not incurring a fixed fee for the use of the credit, and they don't take your time to arrange them. Never use your credit cards for longer term finance.

- Borrowing from family, particularly elderly parents who can ill afford to lend, is risky. Be very sure you can repay.

Using Inland Revenue money is likely to be the most expensive loan you can get.

The department double dips because it not only charges you interest at a reasonably high rate, but it also then punishes you with penalties.

These both compound.

If you are getting to the stage you can't pay your taxes, maybe it's time to wind up your business.



TAX CALENDAR

31 May 2022

Deadline for Fringe Benefit Tax returns

30 June 2022

Last day to apply for annual FBT returns

28 July 2022

3rd instalment 2022 Provisional Tax (June balance date)

29 August 2022

1st instalment 2023 Provisional Tax (March balance date)

Residential rentals

You will be aware of the limits placed on claiming a deduction for interest on money borrowed to buy residential rental property.

If you have owned property before 27 March 2021, your claim for interest reduces over time through to 31 March 2025. For the current year, interest incurred is claimable in full up to 30 September 2021 and for the remainder of the year your tax claim is reduced to 75 percent of the interest you pay.

Just a small point: It is the interest you have "incurred" as opposed to the interest you have paid. Therefore, if you paid interest on 15 October 2021 for the period 16 September 2021 to 15 October 2021, you will see some of the interest relates to the time before 1 October and can be claimed in full.

Kiwibank devises simplified scheme

Kiwibank has come up with a great scheme to help its customers.

It is prepared to agree to charge interest on loans it makes on the basis you can set off credit balances in other bank accounts against the balance of the loan. You pay interest on the net balance.

Even better, the other bank accounts may include not only the person borrowing but also other eligible people. Inland Revenue has issued a ruling approving the arrangement.

The new product will be available to individuals and business customers, including companies and trusts.

For tax purposes, this is a much simpler scheme than revolving credit, where it is difficult to establish what interest might be deductible as opposed to what is private and non-deductible.