

Newsletter

SPRING 2018

Location the key to success

We've all heard the phrase "location, location, location". It applies just as much to business location as it does to your home.

In business, you want to be in a location that attracts customers, whether it's through a shop front or an attractive office space.

Finding the right place is important. In fact, it might be the most important business decision you make. So it's worth doing your homework thoroughly, as you're looking at a big investment.

Some of the key considerations are as follows.

Ensure you can afford it. It might sound obvious, but many business owners sign a lease or sale agreement based on what they hope their bank account will look like, not what it is. It's always best to work within your budget. Don't forget the cost of utilities, such as electricity, phone and internet.

Get a real estate agent or broker who understands and has good experience of commercial real estate. You need to sit down and talk with them so they know what will suit your needs.

They should help you with inspections and sale or lease negotiations.

Is the site as good as it sounds on paper? You'll

often get inflated figures quoting foot traffic data or such as access and office quietness. It pays to walk around the site or park there at different times to find out for yourself. Are competitors close by, or a noisy workshop? Can your staff and your customers park nearby, and is it close to public transport?

Talk to your potential neighbours. They know the area best. A good question might be whether they are happy where they are, or looking to move out. Your neighbours might also become advocates for your business, so nurture them.

They might have similar customers, so you might be able to partner with them to offer complementary services. Imagine a party hire business next to a cake shop.

And lastly, don't forget to insure your property, whether you're leasing or owning. If something does happen, you'll be pleased you were insured.

Another home business calculation

There are now two ways of working out the use of home calculation.

Inland Revenue will provide a standard rate per square metre for variable costs such as power, telephone/mobile/Internet services and house/contents insurance. The rate is \$41.10 per square metre. A share of fixed costs such as rent or rates and interest on mortgage can be added to this.

The following expenses do not seem to have been considered by Inland Revenue when calculating the square metre rate: repairs and maintenance, rubbish removal, house cleaning and gardening.

The square metre rate has the advantage of saving you time because you don't have to work out the actual costs. However, there might be a price to pay for your laziness!

You will also notice telephone and Internet service are included in the square metre rate. This means you cannot claim them separately.

Alternatively, you can stay with what you have always done and use the actual figures. For many, this may be the more attractive alternative. You are also entitled to choose which method you want to use, each year.

(See also *Home discipline key to success* page 3)



Write attention-grabbing headlines

If you want an article noticed by your readers, make sure your headlines are well written. Along with images, headlines grab readers' attention, so make sure they have impact.

There's a way of analysing your headline online, at <https://coschedule.com/headline-analyzer>

As with any online resource, treat it as a tool, not as your master. Only you know what you want to say. Also, the analyser requires a sign-in, so tell it as little as possible about yourself, and sign out of emails if it sends you them unsolicited.

Headlines are no longer just for print media. They're important for your emails, social media posts and websites. Even TV is using them now – notice how a newsreader or reporter often starts a report with something like, "Shots in the street ...". Here's a quick checklist for your headlines:

- 1 Does it grab attention, or is it ho-hum?
- 2 Is it brief (don't be tempted to tell the whole story in a headline)?
- 3 Write as though you are talking.

- 4 Is the spelling and grammar correct? But deliberate errors can catch the eye. Like "to boldly go..." (Star Trek) A split infinitive.
- 5 Is it factually correct?
- 6 Does it accurately reflect what's in the story?
- 7 Is it active, in other words does it have an active verb in present tense (the difference between "Man bites dog" and "Dog bitten")? Aim for active language – in the story, too.
- 8 Keep your headlines in lower case. There's no need to capitalise every word.
- 9 Use power words – these should make readers curious and trigger an emotional response that acts as a magnet. They should make your readers want to know more. An internet search will provide plenty of examples of power words.

Food businesses – do you need to register?

Most businesses serving food, in one way or another, were supposed to have registered under the Food Act before 31 March 2018. To check if you need to register, go to the Ministry for Primary Industries website.

Most businesses register with the local council. Your next challenge is to find out which plan or programme you need to register under and this depends on the food safety risk of what you do. Go to [Where Do I Fit?](#) to get some more information.

Remember to say thank you

"The Mallagan Institute just rang to say thank you for our firm's donation." Have you ever known any other charity to do this?

You are in business. When anyone does anything to help your business, be sure to say thank you. Some people send a small gift. One woman received a lovely card. She was so impressed she kept it on her desk for six months to admire it.

New rules for PAYE

Say goodbye to filing your PAYE returns monthly (or twice a month for bigger organisations).

From 1 April 2019 you will have to send in details of your PAYE within 10 working days of paying your staff.

If your combined deductions from salaries and wages are \$50,000 or more per year, you will also be expected to file your PAYE returns online. For smaller firms, there will be an alternative of putting in two returns per month.

Payments for babies born or due from 1 July

From 1 July 2018 the Government started weekly payments of \$60 per child, known as Best Tax, until the child reaches the age of one.

To qualify, a baby had to be due on or after this date. Therefore, if it was born a little early, it could still qualify. Best Tax can be extended to three years for families with a

household income of less than \$79,000.

Anyone eligible will be able to apply through the SmartStart website when they register their baby's birth.

The paid parental leave has been extended to a maximum of 22 weeks from the same date and subject to the same condition about the baby being

expected by that date. There is a corresponding increase in the number of "keeping in touch" hours from 40 to 52. These hours allow an employee, on parental leave, to stay connected with their employer and perform work from time to time.

Home business requires discipline

Running a home business has some great rewards, but it requires planning and discipline if it's going to be successful.

If you're thinking about starting a home-based business, or about bringing an established business into your home, here are a few things to consider.

Will you isolate yourself from your clients?

If your clients are used to visiting you, you'll likely have to meet them somewhere else. A good local café is ideal, but talk to the owners about a table that's quiet. You might have space available at home, but ensure it's quiet, office-like and out-of-bounds of family. Make sure visitors have somewhere to park.

Can you separate business from home?

There are always distractions at home. There's washing to go out, dishes to be done or a garden to tend. Stick to business during business hours. When children come home from school, can you still lock

yourself away until the end of the working day? Will you feel obliged to deliver or collect children to or from school? Does the family understand you can't be interrupted at certain times of the day?

In the 21st century, there is more of an expectation of sharing household chores. If your partner is working outside the home, or a stay-at-home parent, will you feel you have to take your turn preparing the evening meal? Chores such as this will eat into your working day in a way which would not apply if you were working away from home.

Setting the guidelines around chores, family and "work" time is one of the most difficult things to do when you start working from home, but one of the most important.

Do you have the space?

If you're crammed into a spare bedroom or garage, you won't last. Set aside or create the right space for your business.

Can you walk past the office directly to bed? There's always

the distraction of checking work emails or finishing a piece of work before bed. Chances are you'll be there much longer than you intended. Shut the office space door at the end of the day and leave it closed.

Can you walk past the fridge without opening it?

It's a distraction that few home-based business workers consider. Many have put on weight because they can eat when they feel like it!

Do you have room to expand, with new staff or storage?

Think about the future. If you want to keep the business at home, how can you expand? It might be adding an extra room, or using one vacated by a child now leaving home.

Some thoughts about buying a car

Buying a car is a big investment, so put some time into doing your homework.

The more you can find out about what is available in a car, the more easily you can prioritise your wants.

Some modern innovations include the ability for the car to reduce speed or stop quickly before a collision, blind-spot monitoring, lane assist (warns you when you are wandering out of your lane), automatic dipping of headlights, superb sound systems and so on. When you're buying a car, you could have two lists – "must have" and "would like to have". You can then eliminate all the cars which do not have your "must haves".

Use the internet to do your homework. Find the specifications for the cars and make comparisons.

What about the effect of a new car on your customers? Does an expensive car put them off? Would you prefer to go to a sharebroker who drives a dumper or something smart? Which one would be likely to give you the better advice? Would you rather deal with someone who has the trappings of failure or success?

The same logic probably applies to your business. Incidentally, how many people ever notice what you drive, anyway?

BRIEFLY

A going concern

For a business to be a going concern it must be capable of being run by the buyer with the equipment used by the seller. A simple example of this is the sale of a taxi business. Arguably, it should include the car. Bearing in mind the taxi licence is the fundamental asset, Inland Revenue might take a more lenient attitude to this type of omission. However, the safe course is to stick to the letter of the law.

Don't use the back of a page

When you fill in our accounting questionnaires, please don't write on the back of a page. It can be missed.

Get rid of email prompts – and keep working

We've talked in the past about emails distracting you from your important business. There's always the temptation to check an email as soon as it lands.

However, it's a better habit to check emails, and respond if necessary, at regular intervals that suit your work flow – perhaps every hour or two hours.

Most email programs, however, automatically prompt you when an email comes in.

It's distracting, so turn off the prompts (or shut down the email



program until you're ready).

To turn off prompts in Outlook (the most common email program), go to File > Options > Mail > Message Arrival.

The four boxes will be ticked, so just untick them.



TAX CALENDAR

August 28

First instalment of 2019 Provisional Tax for those with March balance dates who pay provisional tax three times a year

September 28

Second instalment of 2019 Provisional Tax (December balance dates)

October 29

First instalment of 2019 Provisional Tax for those with March balance dates, who pay GST twice a year.

November 28

First instalment of 2019 Provisional Tax for those with June balance dates

Telling the NZ story

Tourism New Zealand, New Zealand Trade and Enterprise, and Education New Zealand have led the way in creating the group New Zealand Story.

The group offers assistance to businesses of all sizes. You can get resources such as:

- images
- video footage
- infographics
- information from international markets
- 'How to' guides.

Go to: <https://toolkit.nzstory.govt.nz/>

Rental losses law change coming

The law is to be changed regarding rental losses.

For many years, investors in property have had a tax deduction, against their other income, for losses on rental property. Starting from 1 April 2019, residential property owners will no longer be able to set off their losses as previously.

They will have to accumulate them until sufficient profits have been made to wipe out the accumulated losses.

The details are yet to be worked out. For example, if you have several properties, some making profits and others making losses, will you be able to offset the losses against the rental profits? Also, under the current proposal, these rules are going to be applied to residential property and not commercial property.

Quote

"Nobody made any money being paid once for a job they had to do twice."

- Len Southward, engineer

Regional fuel tax

A council can make a proposal to the Minister of Transport for establishing a regional fuel tax.

The council would need to provide a plan for the transport programme and projects that would be funded by the revenue. The regional fuel taxes would have a maximum initial duration of 10 years, but a council could extend the tax before it expired, following a review.

If you think this extra tax is unwarranted and want to oppose it, keep your eyes open for local government proposals to impose it and be prepared to make submissions. That's the nature of democracy.