

A word from Ed ...

Great to hear that the government has finally given us timeframes to open up the borders this year. Quite a few businesses will welcome this for sure, and we will all enjoy a move back to a more normal lifestyle!

I hope you enjoy the read of our first newsletter for 2022, and as always, if you have any questions on any of the articles, please get in contact with us.



When you work hard for your money, it's important to stop and ask whether your money is working for you. That's why we're focusing on 'working smarter' in this issue. From property and budgeting to investing and streamlining, we've got fresh insights and tips to help you achieve more freedom and boost your bottom-line.

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Residential investment property: what you can claim for

If you've invested in residential property, you may be scratching your head over whether recent tax changes affect you. If you borrowed to acquire residential property before March 27, 2021, interest deductions will be phased out over the next three years. If you bought on or after March 27, 2021, you won't be allowed to deduct interest incurred after October 1, 2021. There are exemptions to this – call us if you're not sure.

Wondering if it's worth claiming for operating expenses like vehicle costs when you travel to your rental property? It all adds up, so here's what you can claim for:

- repairs and maintenance (but not renovations that substantially improve the value of the property)
- professional services fees, like accountants, lawyers, or property managers' rates and insurance
- mortgage repayment insurance
- vehicle and travel expenses
- depreciation on capital expenses, like whiteware, appliances, or heat pumps
- legal fees involved in buying a rental property if the expense is \$10,000 or less.

REMEMBER:

- If you've taken out a loan for a business purpose, e.g., to buy a new business asset, and the loan is secured against a residential rental property, you'll still be able to claim the interest as an expense.



Six financial myths busted

Those long-held beliefs holding you back from financial freedom need to be dispelled. Take a closer look at budgeting and money management.

Myth: I need a credit card for emergencies.

Reality Check: Someone who just lost their job won't be able to pay rent or their mortgage with a credit card. That's why having an emergency fund that's the equivalent of three months' earnings is a must.

Myth: To invest, you need to be rich.

Reality Check: Investing is as easy as online shopping. It is not about the amount you earn, but the amount you save that builds wealth. Start investing small amounts consistently over a long term to build a sizable return.

Myth: Buying a home is better than renting.

Reality Check: Having a home is considered a good investment. However, sometimes it simply doesn't make sense. If your business means you're on the move a lot, renting is cheaper, and allows you to concentrate on work without the stress and cost of maintaining a house.

Myth: Saving for retirement starts when you're 40.

Reality Check: In your 40s, financial responsibilities are often at their peak as kids head away to university, home renovations and holidays are on the cards, and health issues arise. If you haven't started already, rest assured that investing a little every month will ease stress later in life.

Myth: I'm not earning enough to save.

Reality Check: It's tempting to funnel every available dollar back into your business, so think of your savings as a necessary emergency fund. Create a budget, and stick to it, and automate payments and investments at the start of each month.

Myth: Having a loan is bad.

Reality Check: Taking a loan to build an asset that gives a higher return than the interest on it is profitable. By taking a loan, you can create wealth with limited financial potential but it's important to speak to your accountant to discuss the smartest option for you and your business.

Time to grow? A guide to attracting investors

If you don't have the working capital to invest in significant expansion, it might be time to consider bringing investors on board. Pitching to raise funding can be a nerve-racking experience, so here are some tips to impress:

1. Investors need to see evidence of an opportunity before they'll part with their time and money. One of the clinchers is **market validation**. If people are already handing over money for your product or service, or if you have highly reputable companies trialling it, this is something potential investors need to see.
2. It's not just about your business. Investors are putting their trust in you. What is **your experience or competitive advantage** over others? Showcase what you have to offer.

Even if you're an expert in your field, investors want to see that a founder is **coachable**. These investors are willing to share their expertise and contacts, but they don't want their advice to fall on deaf ears. Give examples of how you've adapted your idea in response to feedback and show you're willing to respond openly to any questions they may have.

3. Don't be afraid to show the **passion** you have for your business. It takes tenacity as well as talent to get off the ground, so you'll want to tell investors the story of your journey in such a compelling way they'll want to join the ride.



Time is money: make the most of 2022

Are you familiar with the ancient Japanese philosophy of 'Kaizen'? It's the principle of continuous improvement that can make a huge difference to the efficiency of any company and is saving some of the world's most powerful companies millions of dollars a year. Sound good? Here are ways you can embrace Kaizen to improve your business.

What's your waste? This isn't just about what's ending up in the rubbish, it's also unnecessary movement, overproduction of stock, waste due to mistakes, and time spent waiting. Examine whether the waste is avoidable or could be made more efficient.

Get organised! Create a standardised work week so the same things are happening on the same day or time. Organise your equipment so everything has a home, and everyone knows where it is.

Create visual systems. Get everything out of your head and onto a board – the goals and priorities, how you're tracking, and who's responsible. It helps with communication and eases the pressure on you because you now don't need to be there to answer all the questions.

Non-utilised resources. Listen to your team; their ideas and even their hidden talents could be put to good use.

You don't have to spend millions on flash solutions. Simply get down to basics, understand the root cause of the problem, and put systems in place. It's about making your life easier, less frustrating, and gaining more time to be an efficient, effective business owner.

Is it time to power down?

Screens have become so omnipresent in our lives that internet addiction is recognised by the World Health Organisation as a mental health condition. Here are our top tips for switching off.

Resist FOMO – It's tempting to respond immediately to every ding or vibration alert from your phone but checking emails at three set times each day is enough.

Communicate – Let people know about your plans to be offline at set times during the day.

Out of sight, out of mind – Turn off your phone, or at least temporarily silence your email and social media alerts, and then get your devices out of your line of sight until you're ready to reconnect.

Get moving – A quick walk around the block or a five-minute stretch will relax those muscles in your neck, back, and shoulders that suffer when you're hunched over a keyboard.

Rest your eyes – To relax and refresh your eyes, gaze into the distance every 20 minutes for 20 seconds.

Create a safe (tech-free) space to rest – Sleep is a time for your body and mind to rest and repair from the day's stressors, so make your bedroom screen-free.

How to get the creative juices flowing

A smart business owner not only encourages innovative ideas from staff, but also follows up and implements fresh, new concepts. It makes your team feel included, valued, and may pay dividends with great new systems. So, how do you foster creativity in your crew?

Make brainstorming easy. When employees have a wide-open whiteboard to work with, you never know what ideas might come up. A great digital version is [Stormboard](#) where each digital sticky note can house its own whiteboard for a productive brainstorming session.

Encourage individuality. Let your employees know you value their thoughts and ideas by showing genuine interest with follow up questions. What started as a watercooler quip may evolve into a game-changing concept.

Provide a stimulating atmosphere. Consider a workspace that has ambient noise. Avoid sterile whites, greys, and beige in favour of relaxing pastel colours with bold orange or red in the shared space for a more energised atmosphere.



KEY TAX DATES – FEBRUARY 2022

Date	Category	Description
8 February	PAYE	Large employers PAYE payment due for January. File employment information within two working days after payday.
21 February	PAYE	Small employers PAYE payment due for January. Large employers PAYE payment due for February. File employment information within two working days after payday.
21 February	RWT	RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during January.
21 February	NRWT / Approved Issuer Levy	Payment and return due.
28 February	GST	Payment and return for January.

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