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# THE NEW NORMAL

**L**ockdown has provided an opportunity to rethink whether working from home (WFH) can and should be embraced, whether on a permanent, part time or flexible basis. Some of the potential pros and cons we have observed for employers are set out below, followed by other matters to be considered.

### PROS

- Opportunity to reduce overhead costs.
- Increase in productivity with reduced distractions and commute times.
- Greater work/life balance and happier employees.
- Better prepared for a further lockdown or a different type of crisis (e.g. natural disaster).

### CONS

- Difficult to maintain workflows, supervision and communication.
- Decrease in productivity, engagement and motivation for some.
- Loss of workplace culture.
- Negative impact on career development.

### EMPLOYMENT AGREEMENTS

Consider what employment agreements say in regard to the location, hours and days of work, what changes are proposed, and whether employees need to agree to these changes. This step is particularly important where employers are planning to “require” employees to WFH, and the changes may be perceived as substantial, thereby triggering potential claims for redundancy compensation.

### TIPS

- Check employment agreements, whether there is a WFH policy and seek legal advice.
- Where an employee requests a WFH arrangement, consider agreeing to (and documenting) a trial arrangement in the first instance.

### HEALTH AND SAFETY AT WORK

Employers are still required to ensure the health and safety of employees, whether WFH or not. This was demonstrated across the Tasman in *Hargreaves v Telstra*

Corporation Limited [2011] AATA 417 where Telstra was ordered to compensate Ms Hargreaves for injuries she sustained falling down her stairs while WFH in Australia.

### TIPS

- Implement a WFH policy that covers health and safety.
- Conduct WFH risk assessments to ensure that workplace set up is ergonomically appropriate, and risks are identified and eliminated to the extent possible.

### TECHNOLOGY AND SECURITY

Under the Privacy Act 1993, all agencies that hold personal information are required to ensure that information is protected against loss, disclosure, modification and misuse. Employers need to ensure those obligations are still met when employees are WFH. This may include reviewing IT and security policies, increased server security and training on technology best practice.

### TIPS

- Consider the security of hardware and paperwork in a WFH environment.
- Consider updating IT and security policies and procedures.

### EMPLOYEES' RIGHT TO REQUEST WFH

Under Part 6AA of the Employment Relations Act 2000 (“ERA 2000”), employees can request a WFH arrangement. If the request is made in writing, it must be dealt with as soon as possible (at least within one month). An employer may refuse a request but only in limited circumstances as prescribed in the ERA 2000 (e.g. where what is requested would have a detrimental impact on quality of work).

### TIPS

- If an employee makes a written request to WFH, be familiar with the rights and obligations in the ERA 2000.
- Make sure any refusal aligns with the statutory grounds.

Source: Langton Hudson Butcher

## Tax calendar

28 July 2020  
3rd instalment 2020  
Provisional Tax (June  
balance date)

28 August 2020  
1st 2021 Provisional Tax  
(March balance date)

28 November 2020  
1st instalment 2021  
Provisional Tax (June  
balance date)

# Managing change

If you were coach of the All Blacks or the Silver Ferns and you suffered a major defeat or setback, would you increase or decrease your training for your team?

We have all suffered a major defeat or setback with COVID 19 and now we must pick our team up and get back into the game. Sadly, one of the first things cut during times like this is the training budget. We saw it with the 1987 Crash and the global financial crisis. Cutting the training budget when things get tough is as crazy as saying to a sports team "we've suffered a defeat, so we're cutting training sessions and hoping we will recover".

Smart managers will **manage** the change. They will assess their entire operation, not just the aspects that are immediate costs, or easy to cut. They will think about what they want to achieve and where they want to be in the future and **determine** what they will need to do to get there. They will take control rather than let the situation control them. Smart managers know that they will need to maintain and continue to develop their people and the skills they have in order, to thrive.

So, ask yourself:

**1** Have I ensured everyone knows what is now expected after the lockdown to ensure their jobs and the business are secure?

**2** Have I met with each individual to ensure they know their responsibilities and tasks, how they are

measured and what is the minimum level of performance now required?

**3** Am I facilitating regular training to ensure the staff know exactly how to do what I want them to do?

**4** Have I conducted one-to-one coaching to check that they know how to put the training given into practice in their daily activities?

**5** Have I confronted the poor performers and redirected them back to top level performance?

History has taught us to recognise that many companies will fail after COVID19, but had they asked these questions, maybe they would still be here today.

Source:  
smart-train.  
co.nz



*"It is a mistake to try to look too far ahead. The chain of destiny can only be grasped one link at a time."*

## Tax changes worth noting

There have been several tax changes recently. Some of the important ones are listed here:

- Any asset you buy from 17 March 2020 until 17 March 2021 can be treated as an expense up to a total cost, excluding GST, of \$5000. For some small businesses, this could even mean buying a car and treating it as an expense. After 17 March 2021, this threshold for writing off assets as expenses is going to drop to \$1000 permanently. You should keep a record of these assets because if you sell them or take them privately their value will be added back as income.
- The owners of commercial buildings will be able to claim depreciation again at 2% DV. No such luck for residential. Air B&B, for this purpose, is deemed to be residential.
- At the moment, once your year-end tax works out to be more than \$2500, you have to pay provisional tax. This threshold is to be raised to \$5000 for the year ending 31 March 2021 or equivalent balance date.
- If you qualify for research and development tax credits, some law changes might benefit you.
- If you qualify for the right to a six month mortgage repayment holiday, remember the interest will still accumulate.
- The threshold for qualifying for the business finance guarantee scheme is a minimum turnover of \$250,000 and a maximum of \$500,000. Also, the maximum duration of the guarantee is three years. This is money your bank could lend you knowing the Government would repay up to 80 percent of the debt if you defaulted.

## Find an excuse to spend again

Kick-starting the economy – what a cliché! Here are some thoughts about ways we can all help:

- Buy from small businesses whenever possible. Go out of your way to do this. Try to maintain the habit.
- Bring forward projects you have been thinking about.
- Look at your small-business suppliers and see if you can place an order earlier than you might otherwise have done.
- Put away your loyalty cards when you go to cafés and restaurants. They are going to be desperate for cash flow.
- In a nutshell, find an excuse to spend, if you can afford to do so.

## Accident compensation levies (ACC)

### Invoicing delayed until October

To help reduce the immediate financial impact of COVID-19 on businesses, ACC are delaying invoicing until October.

Invoices for the 2020/21 financial year would usually have been sent from 1 July but will now be issued in October.

Payment options will be available once invoices are sent out in October, to further assist businesses in managing payment of their invoice.

<https://www.acc.co.nz/newsroom/stories/easing-the-covid-19-burden-on-businesses/>

### If you still want to receive your invoice

If you aren't significantly impacted by COVID-19 and would like to pay your invoice, you can request to receive your invoice as usual. To receive your 2020/21 invoice, simply log on to your MyACC for Business account or complete the online form.





“Without a measureless and perpetual uncertainty, the drama of human life would be destroyed.”  
– Winston Churchill

# CASH FLOW

## from juggling act to peace of mind

Any business owner will tell you that managing cash flow can be a juggling act. It's one of the most common problems you'll lose sleep over. If you can gain control of your business's cash flow you'll reduce stress and improve your peace of mind.

### 5 Ways You Can Improve Your Cash Flow Management:

#### 1 Know What the Main Triggers Are

Identifying the main triggers in your business will make a significant difference. For example –

Invoicing your clients on time and sticking to your payment terms is vital. The more your customer owes you the harder it becomes to collect.

Study your outgoing payments and note when they occur. This will help ensure you maintain a strong cash flow. Some key areas to consider are:

- Payroll for staff
- Rent
- Finance including loans
- Tax liabilities
- Supplier payment terms and conditions

It's important to be very clear about your ongoing business costs and the timing of these. You can then plan their payment in advance.

#### 2 Be Aware of Other Costs

Being aware of every cost to the business will help solve cash flow issues. If you know the impact of these you'll get a better understanding of cash flow management. Over the course of a month or a quarter this kind of awareness can make a big difference.

#### 3 Keep Your Suppliers in Check

It pays to review your suppliers' services. Are they still relevant for your business? If they are, you should review their services to make sure they're up to scratch. This can be

useful in managing any increasing costs from your suppliers. At the same time, ensure you understand their current payment terms.

#### 4 Other Things to Prepare For

- Busy trading periods when staff wages increase. This is especially so if you bring in casual workers.
- Upgrading or replacing equipment. This may result in a cash flow blip and/or increased finance costs.
- Bad debts due to customers going out of business. Avoid this by collecting payments and minimising the amount every customer owes you.

#### 5 Know Your Cash Flow Position Weeks In Advance

Business owners should run a cash flow spreadsheet up to 7 weeks in advance. This can be as simple as an excel spreadsheet that takes minimal time to administer. The trick is to have a cash flow forecast that is visible, and one that you check often (daily if necessary). In this way you can see any danger spots and, with enough warning, eliminate them before they occur.

This alone, will make a massive difference in managing your cash flow. Stress levels too, will be much lower. You be able to take the panicked juggling act out of the picture altogether.

Source: [www.fullfocus.co.nz](http://www.fullfocus.co.nz)

### Dire implications for late tax payments

If you pay your tax one day late you come out of what is called the Safe Harbour scheme.

Instead of having until 7 April to pay your terminal (year-end) tax, it becomes payable on the previous 7<sup>th</sup> of May. You won't know about this until many months later and by that time massive interest charges at the rate of 7 percent will have built up.

Make it a practice to check your bank account to ensure the payment has gone through on the right day.

If it hasn't, we can still help you. We can use what is known as a tax intermediary.

Without going into detail, we can buy the tax for you at the date you should have paid it and it will cost you a fraction of the amount Inland Revenue would have charged.

Get in touch with us as soon as you know you have made a mistake to keep your cost to a minimum.

### Common Reporting Standard explained

You might have been contacted by your bank to fill in a form enquiring about your CRS status. New Zealand is a member of the international Organisation for Economic Cooperation and Development (OECD) which, among other things, aims to minimise money laundering. Its members use this standard. If you read the form carefully, you are likely to find you are either an active non-financial entity or a passive non-financial entity.

A typical active non-financial entity might be the company you use to run your business. This is because it is actively trading. You might be a passive non-financial entity if you are not undertaking any business enterprise other than through your company.

### Boost staff morale

Think of your business from your staff viewpoint. They get regular instructions and the good ones go out of their way to do their best for your firm. But they're not often noticed. Surprise your staff by noticing when they do the right thing, tell them how pleased you are and thank them. See how it lifts their spirits and their willingness to keep doing well.

### Ring fenced losses – excluded properties

For the purpose of easy reference, here are the properties excluded from loss ring fencing:

- Main home
  - Mixed use assets
  - Farmland
  - Property used mainly for business
  - Property which is going to be taxed on sale
  - Property owned by companies except close companies (ie most companies you would act for)
  - Employee accommodation
  - Property owned by government enterprises
- Losses brought forward from the 2019 and earlier years are not ring fenced and can continue to be claimed.

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# CYBER SECURITY

## important in times of change

It's unfortunate that in a time of crisis, when we're all looking at ways to work together and unite against COVID-19, cyber criminals are taking advantage of the disruption COVID-19 has caused.

This of course, is just another aspect of business that not-for-profit and for-profit organisations need to be aware of, at this time. Some helpful points to manage your organisation's exposure to cyber risk:

### Do a systems check

There would have been a mad pre-lockdown rush transitioning IT capability from work to enable people to work from home. System changes would have occurred to allow more capacity and offer the mobility needed to still remain operational.

Now is a great opportunity to complete a systems check to ensure that safeguards are in place. Review antivirus software, access controls, password protection, encryption requirements etc, are still operating in the same way before we went into lockdown.

### Educate your team

Working from home will inevitably allow teams to be more casual in their behaviour. Although training for computer and device security is usually conducted at induction, any significant change to working environment is a great opportunity to reinforce IT system and software security requirements and expectations.

Training could include checking the authenticity of emails, checking the validity of email requests, ensuring team members are aware of risks of using video conferencing apps. Equally important is how suspicious emails are handled; if in doubt refer to your IT team and in lieu of having in-house IT help, verify the email by picking up a phone to double check requests. Remember - the cost of being cautious is free.

### Be aware and keep communication up

Although online scams may differ in nature, the underlying objective remains the same. A fraudster wants access to your personal or financial details for their gain. Email phishing scams appear to be

the current form of online scams.

Scammers are using COVID-19 online posts as a cover to embed viruses in emails and posts you'd not normally have concerns about. As a nation, we're consumed with absorbing information from all sources. Unfortunately this helps create a perfect opportunity for scammers.

The common strategy of scammers is to use 'volume' so it's likely that more than one person in your organisation would have received the same or similar email. Keeping your team aware of potential phishing emails and ensuring team members are not blindly clicking on links (remember, links can sometimes have malware embedded) will keep the team alert for any suspicious email activity.

Have a team member check Netsafe New Zealand regularly to keep you updated on what's 'current' in terms of online scams and fraudster behaviour. Stay 'online' safe New Zealand.

### Keep things simple and keep it routine

This is important because as business owners you want behaviours to be consistent across the whole team. Whether you elect to have a small part of a team meeting dedicated to considering online risks / current scams or have a periodic email sent out to the team or keeping the message to a simple phrase 'think and check before you click'. Whichever you choose, the goal remains the same. This is to keep the issue of cyber security and cyber risk fresh in the minds of your employees so that they know how to identify suspicious behaviour and know what to do if it is identified.

### Concluding comments

We are fortunate in New Zealand to have good sources of education around cyber security and key issues for business. In amongst an environment of change or a departure from business as usual practice creates an opportunity for fraudsters. Prevention is a major step in ensuring your business reduces the risk and potential pain of dealing with a virus, email phishing, paying fictitious suppliers.

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## Changes in Particulars

Please remember to let us know of any changes in:

- Physical address • E-mail address • Phone and/or fax numbers
- Shareholdings • Directorships • Trustees

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