

A photograph of a modern office desk. In the foreground, there is a wooden desk with a laptop, a mouse, and some papers. The laptop screen displays the text "Driving your business". In the background, there is a large window with greenery outside and a potted plant on the desk. A semi-transparent blue overlay covers the middle part of the image, containing the main title and a sub-headline.

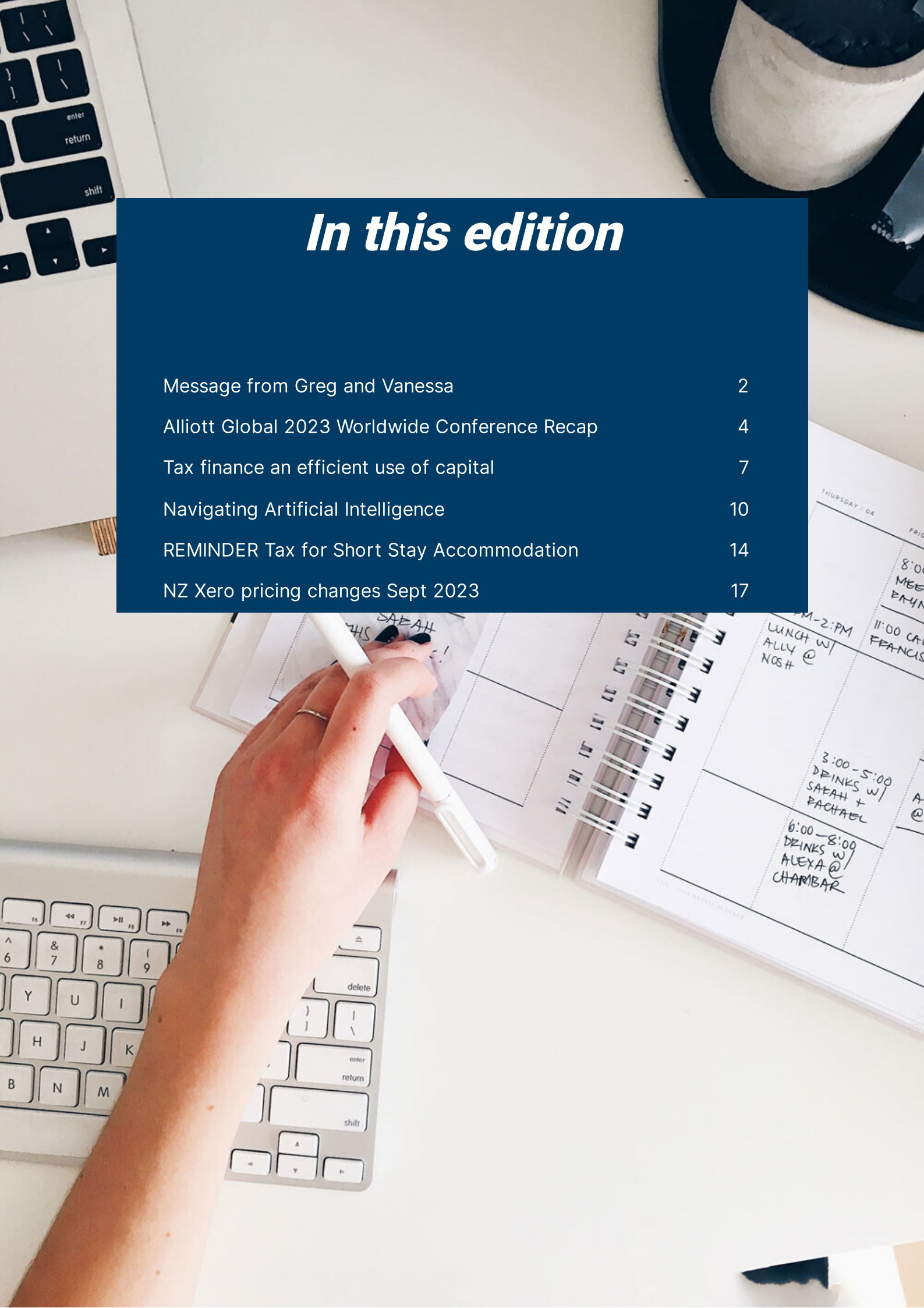
Alliott NZ Spring 2023 Newsletter

Take your business to the next level
with help from our experienced team
of Chartered Accountants and
Business Advisors

***Alliott NZ Chartered
Accountants and
Business Advisors***

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01

***Message from
Greg and Vanessa***

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The new coalition government of National, ACT and NZ First will bring with it new changes in taxation policies. Those policies that may be affected are personal income tax cuts, a change in the Trust tax rate, and residential property Brightline and interest limitation rules.

We are monitoring these closely and will keep you updated as and when the changes are enacted including the likely impact these will have.

Also in this newsletter:

- Allcott Global Conference recap
- Tax Traders' tax pooling service
- How small businesses are navigating AI
- Income Tax in the Short Stay Accommodation Market
- Pricing changes for NZ Xero users

Please be advised that our office will be closed for our Christmas / New Year break from Friday 22 December (last day) and will reopen on Monday 8 January 2024.

Please **contact** our team or email enquiries@allcott.co.nz to discuss these and any other topics with us.

Kind regards,

Greg Millar & Vanessa Williams



02

***Alliott Global
2023 Worldwide
Conference Recap***

Unveiling the Future of Global Collaboration

The 2023 Worldwide Conference hosted by Alliott Global Alliance (AGA) in Athens was nothing short of spectacular, bringing together 155 delegates from 49 countries – an historic turnout for our worldwide professional network of accountants and lawyers.

Alliott NZ Directors Greg Millar and Vanessa Williams attended the conference over its four days in October with other APAC and ANZAC professional firms.

“Attending the Alliott Global Alliance worldwide conference in Athens provided a wonderful opportunity to network and learn with both accounting and legal members,” they said.

Beyond Boundaries Engagement and Collaboration

The levels of engagement and collaboration experienced at the conference were unparalleled. Attendees demonstrated readiness to confront the challenges of the future by tapping into the alliance and each other's professional expertise, business acumen, innovations and resources.

The exchange of insights covered a wide array of topics, including succession planning, business development, AI, cybersecurity, leadership, pricing, and fear and crisis management.

The inaugural Excellence Awards were a highlight, celebrating the remarkable achievements of our members, and showcasing the diverse talents within AGA.

Keynote Takeaways: Paving the Path Forward

The CEO's keynote address painted a forward-looking vision, promoting continued organic growth, agility to adaptability, and commitment to a collaborative and innovative spirit within AGA. While acknowledging the value of heritage and core values, the CEO stressed the necessity for AGA to evolve continually to remain pertinent in the ever-changing global landscape.

The pivotal shift towards a more proactive, collaborative culture emerged as a recurrent theme. AGA's five strategic goals were highlighted, emphasising the creation of more business opportunities, maximizing human resources, effective knowledge transfer, sharing innovations and building a stronger brand identity.

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The CEO celebrated the growing collaboration within AGA, citing a substantial increase in multi-firm/country proposals and a robust referral network. Service excellence was emphasised, encouraging members to extend a metaphorical red carpet to fellow members and their clients, fostering a culture of generosity and responsiveness. In addressing challenges, members were urged to find solutions for core services outside their expertise but within the AGA network.

The stage is set for the next chapter as AGA announced Ho Chi Minh City, Vietnam, as the venue for the worldwide conference in November 2024.

Greg and Vanessa said this marks another pivotal moment for members to come together, exchange insights, and contribute to the thriving global community that is AGA.

“It was exciting to hear the plans of the Alliance and also the large global projects many of our colleagues are undertaking with their clients.”

“With the Alliott Global Alliance now in 96 countries and 251 cities, the opportunities for our clients to grow their businesses internationally with great support is better than ever.”



Alliott NZ is a member of Alliott Global Alliance, a worldwide alliance of independent accounting, consulting and law firms. For any business considering expansion into a new market, an understanding of the local economy and culture is essential. Through the partner-led service that member firms within Alliott Global provide, our clients have access to a constant contact point enabling a better understanding of their business needs.

[Read more »](#)

03

***Tax finance an
efficient use of
capital***



Powered by Tax Traders tax pooling

Taxes are undoubtedly an unavoidable aspect of life, yet that doesn't imply they always represent the most optimal utilisation of your resources.

Instead, retiring high-interest debt, investing in modern equipment, expanding your sales force or upgrading your IT infrastructure might yield a more favourable return on your investment.

Tax finance, made accessible via an IRD-approved tax pooling intermediary, opens the door to these possibilities.

In the past 12 months, Alliott NZ clients taking advantage of IRD-approved tax pooling provided by Tax Traders saved a combined amount of \$29,000 in interest plus another combined total of \$219,000 in penalties.*

These are just two of the benefits of paying your income tax into the IRD-approved intermediary, Tax Traders. There is also the added benefit of shorter wait times with the IRD and/or multiple transfers between teams to convey a solution, saving you our time and cost as well. Plus cash flow flexibility, lower interest payment rates and higher interest receivable rates.

Short on cash to pay tax? Delay an upcoming provisional payment by up to 22 months.

If you know in advance of a provisional date that you're unable to make a deposit or full payment of the tax amount due, or you wish to retain cash in your business, you can set up a finance arrangement through Tax Traders to pay the provisional tax.

When you put measures in place in advance, Tax Traders is able to offer you a significantly lower interest rate, so it is well worth talking with your accountant if you're looking for flexibility. This option is particularly helpful in industries where income is seasonal or for businesses that are growing and therefore need to reinvest, allowing cash flow to be managed more effectively throughout the tax year.

Since its inception, Alliotts have worked with Tax Traders to ensure that our clients achieve better outcomes than just paying tax to the IRD directly.

To find out if you could benefit from tax finance, please **talk with** the Alliott NZ team in Auckland on 09 520 9200 or visit <https://home.taxtraders.co.nz/>.

** Reporting period 1/9/22 to 31/8/2*



04

***Navigating
Artificial
Intelligence***

How small businesses are navigating AI

The hype around artificial intelligence (AI) is making small businesses feel that its development and adoption are moving at lightning speed.

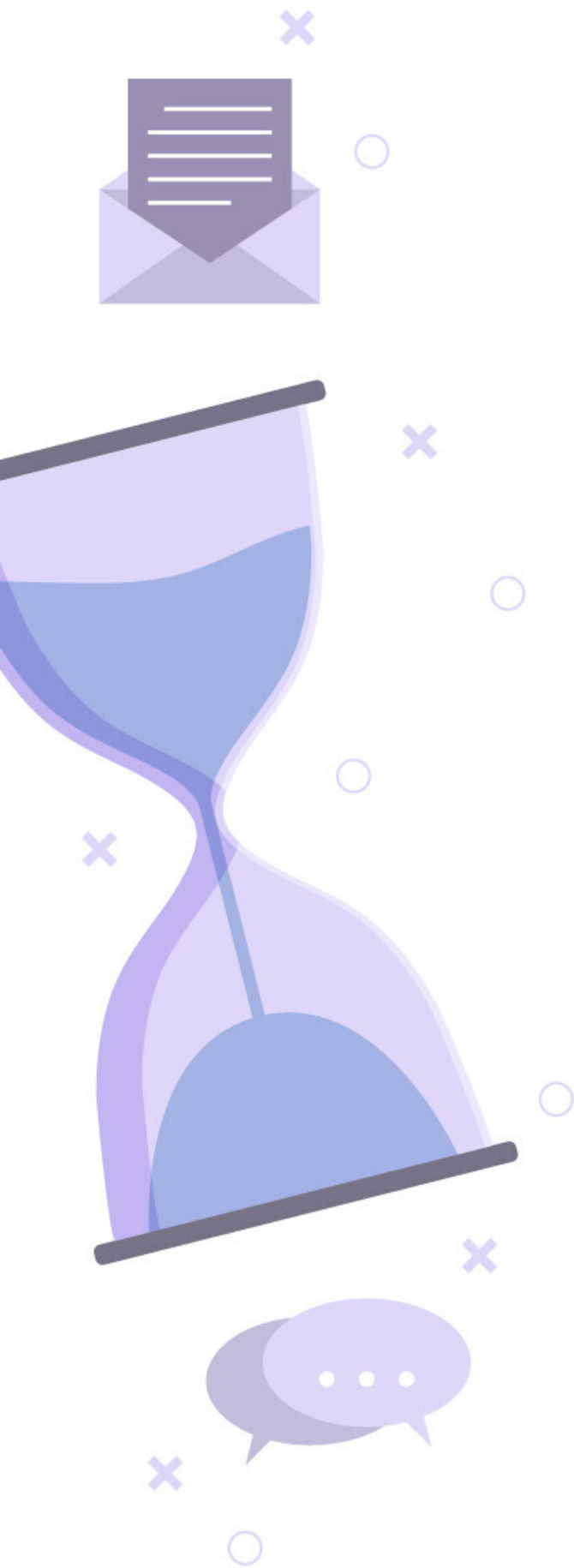
Curiosity outweighs concerns

Even with ethical concerns in the frame, and with AI tools becoming more easily accessible, small business owners want to be proactive and stay ahead of the curve. New Xero research found that globally, 32% of businesses are experimenting with AI tools, and 21% are investing in them. The results also showed:

- one in five small businesses were dedicating more resources to AI
- more than half (51%) said they trusted AI tools with identifiable customer information
- 45% of respondents said they would trust AI tools with sensitive commercial information

In fact, new Xero research shows that 80% of small business owners globally are concerned that the fast pace and nature of AI are leaving regulation in the dust. They told Xero they want governments to do more, given the potential big impact on industries and the workforce.





Xero launched their Future Focus research on AI at Xerocon Sydney this year, taking an in-depth look at how 3,000 small business owners from across New Zealand, Australia, Canada, Singapore, the United Kingdom and the United States feel about AI and the potential impact on their business.

Mixed feelings about research findings

So, what did the research say? In a nutshell – small businesses have mixed feelings about AI. They're curious and excited, but there's also concern about ethical implications and data privacy.

Almost a third (32%) of small businesses are intrigued about AI, while others are feeling anxious (31%) and excited (30%). Half of small businesses believe AI will be more helpful and have a positive impact on their people, processes and workflows, compared to 20% who said they believe it will be more harmful.

Sensitive information disclosure (41%) and data privacy violations (41%) were considered to be the biggest ethical challenges relating to AI use in their business. Some (38%) respondents were also concerned about the ethical challenges around worker displacement that could be caused by AI utilisation.

The challenges of using AI

While AI has piqued the interest of small business owners, it's not the top priority for small businesses just yet. Only 8% of respondents ranked adopting or investing in AI as their number one priority over the next 12 months.

In terms of the small businesses that are already using AI, 69% are reporting some drawbacks, and 23% have seen increased security or privacy issues since using generative AI tools. These drawbacks included:

- increased biases or inaccuracies in content (18%)
- decreased employee morale (18%)
- decreased efficiency due to time overseeing the quality control of AI content (16%)
- reduced headcount (14%)

While reduced headcount can be seen as a drawback, it can also support small business owners to be more efficient and save on costs. Though 59% of small business owners said they don't see their hiring plans changing over the next three years, a third (31%) said they plan to hire fewer people.

A reminder to use data responsibility

The interest in generative and predictive AI is understandably driving curiosity among small businesses. But if exploration of this technology leads to sharing personal identifiable information, that could put their customers' data at risk.

Because of how important protecting sensitive data is, Xero has had, for many years now, **responsible data use commitments** that guide them as a business, and help support Xero customers as they navigate their own data use.

Xero also announced a number of new, exciting AI-powered features and generative AI experiments at this year's event.

Considering Xero for your business? Alliott NZ's Xero Certified Advisors in Auckland are here to answer any questions or to help your business upgrade to or optimise using Xero.

05

***REMINDER Tax for
Short Stay
Accommodation***

Navigating Income Tax in the Short Stay Accommodation Market

As borders reopen and tourism makes a strong comeback, the short-stay accommodation market is poised for a resurgence.

Property owners are once again considering letting their spaces for short-term stays to capitalise on this growing trend. Additionally, individuals who have never ventured into this area are exploring the option to cover mounting mortgage costs in the face of rising inflation and increasing bank lending rates.

In this post, we delve into the practical scenarios and income tax issues that arise when dealing with short-stay accommodation.

Property owners and real estate professionals alike need to be across how to navigate the income tax landscape in this booming sector.

Moreover, we cover how the new bright-line and interest deductibility rules impact short-stay accommodation properties.

Keeping Up with Legislative Changes

To stay ahead in this ever-evolving industry, it is crucial to grasp the implications of recently enacted income tax law changes. By staying informed about the latest legislative updates, property owners can ensure compliance and make informed decisions regarding their short-stay accommodation endeavours.

1. Understanding Income Tax
Issues: including income tax challenges faced by landlords who let their properties for short stays and how the tax rules are applied
2. Navigating Mixed-Use Assets
Rules: including the complexities of the Mixed-Use Assets rules and their application in the context of short-stay accommodation – understanding these rules is vital for property owners to manage their tax obligations effectively.
3. Implications of Ownership
Options: developing an understanding of the income tax implications associated with various ownership options in the short-stay accommodation market in order to make informed decisions about property investments.
4. Recent Income Tax Changes: including the effects of the bright-line test and interest deductibility rules, gaining valuable insights into how these changes affect their short-stay accommodation properties.
5. Balancing Competing Objectives: Letting property as short-stay accommodation often involves navigating various issues and competing objectives. Alliott NZ can help property owners address these challenges, providing strategies to strike a balance between profitability, compliance and customer satisfaction.



Understanding the Implications

Proposed changes from 1 April 2024 will mean that GST will be paid on behalf of property owners using online platforms. The GST rate would be a net 6.5% after allowance for a “flat-rate credit” of 8.5%.

The resurgence of the short-stay accommodation market presents exciting opportunities for property owners and investors. However, to thrive in this dynamic landscape, it is essential to have a strong grasp of the income tax scenarios and issues specific to this industry. Don't miss the opportunity to stay ahead in one of the fastest-growing sectors in the real estate industry. **Contact** Alliott NZ in Auckland and take the first step towards mastering the income tax challenges of the short-stay accommodation market.

06

***NZ Xero pricing
changes***



Xero Business Edition

From 13 September 2023, the monthly price of Xero plans in New Zealand is changing:

- Starter plans increase by \$2 a month to \$33 per month
- Standard plans increase by \$5 a month to \$71 per month
- Premium plans increase by \$10 a month to \$94 per month
- Ultimate plans increase by \$10 a month to \$105 per month

The price increases affect all Xero Business Edition plan users.

If you have a current Xero discount or promo code, it will continue to be applied to the new pricing from 13 September 2023, until the discount or code expires. All pricing is in NZD and excludes GST. The price of any optional Xero add-ons will not change.

We remain committed to supporting you and your business to optimise your use of Xero. To discuss the new pricing in more detail or to ask any [cloud accounting](#) or [cloud bookkeeping](#) questions, please [contact](#) our team on 09 520 9200.

Final word

From audits and IRD tax compliance through to due diligence, property and forensics, we're here to help you build a successful business as well as do your accounts and file your returns.

We're also here to help you spend more time on the job, less time on the books and be successful.

Wishing all our clients a very Happy Christmas and 2024. We're excited to see what the New Year brings!

The logo for Alliott NZLTD is centered in a white rectangular box. The word "ALLIOTT" is written in a dark blue, serif font with a thin blue arc underneath it. Below "ALLIOTT", the letters "NZLTD" are written in a smaller, red, sans-serif font.

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