

## A note from Ed ...

How quickly things can change over a short period of time!

In the last month we have had the Trans-Tasman bubble open up between New Zealand and Australia – the first bit of positive travel news in over 13 months! Let's hope more travel bubbles are opened in the near future.

The Government has announced major changes to the property tax landscape. The main changes are that the bright-line test has been extended from 2 years to 5 years, and interest deductions on residential property purchased on/after 27 March 2021 will not be allowed from 1 October 2021. (For property acquired before 27 March 2021, interest is still able to be deducted but is being phased out over 4 years.) These changes appear to be having some effect on the residential property market.

Yes, change is constant but it's also great to reflect on how lucky we are to live in New Zealand and enjoy all the benefits of a stable and thriving economy.

Let's see what that looks like on the newsletter ...

**How do you ensure you're providing a positive customer experience?** Ask them, listen, then make changes. A positive customer experience will bring people closer to your company, connect them to your brand, and get your products and services in their physical or virtual cart. In this issue, we offer a step-by-step guide to gathering meaningful customer feedback, communication tips. We also look at how the new 39% tax rate will affect business owners.

## Does the new 39% tax rate affect you?

New Zealanders earning over \$180,000 a year will now pay a 39% tax rate, which came into effect on 1 April 2021. If this includes you, are you aware of how your tax obligations change when it comes to shares, property, FBT, superannuation tax, or trusts? Find out on page 2.

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## New 39% tax rate: what next?

The new 39% marginal rate that applies to all employment income over \$180,000 is now in force. Consider how the new rate will affect you and your business.

### The 39% tax rate and...

#### TRUSTS?

From now on, you'll need to disclose a lot more information to Inland Revenue in your annual trust tax returns. The additional information will provide the Government with information on how trusts are being used, particularly with the introduction of the new 39% tax rate. As part of their annual income tax return, trustees will now have to disclose:

- Financial accounting information, including profit and loss statements and balance sheet items
- Loans to related parties
- Information on distributions and settlements made during the income year
- Names and details of settlors from prior years
- Names and details of each person who, under a trust deed, has the power to appoint/dismiss a trustee, to add/remove a beneficiary, or to amend the trust deed.

#### FBT?

A new Fringe Benefit Tax (FBT) rate of 63.93% will apply for all-inclusive pay above \$129,681 and the single rate and pooling of non-attributed fringe benefit calculations. The 42.86% rate for non-attributed benefits will no longer apply. Talk to us about your current FBT profile and we can review it together.

#### RWT and RLWT?

If you earn interest, this will be taxed at 39% (RWT) from 1 October 2021. If you're selling property covered by the bright-line test, Residential land withholding tax: (RLWT) will increase from 1 April 2021 to 39% (except where the vendor is a company).

#### BENEFICIARY INCOME FROM A TRUST?

If you receive beneficiary income from a trust let us know if you'd like to know more about your tax position.

#### PROPERTY OR SHARES?

If you are looking to purchase assets such as property or shares, or already have such investments, it would be prudent to assess your overall investment strategy so that it meets your commercial and personal goals, including your tax profile.

Such investments are able to be held in companies or a trust, which have tax rates of 28% and 33% respectively, however on distribution to individuals in most cases the individual's tax rate will effectively be applied.

A strong note of caution - the main reason for any restructuring of your investments should not be due to any perceived tax benefits arising out of the restructure. Any restructuring should be focused on achieving key objectives such as successful commercial, risk, succession, and asset protection outcomes. Talk to us and we can review and assist you with planning to meet your objectives.

#### SUPERANNUATION CONTRIBUTION TAX?

Time to check whether you have employees whose Employer Superannuation Contribution Tax (ESCT) and Retirement Savings Contribution Tax (RSCT) rate threshold exceeds \$216,000. The tax rate for these has risen to 39% (as of 1 April 2021).

#### ADDITIONAL EMPLOYMENT INCOME?

The tax change applies to all employment income over \$180,000 a year, including bonuses, back pay, redundancy, and retirement payments. As an employer, take account of when additional remuneration to employees may affect their tax obligations and make sure tax is deducted correctly.



# How you can get meaningful client feedback (that doesn't cost the earth)

Whether you intuitively know the importance of client feedback or COVID-19 has brought it front of mind, now is a pivotal time to find out what people think of your products and services and ensure you're making meaningful, sustainable progress.

Your clients or customers experience your business in a way you never can. They're an incredible source of knowledge and insight. Push away any fears you have of gaining genuine feedback and use this step-by-step customer feedback guide to propel your business forward.

## Your step-by-step guide to meaningful customer feedback

### 1. Make a list of seven key clients or customers to call for feedback.

Decide who is going to make the calls or split them between two staff members. Email in advance explaining how committed you are to improving your customer service and experience, that you value their constructive feedback, and would like to interview them via phone or Zoom. Each call should take 10-15 minutes and be focused on their experience with your business.

### 2. Prepare questions.

Don't be afraid to have deep discussions with your clients - ask open-ended questions such as: "What do we do well? What do you like about working with us/using our service or product?" and "How do you think we could improve?" Take notes during the call or do a Zoom and record it.

### 3. Be open with your interviewees.

Reiterate that you're having the conversation because you want to learn. Tell them that anything they can offer will help your business so there's no need to spare your feelings! Remember, any improvements you make to your business based on their feedback is a win for them too.

### 4. Find the themes.

Once you have all the feedback in front of you, segment it by theme ie: customer service, processes, or marketing.

### 5. Engage your team.

Now it's time to let your management team walk in your clients' shoes. Schedule a meeting to discuss the feedback themes. Don't make any decisions at this point, just let everyone digest and discuss.

### 6. Wait.

It's easy to jump into action but everyone needs time to sit with the feedback. Organise a meeting a week later to look more closely to identify worthwhile changes, then make an action plan.

### 7. Embrace the gift of knowledge.

Most of the feedback will be positive and open you up to learning, growing, and tweaking your business for the better. It can be hard to hear constructive criticism but once you reflect on it, you'll realise how powerful it is for change.

*What Lies Beneath offers client feedback with depth as well as a masterclass for those who want to learn the tricks and bring client feedback skills in-house. Visit [www.whatliesbeneath.co.nz](http://www.whatliesbeneath.co.nz)*



*"Predominantly, customer feedback is more positive than negative. You'll always have wins and gain clarity, direction, and newfound confidence in what you do after talking to your customers."*

- **Ange Wallace**, director of *What Lies Beneath*, client feedback specialists.



# Good communication = repeat customers = more profit

Did you know customer retention is faster and, on average, costs up to seven times less than customer acquisition? If you're looking to improve your bottom line by turning your current customers into lifetime customers, here's the best way to communicate with them.

## Communicate kindly

Customer service is key, whether it's in-person, on the phone, or via email, it's what everyone remembers. Mistakes and delays are inevitable in business, but people are happier to ride those waves with you if you communicate in a kind and friendly manner. It's not the mistakes that lose clients, it's the lack of communication around it. If you're not responsive, they think you don't care. If they think you don't care, they are more likely to look for a new company.

## Communicate early

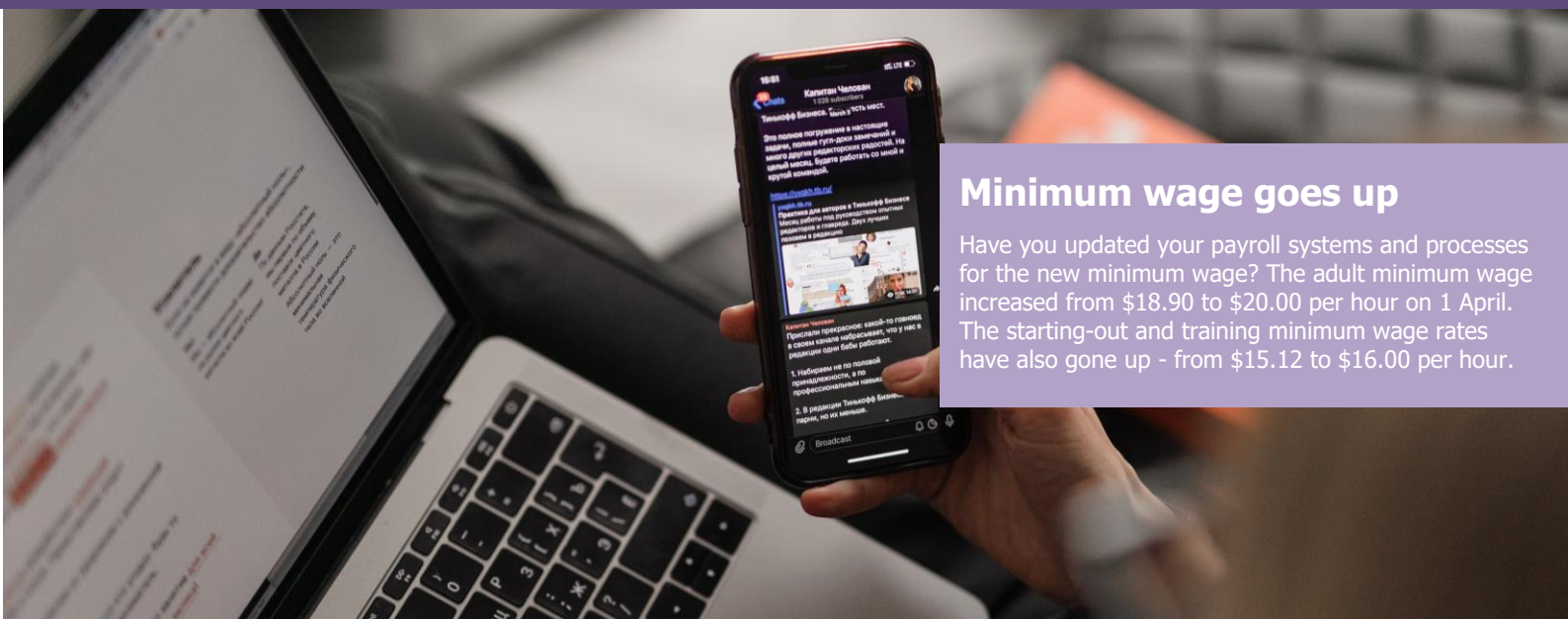
Put yourself in your client's shoes - if something doesn't turn up on time, you're left wondering, right? Communicate early if there is going to be a delay or problem they need to be aware of. People are really understanding if you say something early, rather than leave it until later when it affects their day negatively. Plus, speaking up early about a problem or issue will build trust.

## Communicate when necessary

You often hear 'regular communication is best', but what if you've got nothing to say? Concentrate on creating great e-newsletter content so they're more likely to welcome the next one. Sending irrelevant, untimely, or lacklustre messages won't improve your relationship. Understand when people need your services and communicate to them then. Trying to pressure them through too many emails or calls won't end well.

## Communicate cleverly

If your potential client or customer has requested a quote, you know they're going to read that email so throw in something small at the bottom of it that communicates your message. Or how about putting a joke or inspired one-liner underneath your email signature to brighten someone's day?



## Minimum wage goes up

Have you updated your payroll systems and processes for the new minimum wage? The adult minimum wage increased from \$18.90 to \$20.00 per hour on 1 April. The starting-out and training minimum wage rates have also gone up - from \$15.12 to \$16.00 per hour.

## KEY TAX DATES – MAY 2021

Date	Category	Description
5 May	PAYE	Large employers' payment due. File employment information within two working days after payday.
7 May	GST	Payment and return for March.
7 May	INC	Provisional Tax instalment due.
20 May	PAYE	Small and large employers' payment due. File employment information within two working days after payday.
28 May	GST	Payment and return due for April.
31 May	FBT	Payment and return due.