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LYNCH & PARTNERS
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THE Client Link

IN THIS NEWSLETTER

CYBER-ATTACKS, A RISK FOR ALL BUSINESSES

Some of the things that can be done to protect you from cyber-attack.

KEEP BUSY, KEEP IN TOUCH

How to handle the emails and telephone calls when you are busy.

SUBSIDIES ON ELECTRIC VEHICLES EXPLAINED

We provide some facts and figures.

TRANSFERRING SHARES

A look at what is involved making a share transfer.

FILING AND PAYING TAXES

We know it may be challenging for you in the current environment to continue filing returns. However, filing returns ensures information about your business is up-to-date and accurate. It will also help support any applications for the government's COVID-19 relief packages. If you need help with paying your taxes, please contact us to discuss the best options available to you.

CYBER-ATTACKS A RISK FOR ALL BUSINESSES

The recent cyber-attacks on the Waikato District Health Board and other organisations has highlighted the danger for all businesses. It's not just big businesses being targeted. Small ones are also being asked for money to restore access to files and computer systems.

Ransomware is malicious software (malware) that encrypts files and stops you from being able to access your data and systems. Once the attackers have control, they demand a ransom so you can get your system and files back. Attacks can cripple a business, which is why the scammers can be so successful. Prevention is critical. If you're caught in a cyber-attack, you really have only two options – pay the ransom or rebuild your systems.

Paying a ransom is not a good idea because you have no guarantee everything will be restored, and you will now be seen as an easy target willing to pay again. So aim for prevention. The following steps will help protect you and your business from ransomware and cyber attacks:

- Use multi-factor authentication (MFA). It's said to protect businesses from 99.9 percent of cyber-attacks. MFA means you can't log in (to online services, social media, emails etc) without a code sent to your cellphone or an authentication app.
- Watch out for phishing (fraudulent messages). Don't open strange emails, websites or links that could contain malicious software that infects your systems.
- Install updates for your software as soon as it's available. Updates usually include strengthened security.
- Back up everything on the cloud or external hard drives so you can restore it all if you're attacked.

If the worst happens, go offline immediately to limit spread of the malware. A simple way to do that is to unplug your computer network cables and your router. As a small business you're unlikely to have an IT expert on staff, so go to your internet service provider to help work out what happened and to avoid it again. It might also help to engage an IT professional. A great source for more information is at cert.govt.nz

Little value in online hotel bookings

One of the advantages of looking at hotel booking websites is the ease with which you can make comparisons and get prices. However, they commonly charge the accommodation supplier 15 percent, so that leaves some space for you to negotiate directly. It isn't difficult to locate the website and go directly to the motel where you would like to stay.

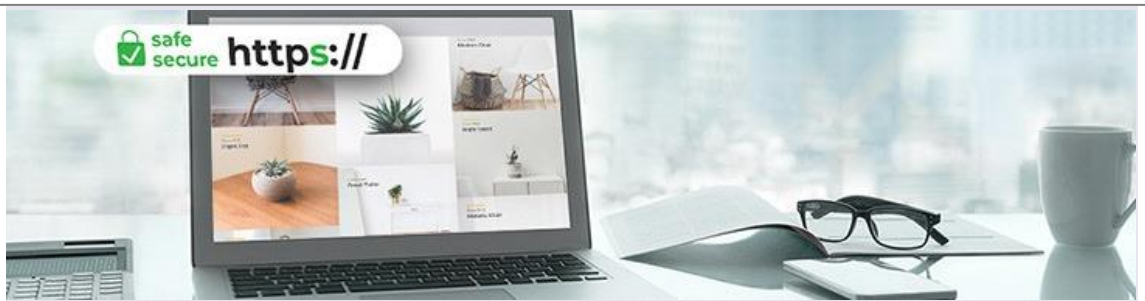
As you can imagine, your hosts will usually be delighted not to pay the booking service's premium. Many will also allow you to cancel at the last minute instead of being tied into a non-refundable contract.

You might also find you can negotiate other benefits by going direct, such as choosing your room location. Do the booking service websites find you the best rooms? Probably not.

Cryptocurrency

Inland Revenue has made several pronouncements about the tax of various forms of cryptocurrency transactions including "airdrop" distribution, and "hard fork" validation of blocks and transaction.

If you are involved in cryptocurrency transactions, you should check the tax implications. If you buy cryptocurrency and sell it, any gain is likely to be taxable.



SSL A MUST HAVE FOR WEBSITE TRUST

If you have a website, you should have SSL or more recently named TLS (Transport Layer Security).

That's the simple advice in a modern world dominated by the internet. In fact, if you don't have an SSL (secure sockets layer) certificate, you might already be seeing that Google Chrome and other browsers such as Firefox are flagging your website as possibly unsafe.

Google is doing it by releasing an https-only mode on its browser. The 's' stands for 'secure' (for example, <http://www.accounts.co.nz/> is not secure, but the web address <https://www.accounts.co.nz/> is). The 's' indicates you have an SSL certificate connected to your site, securing your website with the highest levels of encryption, protecting your customers and their data.

The browser warnings are not good news if you don't have SSL. They are likely to significantly affect traffic to your website because visitors will feel unsafe. If they can't trust your website, potential clients might not trust your business.

Another good reason to have SSL is Google, for example, indexes and rewards sites that use SSL by boosting search engine rankings. Internet service provider (ISP) Openhost recently told customers 70 percent of online shoppers cancelled transactions due to lack of trust, 75 percent believed security logos increased trust in a site, and 79 percent expected to see a security seal on a sites home page. Talk to your ISP internet service provider to get an SSL certificate.

PAY THE EXPERTS AND AVOID THE DIY DISASTER

In most, if not all industries, you get the best results from good systems, experience and expertise.

Do-it-yourselfers can be a menace, and if you're tempted to try something yourself in an effort to save money, think twice. Restrict do-it-yourself work to tasks you're knowledgeable about and know you can do well.

A tiler recently had a customer who thought he could manage it himself with a little advice. With the hours required to fix the shoddy work, it's now going to cost more than if it had been left to the tradesman in the first place.

A lawyer was handed a 30-page contract to just check over and approve. The client thought it would save money by doing it this way. The lawyer, however, had to read every word and then consider anything which might have been omitted. If she had initiated the work, she would have pulled a standard document off the shelf and modified it to suit her customer. This would be a lot quicker because it would have everything in it she wanted.

If you want to make work as cost-effective as possible, get the expert to tell you what to supply.



TAX CALENDAR

August 30

First instalment of 2022 Provisional Tax
(March balance date – pay 3 times a year)

September 28

Second instalment of 2022 Provisional Tax
(December balance date)

October 28

First instalment of 2022 Provisional Tax
(March balance date pay 2 a year)

November 29

First instalment of 2022 Provisional Tax for
(June balance date)

INTEREST AND RENTALS

The Government has produced a 143-page discussion document to try and sort out the complications arising from disallowing an interest deduction on residential rental property.

A typical complication is where the residential property is owned by a company and only forms a small part of the company income. Funding for the company can be constantly changing, so how do you know how much to allocate to the residential rental property?

Another one is the person who takes in a boarder or lets out part of their main home as an Air B&B. In these cases, the proposal is to allow a proportionate interest deduction. For those who owned property before the law change, the deduction is to be scaled down over four years. The first reduction occurs at October 1 this year. The claim for interest is calculated on the basis of it being incurred. This means if you paid interest to, we will say September 25, you would also be able to claim the interest through to the end of September, even though you will not be paying it until after October 1.

TRANSFERING SHARES

It appears to be so easy to transfer shares. All you have to do is to go on to the internet, find the Registrar of Companies and change your shareholding! Wrong. Share transfers need to be approved by directors so suitable minutes need to be prepared and signed. A signed share transfer form will provide evidence the seller intended to get rid of their shares. The company also needs to keep a register of shareholders and this needs to be updated. It is not the same register as the one at the Registrar of Companies.

Before even starting to put through a share transfer, you must consider the tax implications. Not only can losses be forfeited but also tax credits, and this can be very expensive. If you're contemplating changing your shareholding, please confer with us before taking any action.

ELECTRIC VEHICLE SUBSIDIES

The Government introduced a subsidy on electric vehicles from July 1. It offers \$8625 for new electric vehicles and hybrids and \$3450 for a second hand imported vehicle. Only cars priced under \$80,000 and safer models are eligible for rebates. Fees on higher emitting vehicles will begin on January 1 next year. The rebate scheme will also expand on that date to include low emissions vehicles. Low emissions fuels such as biofuels and hydrogen will also become eligible for funding.



BRIEFLY



Student loan repayment

IRD can reduce repayment obligations in the event of hardship. A borrower, who intends to go overseas, may request a temporary suspension of repayments. As they say, conditions apply.



Feasibility expenditure

If you have a project involving some feasibility expenditure before you start, be sure to keep this separate from the other expenditure. For example, you might have a leaky building. If you can segregate the feasibility study from the rest of the expenditure, you might be able to get a write-off of the whole amount, if it is less than \$10,000, or at least be able to write off the cost over a period of time.



Changes in child support law

The law is being changed to simplify and improve the penalty system. Incremental penalties are to be abolished. The definition of income is to be widened.



Family trusts

The accounting for family trusts will become more complicated starting from the 2022 financial year. Financial statements will be required and other detail will need to be reported to Inland Revenue. This has come about due to the extra step of 39 percent tax on incomes over \$180,000. Inland Revenue is concerned about the possibility of taxpayers avoiding the top tax rate.



Benefits in on-time supplier payments

It was late Friday afternoon. Joe, had just bought an expensive new router because he was fed up with the problems arising from the cheap one supplied by his internet service provider. He rang his IT expert and asked for some help installing it. "We will need to visit you to do this," they said. To Joe's pleasant surprise the tech came out late on the Friday afternoon. After the job was completed, about half an hour after the tech should have finished work for the day, Joe thanked him for coming so quickly. "The boss said I didn't need to come but I explained you always pay your bills quickly," he said.

A café owner, who always pays his suppliers on time spends about \$5000 a month on coffee. Recently, the price of coffee went up but not to this owner. The supplier rewarded him for his prompt payments by not increasing the price and he, in turn, was able to keep his prices stable.

What are you going to gain by holding on to your money – maybe 0.5 percent interest? It will work better for you by being a prompt payer. Suppliers are invariably thrilled to be paid immediately and are much more likely to look after you.



KEEP BUSY, KEEP IN TOUCH

Business is booming for tradespeople.

Many in the building industry are run off their feet. This is leading to them ignoring telephone calls and emails with the resulting customer frustration. Trade cycles mean bad times will follow good ones. The time will come again when you will not have as much work as you would wish. At these times, many people cut their prices to a minimum just to stay in work. Others go out of business and search for a job in an overcrowded market. Now is the time to look after your customers and to make sure you keep in touch with them after you have completed their work. How, you ask, am I going to be able to handle all the telephone calls and get my work done?

Answering the telephone or returning calls doesn't earn you money but it does earn goodwill. The trouble is it's very time-consuming. The solution is to get your system as efficient as possible. Responding to emails is quicker than ringing people. Therefore, leave a message on your telephone asking the caller to send you an email – unless they don't use the internet. It takes time to type out emails, so use a dictation app (often part of the computer software) so all you have to do is to say, into the computer microphone, what you want to tell the caller and press send. That doesn't take very long and you can attend to lots of messages in a very short time.

Suggestion: If you can't handle someone's job it might be better to tell them and perhaps recommend another firm. They will probably appreciate your honesty and your competitor probably won't keep in touch after the job. Of course, you will keep in touch – read on!

So now you have found out how to keep customers contented by returning their calls. To retain your customers, keep in touch with them continuously. The easiest way is to email them a newsletter. Compile a database of email addresses of all your past customers and anybody else who might be interested in your newsletter, and keep building this database. One businessman we know has accumulated 7000 email addresses. You don't even have to send a whole newsletter. Just send tips which will be useful to the reader and, of course, make it clear who is sending the ideas. You should use these emails to add value for a customer rather than trying to sell them things. If you try to sell, you might irritate them and get more "unsubscribes".



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