

TAXTALK

## Smile: it's good for business

What do Jacinda Ardern, Winston Peters, and Bill English (and John Key before him) have in common?



When they see a camera, they almost always smile. Smiling is most important when selling. And like all good sales people, politicians are constantly promoting their product.

Here's an example of a winning smile.

Jane's father was dropping her off at school. She was nervous because today was public speaking day. She had prepared well but she needed to remember to smile. As her father wished her luck he said: "smile you, smile". She remembered these words as she got up to speak and a smile crossed her lips. She won.

A receptionist is said to have a nice manner on the telephone. People say it feels like she's smiling down the phone. Do you know what – she probably is. Studies have shown people who smile when they're talking on the phone make a better impression.

If you're looking at changing a miserable face in your business, or elsewhere, give them a smile.

Everybody in your firm should be smiling. Are you setting an example? Smiles make everybody around you comfortable – and customers love it.

### in this issue >>>

- Smile, it's good for business
- Paying employees when they are on Holiday or leave
- Get the staff hiring right
- Tax is not for DIYers
- How not to do business

# Paying employees when they are on Holiday or leave

Working out what to pay staff can be tricky, especially when their pattern of work or pay rate changes.

Government has been creating tools to help businesses work out what to pay for time off work, eg bereavement leave, alternative holidays, public holidays or sick leave. Check out the flowcharts and guidance for employers and employees on the Employment New Zealand website.

Business.govt.nz and Employment NZ have received lots of questions from businesses about how to pay staff correctly when they are on different types of leave. This can be difficult and time consuming. Employment NZ have been creating new guidance and tools to help figure out staff pay in different situations.

More tools are on the way. These are also useful for employees to check they are getting what they should.

Go to [www.employment.govt.nz/leave-and-holidays/](http://www.employment.govt.nz/leave-and-holidays/) to access the tools.



# Get the staff hiring right



If your business is doing well and you can no longer do it all yourself, you need to hire staff. That's when the real work begins.

Hiring the right staff is what small businesses say is the one most difficult task – and one which can so often lead to problems. Potential staff might look good on paper and in person, and interview well, but you'll only know whether you've made the right decision when they begin to do the work.

## Here are a few tips to help you get the right staff.

Do the checks. Too many companies in New Zealand don't check to see whether qualifications are genuine, or follow up with previous employers. The experience of those employers could be critical to your decisions.

Three key questions to ask have to be:

- Why did the employee leave?
- Did you have any specific or general problems with their work, their behaviour or their attitude?
- And perhaps most crucial, would you hire them again?

Identify the role and aim at getting the person with the right attitude (first and foremost) and skills for the job. Don't be side tracked by a good candidate who's not suited to the role you need to be filled.

Consider experience, but also learning ability. Your company will always operate differently than someone else's, so a staff member's ability to learn how you do things is important. They are also more likely to use their initiative to suggest improvements in work practices.

Include someone you trust in your interview team. If you can afford to hire a professional recruiter, you should do so. There are self-employed individuals, if you can find them, who would be happy to receive a fee. As a business owner, your focus is going to be different than theirs. You will ultimately make the decision, but another person's perspective can often provide insights you might never think of.

Whatever your business, if you're expanding it means a new staff member is going to be part of a team. The big companies always look for people who are able to work in a team. They also look for good written communication skills and an ability to solve problems. Whether you're hiring waiting staff for a cafe or an IT specialist, these qualities will matter.

**Q:** Are a GST-registered individual and his wife required to account for GST on Airbnb income?

**A:** No, read on below

An individual is registered for goods and services tax (GST) as a sole trader.

He and his wife buy an apartment and decide that they will achieve the best return by letting it through Airbnb.

The individual's wife is not GST registered.

Income from Airbnb is not likely to exceed \$60,000 per annum.

Does the fact that the individual is GST registered cause GST implications or can the Airbnb activity be considered separate from his other taxable activity because of the joint ownership?

ANSWER:

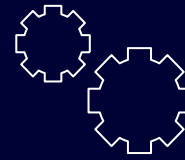
A registered person is required to charge GST on all supplies made in the course or furtherance of any taxable activity the person carries on. Therefore, where a taxpayer is registered for GST in relation to one taxable activity they must account for GST on supplies made in relation to a second activity even if the supplies made pursuant to the second activity are below the GST registration threshold.

For GST purposes, a "person" includes an unincorporated body of persons. Therefore, joint owners of property are a person for GST purposes. Accordingly, the person undertaking the Airbnb activity is the individual and his wife jointly, not the individual on his own account. Therefore, his status as a registered person does not affect the GST status of the Airbnb activity. As the individual and his wife are not jointly registered, and do not appear to currently have a requirement to register, they do not need to account for GST on the accommodation supplied through Airbnb.

REFERENCE:

Goods and Services Tax Act 1985, ss 2(1)("person"), 6, 8.

Source: CCH/TEO Question & Answer Service



## TAX SOLUTIONS

Inland Revenue has issued a reminder about student loans and Youtube. A student loan for borrowers returning from overseas becomes interest-free again after six months. If you know someone who is in this situation, suggest they contact Inland Revenue to fix this up. IRD also reminds people that income generated through YouTube can be taxable.



## WEB SOLUTIONS

Don't get caught by Phishers. The dictionaries can hardly keep up with the words coming from new technology. One of them is phishing, which sounds like fun but is far from it. Phishing is a scam that tries to trick you into providing personal online info such as passwords, bank details & payments to legitimate sources. Once the "phishers" have your details, they can steal your money, or even use your identity for their own gain – & your loss. Knowing how to spot phishing online will help ensure you're not caught. Phishing is usually activated through a phony email. It often looks like it's coming from your bank or other trusted sources. It often suggests you need to reactivate your account, your account will be closed, or you need to claim a prize. With logos & corporate-style wording, it looks legitimate. So how can you tell if it is? Firstly, don't trust emails from someone you don't know. If it's legitimate & important, they'll ring you. Banks rarely ask you to verify anything online. Many phishers don't have English as a first language, so look for poor spelling & grammar, & the quality of logos & images. Look at the email address it's coming from. It might have a bank name in it, but often along with something else, eg, anzguest, or bnzinfo. If not addressed to you personally, ignore it. If you're asked to click to a website, beware. Look for https in the url – the 's' means it's secure. Just http is not secure, so don't go there. However, even https doesn't guarantee authenticity, so remain wary. If you do feel you've been caught because you've clicked through & provided details in good faith, notify the relevant company, such as your bank, or shut down your browser, restart & change your password immediately.

## Tax is not for DIYers



The following story indicates the folly of trying to prepare your own tax returns. It involves a taxpayer who bought three properties. He paid costs for his business and his rental, plus personal costs, from personal credit cards and funds in a revolving credit account. He also put all his income into the revolving credit account.

He mixed up his personal, his business and his rental income and expenditure.

When it came to a claim for interest on money borrowed, he was unable to identify precisely how much had been borrowed to finance the rentals. As he couldn't prove the amount, Inland Revenue allowed none of the expense.

Believe it or not, in spite of his family trust owning one of the properties, he returned the rental income as his own income. To make things even worse he bought furniture, carpet, stove and other household items and couldn't show that these were actually bought for the rental properties.

Inland Revenue had a field day. Don't let this happen to you. Let us deal with tax issues so you can claim all your entitlements and be compliant with tax laws.

### Quick Quote

Although no one can go back and make a brand new start, anyone can start from now and make a brand new ending. ~ Carl Bard

## How not to do business

A business client recently had her wifi internet fail for no apparent reason. So what should the provider have done?

She rang her tele-communications provider and was incredulous to hear the response.

"It's probably your modem." she was told.

It seems this brand of modem has proved to be a problem, with several customers complaining about its reliability. Running a busy business which relies on the internet, our client was keen to get back up and running.

"We'll send you a new modem by courier, which takes 2-4 working days," the provider's help desk man said. "You could try using a third-party modem in the meantime."

She tried and that didn't work

The lesson here is something the provider should have considered. It now has a very unhappy customer who is close to renewing her internet contract. It's unlikely she will stay with this provider.

Knowing there's a problem with this brand of modem, it should have replaced every one of them, or at the least advised its customers a problem might occur. Bear in mind this provider supplies only businesses, not residential customers, so its response is even more unbelievable. Having reliable internet is a critical part of business in the 21st century.

If you have customers who rely on your products or services to conduct their business, ensure they get reliability. If you know there's a problem, fix it before the customer finds out. You're more likely to keep their business.



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