

Polson Higgs Client Advice # X – Level 3, 2020 Year End, Strategic Thinking and more. . .

Next Tuesday is a big step with the move to Level 3, and hopefully it is the first step towards our new normal. On Saturday, ANZAC day will cast a very different shadow across the country, with us all in our bubbles. It will however, put some perspective on the lockdown and what we have been asked to do.

In this newsletter we will cover:

- Level 3!
- The Polson Higgs Team and Level 3
- The 2020 end of year
- You can scan at home
- IRD Interest and Penalties
- Our Strategic thoughts
- Economic Updates
- Bit of a laugh

Level 3! – At 11:59 pm on Monday, 27 April 2020 we move from Level 4 lockdown to Level 3 and that will see an additional 400,000 Kiwis able to return to work. The basic principle is that if you can work from home safely, then you should. If you can't then you can reopen, but follow the rules:

1. If your business requires close physical contact it can't operate.
2. Your staff should work from home if they can.
3. Customers cannot come onto your premises. Unless you are a supermarket, dairy, petrol station, pharmacy or permitted health service.
4. Your business must be contactless. Your customers can pay online, over the phone or in a contactless way. Delivery or pick-up must also be contactless.
5. Basic hygiene measures must be maintained. Physical distancing, hand washing and regularly cleaning surfaces. Workers must stay home if they are sick.
6. If you used PPE in your business before COVID-19, then keep using it in the same way. If you didn't use PPE in your business before COVID-19, you don't need it now. This is advice for retailers, manufacturers and the service industries. Different advice applies to essential healthcare workers, border agencies, courts and tribunal staff, first responders and corrections staff.
7. You must meet all other health and safety obligations.

If you have any question about if your business can or should open at Level 3, then checkout <https://www.business.govt.nz/covid-19/workplace-operations-covid-19-alert-levels/#e-21010> or email us on covid19@ph.co.nz.

The Polson Higgs Team and Level 3 – Some of the team have had an extended Easter break, but everyone will be back in their home offices on Tuesday, 28 April. We will continue to work from home during Level 3, and are only a phone call or a zoom meeting away.

The 2020 end of year - Given the current uncertainty, having a clear understanding of your financial position is vital. Monitoring and understanding your cashflow is important, but equally important is understanding the underlying financial position. Many of our clients will by now have received your balance day questionnaire requesting source information so we can start preparing your 2020 accounts. If you haven't been contacted or want to talk about your Year-end Accounts, contact your Partner or Manager or ring 03 477 9923. Understanding your current financial position and in particular future tax payments is vital in these challenging times, and the banks are very likely to be asking for your accounts pretty soon as well!

You can scan at home - If you have a paper record that you need to send us then you can scan it and create a PDF using your phone.

1. For iPhones: <https://www.macworld.com/article/3390539/how-to-scan-documents-and-make-pdfs-using-notes-on-your-iphone-or-ipad.html>
2. For Android phones (basically everything that's not an iPhone): <https://9to5google.com/2019/11/06/how-to-quickly-scan-documents-with-the-google-drive-app/>

If you need a hand setting this up email us at covid19@ph.co.nz.

IRD interest and penalties - As part of the financial relief for COVID-19, the Government and IRD indicated that where a tax payment was unable to be made, no payment should be made and the IRD would remit any interest and penalties. Since this announcement the Department has issued some further guidelines around how the policy will operate. The key requirement is that the taxpayer's ability to pay has been significantly adversely affected by COVID-19, not simply a desire to keep the cash in the bank. There will still be the requirement that any unpaid tax is paid as soon as practical. The two key points here are that you don't find yourself at a later stage paying the IRD 8.5% interest because you decided to leave the cash in the bank or that you end up with a payment arrangement with the IRD that is unworkable. If you have any questions around your eligibility for relief under the policy contact us on covid19@ph.co.nz.

Our strategic thoughts - Over Easter we challenged you to think strategically about your business and what it would look like after lockdown. As you prepare for Level 3 on Tuesday, we thought we would share some strategic ideas that you might want to consider.

1. **Digital, Digital, Digital** – What are the three most important things in comedy? Timing, timing, timing. The lockdown has emphasised the importance of the digital world, it has seen us all become familiar with new technologies that we can use to communicate and interreact with each other. Zoom has become a ubiquitous part of our everyday life. Going forward, you need to ensure that your business has a strong IT framework and is cloud-based. Consider the technology you are currently using (how old is it?) and what you could use. Are there other ways you can use technology in your business? For example is there an online ordering programme, or changing to Paywave. If you want to talk about "Digital" email us at covid19@ph.co.nz.
2. **What did you do during the war?** – How your business acts during Covid19 will not go unnoticed by the community and your clients. This is a time of high reputational risk, all

your actions will be judged against the backdrop of what is happening both nationally and globally.

3. **The World has already changed** – We just haven't noticed yet. It may seem like we are currently in some state of limbo, and that once a vaccine is found, life will return to normal. However, the world has already changed and it is not simply a matter of waiting for things to return. What the new normal looks like, is the big unknown question, but it is time to start thinking about what it might be – it will be different.
4. **Keep it local** – One of the ways the world has changed is a new focus on local.
5. **Acceleration of change** – Covid19 will accelerate change. The change will have two dynamics, the positive dynamic will create new technologies and whole industries (the GFC created Uber and UberEATS). The other dynamic will accelerate change for industries already struggling, who won't unfortunately have the time to change.
6. **The 80 – 20 rule still applies** – The rule states that you get 80% of your business from 20% of your clients, and it will still apply. What will change is who that 20% are. Consider your client base, how will they be effected and what will the new normal look like for them?
7. **Don't sweat it, S.W.O.T it!** - Use a SWOT analysis in your decision making process.
8. **Cash is King** – As the economy restarts, cashflow, and cash will be key. Aside from the various Government packages that can assist business, you need to ensure that you have good controls on your cashflow and that you are reviewing it against your budgets.

If you want to talk about the “new normal” or changes to your business then email us at BCP@ph.co.nz. (There is Government funding that may be available)

Economic Updates - To assist our clients better understand how the economy is performing, the Team at Polson Higgs has arranged for the leading, independent, New Zealand economist, Tony Alexander, to provide weekly 15-minute updates on the economy every **Friday at 2.00 pm until 8 May**. If you would like to register for the updates [click here](#) . Use your Promotional code of **PHClient** to register for free. If you have a question you would like to ask Tony about your industry please email covid19@ph.co.nz.

Bit of a laugh – The lockdown has certainly shown the musical talent in some of our bubbles, checkout <https://www.youtube.com/watch?v=G-ugfNXycDg>.

New Webpage - we have added a new page to our website and are gathering different resources for you to use. Check out <http://www.ph.co.nz/expertise/covid-19/>

If you have a question about anything please don't hesitate to ask on covid19@ph.co.nz.

Stay safe and keep in touch.

Kind regards

Polson Higgs Team

PolsonHiggs

Business advisors



Better
business
together.

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