

Chapmans Business Bulletin

WINTER 2019



Welcome to the winter edition of our newsletter.

We say goodbye to Mildred Mutengezanwa and Tyler Jelas, and wish them well in their next endeavor. Welcome on board to Karen Butterworth.

TIPS FOR PREPARING A BUSINESS PLAN

- Be clear and focused about what you want to achieve – this will help align your team so you're all working toward the same thing.
- Choose the type of business plan that works for you – you may like to have a document, or a business canvas might work better.
- Keep it short, simple and easy to understand.
- Keep your goals realistic and relevant to what is going on in the economy and in your industry.
- Use Stats NZ's Data for Business website to find useful business tools and statistics.
- Contact Stats NZ to get useful business data.
- Get out and speak with your customers to gain understanding of how your product works for them and whether it's something they would pay for.
- Do a SWOT analysis to determine your strengths, weaknesses, opportunities and threats.

Ask your advisor Chapmans to review your plan and give you feedback and suggested improvements.

HACKERS AND CYBER ATTACKS

Hackers are behind cyber attacks. They often work anonymously by breaking into your computer or network. The best way to fend them off is to protect your computers, networks and other devices.

Scammers contact you to try and manipulate you into giving them something.

You can avoid their cons by knowing the common characteristics of a scam. This means being suspicious of any unexpected contact from someone asking for money or information.

To reduce your chances of being hit by either, everyone in your business needs to be aware of the risks and commit to safe practices. Make sure you set aside time to educate yourself and staff on new threats. Regularly check-in about any questions or concerns.

YOU LEARN MORE FROM DEFEAT THAN YOU DO FROM VICTORY - ANON

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ACCELERATE

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OUR NEWSLETTER FOR GROWING BUSINESSES



With exporting, the stakes are high, so it's vital to do your homework before taking the plunge. We explore the research you need to do and talk to a fashion duo who've cracked the overseas market.

You'll also discover if you're eligible for an R&D tax credit, why you'll love an NZBN and the good news on plastic pollution.

Keen to export: know where to start?

Here's what you need to think about before hitting the (overseas) ground running.

1. **What's your value proposition?** Having a short statement outlining what is unique about your product is not only a powerful selling tool, it helps you work out whether there's even an offshore market for it.
2. **Which markets will return the most profit?** Unsure where to export? Ask yourself these questions: Can you enter the market? Is it a good place to do business? Is there a real opportunity for what you offer? Can you reach your customers easily?
3. **Know your market:** Get on a plane, visit trade shows, expos and do some digging on your competitors, their pricing and distribution channels.
4. **Who will you partner with?** Agents and distributors are the most common channel choice for Kiwi exporters but consider an overseas office, selling directly to customers online, licensing or franchising too.
5. **Can you handle global growth?** Don't commit to exporting until you're armed with adequate financial resources, a committed management team and proof your product does well in New Zealand.
6. **Do a compliance checklist:** Failing to comply with international requirements is risky. Look into product liability insurance, product safety and standards, packaging and labelling, barcodes and tracking, transport, and online compliance. Set aside a budget for these changes to avoid nasty surprises.
7. **Will you make a profit?** The cost of exporting is different for every business. You'll need to complete a cash flow forecast and work out your break-even point to see if it's even viable.
8. **What's your pricing strategy?** Work out your costs, ensuring a healthy profit in your final prices, then talk to the experts about which pricing strategy is on point for your business and market.
9. **How will you get your product overseas?** Think hard about your product, its customer, and where your goods need to go. Then get advice from a professional freight company or customs broker.
10. **Can you afford to export?** Even established businesses feel the financial strain of exporting. Seek good financial planning advice early on and consider debt funding (loans, leases, overdrafts, terms of trade) or equity funding to finance your offshore activity. Whichever way you go, put some fat in your budget to cover unexpected costs!

To explore the above in more detail, Google: NZTE's Export Essentials Guide.

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NZ says goodbye to millions of single-use plastic bags

It's taken 17 years to follow in the footsteps of Bangladesh, the first country to ban single-use plastic bags, but we're finally there! From 1 July, single-use plastic bags can't be sold or given away in New Zealand. It's all part of the Government's programme to reduce waste and build the foundations for our transition to a 'circular economy' where eventually waste will be designed out of the system.

So, what IS a single-use plastic shopping bag? They're the plastic bags with handles (made of plastic up to 70 microns in thickness) found at supermarkets, takeaways, and other retailers.

The phase out also applies to heavier boutique-style shopping bags and the 'emergency' bags currently offered by some supermarkets as an alternative to a free single-use bag. It includes bags made of degradable plastic (ie, biodegradable, compostable and oxy-degradable) regardless of whether the plastic material is sourced from fossil-fuel, synthetic compounds or from biological sources such as plants.

Which plastic bags are still allowed? Bin liners, bags for collecting pet waste and barrier bags used when buying meat, fruit and vegetables (unless they have handles).

What can we expect at the checkout? Manufacturers and retailers have until 1 July to phase out single-use plastic bags completely, or face six-figure fines. Retailers are offering reusable bags, paper shopping bags or even cardboard boxes to help customers adjust. The Government is encouraging shops to move away from any single-use option, including paper.

What can people use instead? There are loads of different reusable bags on the market, including bags made from heavier-duty plastic, hessian, lightweight nylon, cotton, recycled fabric or jute. Shoppers can also use wheeled trolley bags, backpacks and home-made bags. The trick is remembering them!



6 WAYS THE NZBN WILL SAVE YOU TIME AND MONEY

Whatever the size or shape of your business, the New Zealand Business Number (NZBN) will make doing business easier, faster and more professional.

Here's how:

- Search the NZBN Register and you'll have details for all the businesses you deal with at your fingertips.
- Know your suppliers' NZBNs and process and pay their accounts more quickly.
- Using your NZBN means you won't have to repeat your key details to customers and suppliers.
- It pre-populates online forms with your information to save time.
- Always deliver goods to the right place by getting alerts when your customers change their physical address.

More than 675,000 Kiwi businesses have their NZBN, do you? Head to <https://www.nzbn.govt.nz/>



Conducting R&D? Cash in!

Are you conducting research and development on home turf? You could be eligible for a tax credit of 15% on eligible R&D expenditure. The Government have introduced legislation bringing in a new R&D tax credit effective from the 2019/20 income tax year (1 April 2019 for most taxpayers) to encourage more Kiwi businesses to invest in new or improved processes, services or goods. It means innovative companies can receive a tax credit and maybe then have a bit of extra cash to help grow their business when they need it most.

So, who can get the tax credit, and who can't?

YOU MAY BE ELIGIBLE IF YOUR R&D ACTIVITY:

- Has a goal to create new knowledge, or new or improved processes, services or goods; and
- Uses a systematic approach to resolve scientific or technological uncertainty, and
- Is new on a worldwide basis, not just new to your business or New Zealand, and
- You spend more than \$50,000 on R&D

YOU'RE NOT ELIGIBLE IF:

- The knowledge required to resolve the scientific or technological uncertainty is not publicly available and cannot be worked out by a competent professional in that field with a systematic process
- You performed the R&D on contract for other parties, received a Callaghan Growth Grant in the same tax year, are associated with/controlled by a Crown Research Institute, DHB, or tertiary education organisation.
- Your research was conducted in the social sciences, humanities, arts or investigating the market for your product or service
- Someone has already successfully done what you are trying to do. You must be able to show that you searched for an existing solution before you started your R&D.

Could this apply to you? Make sure you have clear, accurate information about the project's content, scope and costs involved (including appropriate apportionment of overheads). You can't create the documentation at the end of tax year. It needs to be done as the R&D is progressed. Clearly record your R&D expenditure as it is incurred so it's easily identifiable. The documentation requirements are detailed so it is important to do this correctly. Unsure if you're eligible? Call us to talk about your R&D project.



Business Health Check

- Looking to export? Get insights and tips at an NZTE workshop near you or book a meeting for expert advice.
- Running an R&D project? Get your paperwork sorted for your tax credit application.
- Consider gifting staff or customers a good quality reusable bag to support the single-use plastic ban.

KEY TAX DATES - JUNE 2019

| Date | Category | Description |
|---------|-----------------------------|---|
| 5 June | PAYE | Large employers' payment due. File employment information within two working days after payday. |
| 20 June | PAYE | Small and large employers' payment due. File employment information within two working days after payday. |
| 20 June | RWT | RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during May. |
| 20 June | NRWT / Approved Issuer Levy | Payment and return for May. |
| 28 June | GST | Payment and return for May. |