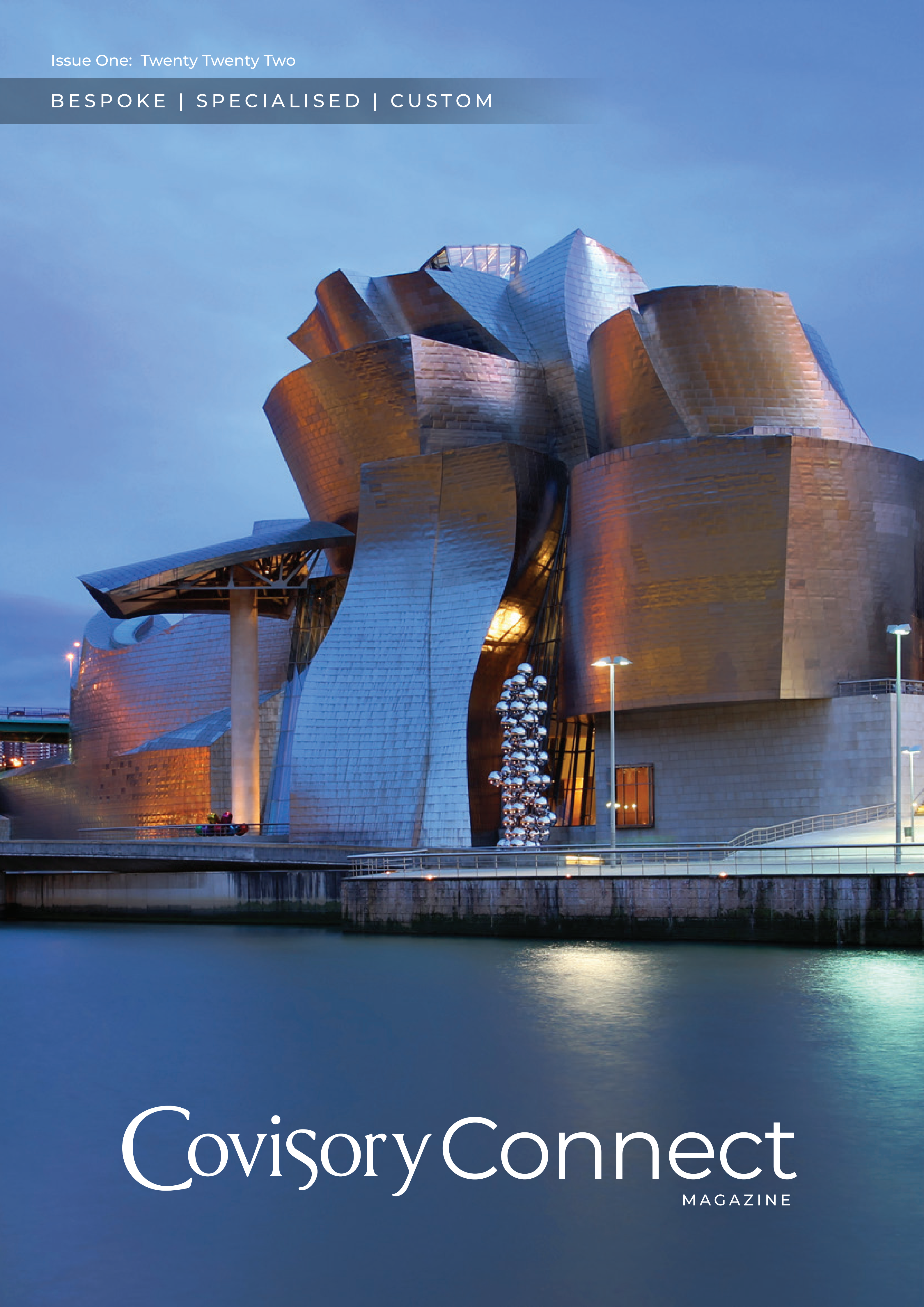
Issue One: Twenty Twenty Two

BESPOKE | SPECIALISED | CUSTOM



Covisory Connect

MAGAZINE

About us

[but really all about how we can assist you with your issues and concerns]

Covisory

Are you looking to understand what is important to you from your perspective?

We partner with you to help you understand what is truly important to you. We help individuals, families, and their businesses to exceed their expectations for what matters most to them.

Have a problem?

We work with you to transform how you conduct your businesses and trusts. We help you to build enduring, resilient systems and capabilities across all that you do.

Our team defines us

Covisory is a team that are united by a strong set of values, with a deep commitment to making a positive impact through our work and how we connect with you, our client.

With an expert team with significant technical and commercial experience based in both New Zealand and Australia, we combine local insight and global expertise and contacts to help you turn your goals into reality.

Our consultants include accountants, lawyers, designers, business managers, entrepreneurs, strategists, researchers, and writers. We can provide you with the right team, with the right expertise and experience when you need it.

All our people have been drawn to Covisory for the opportunity to apply their expertise to important complex challenges that you face.

Our reputation is defined by our interactions with our clients

- We help clients build strong systems to achieve better performance through data.
- We work with you to build positive outcomes for your future, and for future succession.
- We create solutions that are always in partnership with you, that uniquely combine our expertise and the particular resources of your business and family circumstances. We deliver innovative solutions that create immediate results and a strong framework to sustain your progress into the future.

OUR PURPOSE

To be innovative customer centric advisers exceeding your expectations for your business, trust, wealth & tax needs

CONTENTS

NIGEL SMITH
Founder -
Covisory Group

Introduction

On behalf of the Covisory team, I hope your 2022 has started well for you. 2022 was perhaps the year we all so looked forward to but which at present sadly has delivered us the continuing Covid pandemic, crazy weather events and conflict both on a domestic and international level.

While we may not be locked down, this time many businesses are finding they simply do not have the resources or fight left to continue. The spectre of isolation free travel may be on the horizon, but for many that's simply too late. That's before we start on the inability for many industries to get decent staff (or any at all if you can) and supply chain issues.

The theme that is emerging for 2022 is ADAPTATION – adapting to the environment we find ourselves in. For each of us the challenges and opportunities that we face are different. As a result, so too are the plans and actions we must each take. This is not the year for 'cookie cutter' approaches as the challenges and opportunities we each face are unique.

Whether you are in business and/or own investments, the way you operate in 2022 will be changeable. The key is to manage these and foresee the opportunities so you can take advantage of them. The next few years may be tough on investors. However, the key is to take a long-term view. You should not be investing short term.

This month we share how we evaluate investments when in our role as trustees. We look firstly at the time horizon and then to factors like the need for income or liquidity. Markets move up over time, but its never linear and there are a lot of bumps along the way. Too many investors have forgotten that history repeats and markets will go down, and not just for a short period.

The IRD rich list project has seen the first major request for information sent. Unfortunately, the IRD has not prepopulated their forms with the data it already has. Those affected are being asked to supply the IRD with information which it already holds, and which they will likely have to supply again with their 2022 trust tax returns. The compliance cost will be high for those affected.

Mergers and Acquisitions activity also remains strong with good interest from buyers and sellers getting good prices for their businesses. Private equity in particular has a lot of cash to invest on the back of continued good results and returns.

The team at Covisory remain here to help you navigate the paths ahead.

Take care
Nigel Smith

Business owners face increasing costs

Over the recent years business owners have faced increased costs to employ staff, with no corresponding reprieve or relief by way of say a tax rate reduction.

Examples of costs that employers are facing, beyond the current rampant inflationary increase in costs generally include:

1. Employees moving from 3 to 4 weeks annual leave

2. Increased entitlements to sick leave and paid parental leave and payments

3. Increases to Minimum Wage and the pressure to lift wages further to the living wage

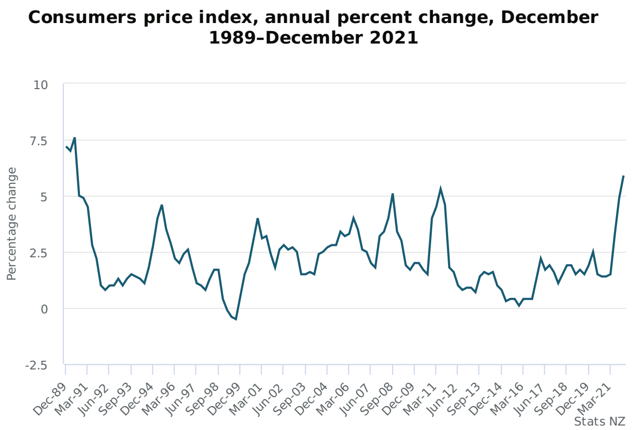
4. Mondayisation of public holidays falling on weekends

5. A new Matariki Public Holiday

6. If the business owner also takes a salary from the Business, then they will be up for increased ACC Earner levies

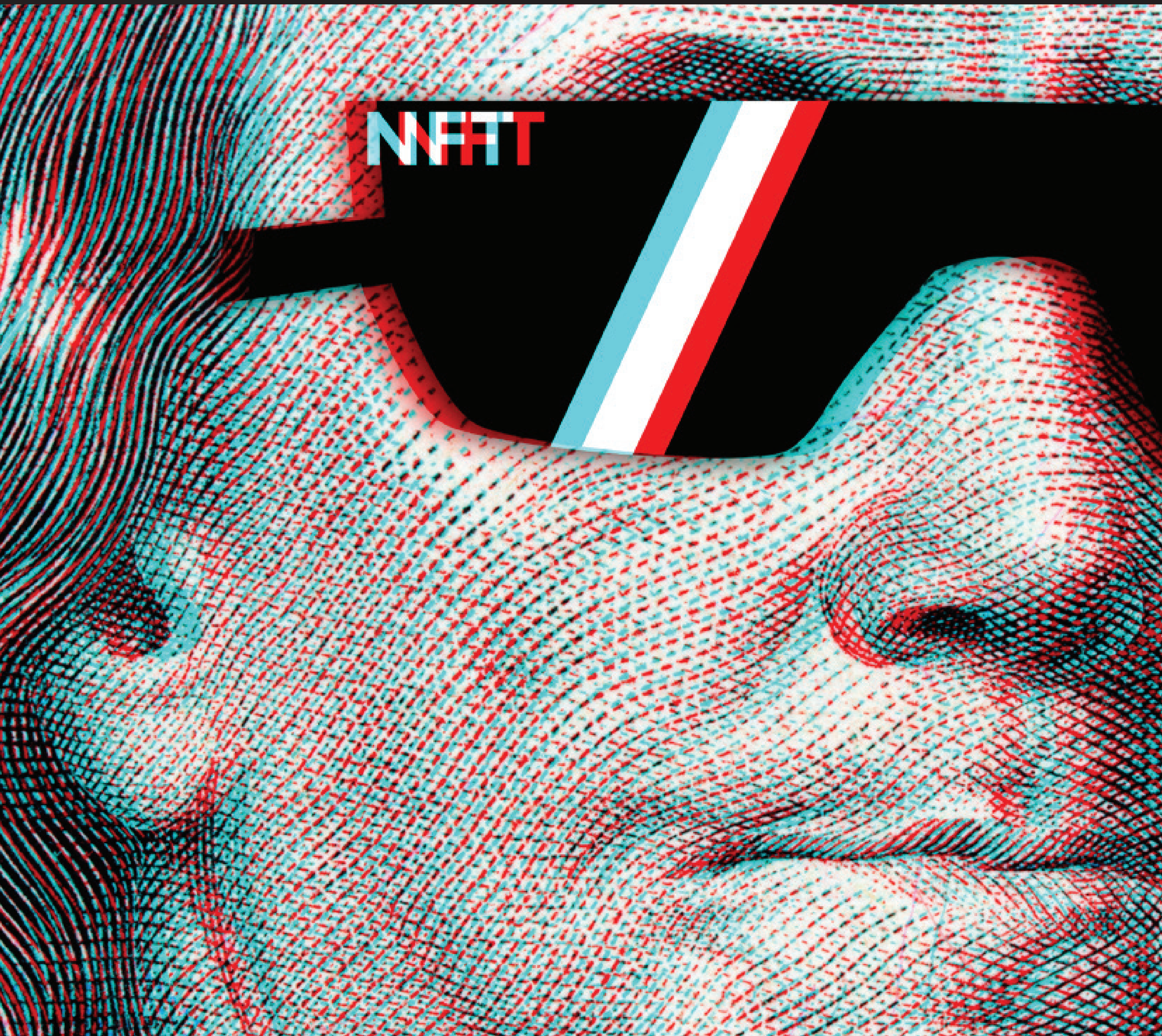
7. A proposed redundancy insurance payment. Funded via levies on wages and salaries with both workers and employers contributing.

All in all employers cant keep paying for everything, something has to give.



TRUSTS:

Dealing with Digital Assets



We live in a digital world, and you will have increasingly noticed that there is a lot more exposure about digital assets such as crypto currency as an alternative form of investment.

Major gains have been available in the past for investors as the values have increased in the last five years. However, what happens if you die, and you hold these types of investments? Our current procedures for dealing with assets post death through the Will and probate system work fine for traditional assets, but do they work for digital assets?

Digital Assets in simplest terms refers to content that is stored in a digital format with a right to use. A persons' or an organisations' Digital Assets can include photos, videos, social media profiles, online accounts (such as Apple and Google accounts), word and excel documents, notepad files, graphics (including logos and brand assets), html documents, audio files and pdf's to name a few.

As a trustee you will need to figure out how to get the most value from them and for those digital assets such as NFTs and Cryptocurrency whether investment is a prudent thing to do. If the decision by the trustees is to invest, then you will need to understand how these types of assets work and the often confusing terminology that comes along with them.

Let's look at each of these separately.

1. Digital Assets after Death

Let's face it, a lot of clients end up holding all sorts of assets personally and digital assets are starting to make up a larger proportion of these assets. People are dabbling in cryptocurrencies, digital collectibles (often called non-fungible tokens or NFTs) etc.

The issue for executors after someone dies is whether they have sufficient information to take control of these digital assets that make up part of the estate for ultimate distribution to the beneficiaries.

With the way that digital assets work with specific login and passwords, unless they are recorded somewhere the executors may have a difficult job in getting access to the accounts where the assets are held. A good example is accessing an Apple account if the password is not available. Apple will require a specifically worded court order regardless of what is contained in the deceased's Will for digital assets. The cost of this can be significant.

At the very least a specific clause relating to digital assets should be included in a Will. It would also be helpful if there was a separate memo provided to the executors which contains a list of the digital assets, e.g., email accounts, Facebook profile etc, that at least provides the executors a starting point. This does lead to the question of where passwords should be stored. Basic online security states that passwords should not be written down in an easily accessible place, e.g. a notebook in your desk drawer which happens more often or not. An option here is to have a password safe on your laptop which can only be accessed be joining two different parts of a password given to the executors. Regardless, some careful thought should be put into this area if a lot of digital assets are stored online. And do not forget about photographs stored online either and how they can be accessed.

2. Management of Digital Assets in a Trust

It is clear that crypto assets are an investment class that trustees do need to consider as they are here to stay. The difficulty to date with these types of assets stems around understanding the assets and how they work along with the high volatility they can have. If settlors and beneficiaries are pushing for investment into bitcoin, for example, what will trustees need to consider?

The main consideration for trusts is under section 30 of the Trusts Act 2019, the duty to invest prudently. With crypto assets changing in value a number of trustees may be uncomfortable in holding those assets, but conversely a trustee needs to ensure the investment portfolio considers all asset classes.

There are steps that trustees can take to feel more comfortable with holding crypto assets:

a. Ensure the deed of trust is drafted or amended so the default duty under section 30 of the Trusts Act 2019 to invest prudently is modified. This could include a specific statement that investment in crypto assets is allowed and the trustees will not be responsible for any loss as a result.

b. Use a company to act as trustee to ensure there is no personal liability attaching to any potential trustee liability.

c. Set up an investment strategy for the trust which may include only holding crypto assets up to a certain percentage of the trust's total assets.

   i. We can't stress this enough, as a trustee, you need to do extensive due diligence on the proposed crypto-asset investments. Unfortunately, there are a number of investments in this area which seem to resemble Ponzi schemes.

   ii. You could also engage an investment fund to invest with who manages these types of assets.

d. Obtain a specific indemnity from the settlor and/or beneficiaries in holding these types of assets.

e. And most importantly trustees need to understand the terminology around crypto assets, i.e., blockchain, bitcoin, NFTs etc. There is a lot to get your head around.

If you would like help in setting up a plan for your personal or trust Digital Assets, please contact one of the Covisory team to start the process.

Marcus Diprose
Covisory Director
www.covisory.com
marcus@covisory.com
+64 9 307 1777

Tax in Brief

Do they want your soul?

In October 2021, Inland Revenue launched a project to collect information from a sample of high wealth individuals in New Zealand.

Using a recently introduced piece of legislation, Inland Revenue have been asking for information such as details of partner and children (November 2021) and their various entities and business undertakings (Jan/Feb 2022).

The objective is to obtain a broad picture of how wealth has been accumulated in New Zealand and compare effective tax rates of individuals relative to economic measures of income. This comes from the current Government's desire to understand wealth accumulation and inequality in NZ.

It does not take a genius to work out that one of the factors influencing wealth accumulation in NZ is our love for property assets and the lack of a comprehensive capital gains tax.

If the current governing party represents the basis of government after 2023 election, what could we see if they decide to tighten the tax base around high wealth individuals?

In no particular order, possibilities include:

- A land tax based on a % of market value of property;
- An alignment of the income tax rate on trusts to the top marginal tax rate of 39c;
- An increase of the top marginal tax rate but kicking in at high income level say $500,000;
- Levies on assets purchases such as shares or large assets (ie Argentina has a luxury car tax)
- A comprehensive capital gains taxes (although the current Prime Minister has ruled out capital gains tax while she is in charge).
- The fair dividend method (5% of the MV at year end) is removed from calculating income from foreign share investments and total gain taxed on an accrual basis.

I acknowledge a number of the above options are extreme.

However, who knows what a government is capable of, armed with information on wealth accumulation and a particular view on income inequality in New Zealand.

Chris Ng
Covisory Consultant
www.covisory.com
chris@covisory.com
+64 9 307 1777

FEATURE:

The Investment Dilemma:

What do I do with my money?

At Covisory our clients are typically families who have been successful in their business and investment choices.

Many have significant amounts of money to invest. Some may have made their money from commercial property so usually that remains their investment of choice. However, even they usually realise that they also need some modicum of diversification and especially liquidity.

At Covisory we are not investment advisers, we cannot and won't tell you what you should do with your funds. However, equally we are often trustees and are placed into the same investment dilemma of what to invest significant sums of money into.

So how do we go about working out what to invest in given our role as trustee. Here are our thoughts.

1 Investment Horizon

This is always our starting point. We need to know and understand the time period over which the funds are to be invested. Is there a finite time period or is it to benefit future generations?

The New Zealand super fund regularly states that its investment horizon is 25 years plus. By doing this it enables the consideration of long cycle investments like forestry as an example where a crop rotation may take 25-30 years. Private equity can also see a cycle take 10 years.

It is also necessary to consider the circumstances in which funds may need to be realised in the future if these are foreseeable. These could include:

a. Funding younger beneficiaries or family members into houses;

b. Funding retirement for family members;

c. Known future capital requirements by family-owned businesses.

An analogous problem is where people focus on short term returns as opposed to long term results. It is not usually possible to time the markets, so it's going to be a bumpy ride. If you are worried about what values will be in say 2-3 years, then either you should be investing in low risk stable value investments or you need to change your investment horizon.

2 Risk Appetite

When you go to an investment adviser as part of their onboarding naturally your risk profile will be evaluated carefully, along with your capital needs in the future. The aim here is to access what the appetite for risk and return is.

In our experience many people seek higher returns without understanding that with it comes higher risk and the consequential roller coaster of emotion as investment values rise and fall.

For clients with experience in commercial property they fully understand the risks and rewards of commercial property ownership. However, they often don't fare as well when it comes to putting funds into bonds or equity markets. All markets and products have different risk profiles.

3 Liquidity

While not all funds invested need to be able to be converted back to cash in a reasonable time period, some should and need to be capable of doing so. The reasons for holding this position can be many but could include to allow for unforeseen circumstances or to pay say a regular income out to beneficiaries or family members.

Many modern investment products do allow now for fast liquidity of T +3 as an example (today plus 3 days) to liquify all or part of an investment. This allows for part of an investment to be liquified easily, rather than having to keep funds separated for paying out distributions etc.

Part of this will depend on whether the investments that are held do generate an ongoing income return, or whether the aim of the investment is to roll up value inside the fund or investment product. This comes down to the type of investments that are chosen.

4 Pick Winners or Track the Market

There are an infinite number of investments available in the world. How do you decide which ones to buy or invest in?

Some investment advisers will favour stock picking for equities, where they pick companies, they like the future of based on publicly available information.

At Covisory we have tended to focus more on picking advisers who offer a fund or fund type approach where your investment is pooled with others. This enables investment into several companies in an industry or sector, and a team of people who manage the performance of the industry and companies. In simple terms more diversification, even though the sectors or themes may be the same.

At a minor level the counter to this has seen the use of Sharesies and Hatch type investment platforms, where small investors can buy small numbers of shares in specific companies. Often this sees small investors trying to pick winners, often when the investor has little knowledge of the company etc other than how much its share price has already gone up. Diversification is holding several different bets at once.

At the end of the day this is a personal “flavour” choice.

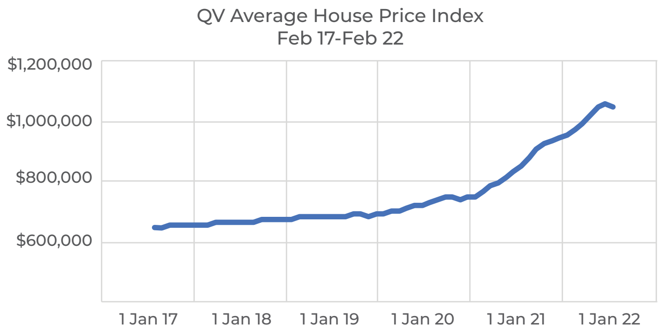
5 Personal Connection

Typically, we are relying on other people to invest money for us and our clients. Often, we get to meet these people and they will report to us on what is happening in the market and to our investments. The personal rapport you build with an investment adviser and their ability to explain things to you should never be underestimated. However, it can be hard to choose one at first. For this reason, we may recommend choosing two or three initially, and then paring down the number after say 12 months when not only investment returns can be compared, but the relationships and how they are working.

6 Graphs - A Picture Paints a Thousand Words

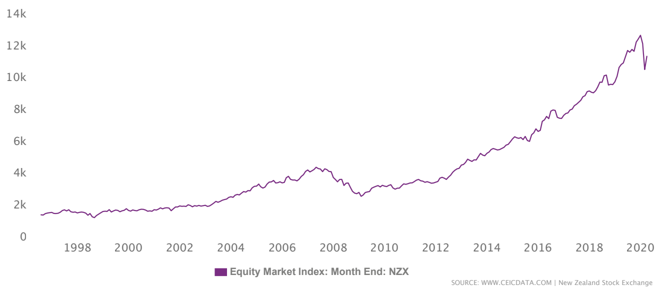
The graphs depict the history of returns for shares, houses and other investments. They depict an ongoing gradual increase along a bumpy road, proving its really more about time in the market than timing the market.

NZ House Prices



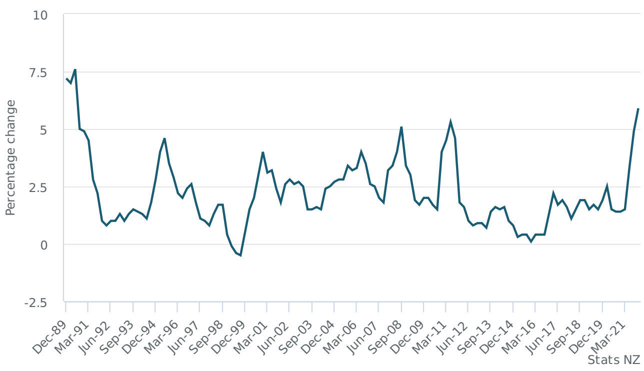
Crude oil price history

NZ Sharemarket



S&P 500 Return

NZ Consumer price index



7 Summary

Investing is a process far more than a choice. You need to work out how you will make a decision. The real issue is that it may take many years before you work out if the choices you made were the right ones, not only against how markets perform, but against your objectives and preferences.

Covisory
www.covisory.com
+64 9 307 1777

Going for Gold

With the Winter Olympics concluding, now might be a good time to talk about gold. We are all familiar with the concept that an event has to have its winner and losers so what impact has Covid-19 and two years of global uncertainty done to the Gold Investment market?

Historically, gold has always been revered for its natural beauty. It symbolizes the sun, representing growth, life, and prosperity. In Ancient Egypt, the most sacred god, Ra, was the god of the sun. Those wealthy enough to acquire gold showed parts of Ra lived within them.

In the 1870s, the Gold Standard was adopted by France, Germany, and the United States, with many other countries following suit. Under the Gold Standard, domestic currencies were freely convertible into gold at a fixed price, and since each currency was fixed in terms of gold, inter-currency exchange rates were fixed. The currencies were 'tied' to the price of gold because when the price of gold changed, the value of the currency changed. However, The Great Depression in the 1930s saw countries remove themselves from the Gold Standard.

Central banks are no longer tying their currency to gold. While they still hold some gold in their reserves, such as Britain whose gold supply equates to roughly 4% of the pounds in circulation, countries are not strictly following the Gold Standard as they did in the early 1900s.

However, investors often turn to gold during times of global uncertainty and economic instability due to it being a relatively stable investment compared to actual currency or government bonds.

Gold is seen as a 'safe haven' investment when there is any government or political crisis. Worldwide, there have been lockdowns and protests for and against vaccines creating political uncertainty. In response, investors have turned towards gold.

Why is gold a 'safe haven'? To use technical language, it is because it has a negative beta coefficient. In finance, the beta coefficient measures the volatility of an individual stock compared to the market risk. Since gold has a negative beta, it moves the opposite way to the market.

With the current situation in New Zealand, for investors reluctant to go for gold, an alternative could be cryptocurrency, or as the kids say, crypto. It may seem tough to get your head around at the start, however, it has its advantages. Cryptocurrency is a great hedge against inflation and with the 2021 inflation rate announced as the highest in over three decades, it could be a good idea to check out cryptocurrency as an alternative investment.

But let's get back to gold; with more investors currently moving into gold, basic supply and demand principles tell us the price of gold will increase. We have seen a positive correlation between the number of worldwide COVID-19 cases and the price of gold. The spot price of gold is now just over USD $1,945.12 per troy ounce (1st Mar 2022). Before the pandemic, we saw gold trading at around USD $1,300 per troy ounce.

For an investor who brought Gold at the start of 2020 they have seen their investment increase and the current predictions around the price of gold is that the price will continue to increase driven partly by the diminishing supply of easily accessible natural gold. All the 'easy gold' has been mined, so mining companies must dig deeper to access gold reserves. This costs more, causes more environmental damage, and is more hazardous for miners with the end result driving gold prices up.

Moving into a Sustainable Future

When we think of the gold market, most get the picture of two people swapping those cartoon-looking, chocolate-bar-shaped gold bars. However, there is a whole new emerging market to buy and sell gold.

With new generations of consumers increasingly looking to investments or businesses based around higher ethical standards. The environmental toll of mining and processing, has some investors moving away from "natural gold. However, this has not stopped these people from looking for gold in other senses. The new market for "scrap gold" has been popping up all over the world. Scrap gold is natural gold that has been sent to a refinery, melted down, and recycled into another gold product. This new but old gold is collected by jewellers who recycle it to make new styles of jewellery.

There is the argument that it is better to invest in scrap gold rather than pure natural gold. Scrap gold is bought at approximately 60% - 80% below natural gold prices, so there is the chance for higher returns.

GOLD: WEB LINK.

Karl was our summer intern. He is a third-year student at the University of Auckland studying a conjoint LLB/BCom.

Karl Jorgensen
Covisory Intern
www.covisory.com

Yet Another Article About House Prices?

Three signs that the NZ residential market might be slowing.

“Home loan mortgage interest rates rise at fastest pace in 15 years”. “New Zealand’s runaway housing market”. We are constantly bombarded with headlines in the news about the exponential rise in the unaffordability of mortgage rates and house prices. These articles always seem to have people from high-up positions in the financial industry using jargon like fixed or floating terms, and the Official Cash Rate. However, in 2022, there are chief economists, analysts and investors groups all predicting a fall based on three simple reasons: rising mortgage rates, a tighter lending environment, and affordability challenges.

1. Rising Mortgage Rates

COVID-19 has affected all industries, especially the financial industry. Banks are faced with increased uncertainty as to whether debtors can pay them back. To compensate for this increased risk, they require an increased return. Banks increase their return by raising interest rates on mortgages. After the announcement of the 2021 August lockdown, mortgage rates increased. Mortgage rates for a 2-year fixed-rate increased from 3.7% to a year-end 4.7%, while the floating rate increased from 4.5% to a year-end 4.9%.

Mortgage Rates

Month	Floating Rate (%)	2-year fixed-rate (%)
May-21	4.5	3.5
Jun-21	4.5	3.5
Jul-21	4.5	3.7
Aug-21	4.5	3.7
Sep-21	4.5	3.9
Oct-21	4.7	4.2
Nov-21	4.8	4.7
Dec-21	4.9	4.7

Source: Reserve Bank of New Zealand

2. Tighter Lending Environment

Banks wants to ensure their debtors can repay mortgages, home loans, and other investment loans. They enforce a tighter lending environment and credit checks to provide that protection for themselves.

Karl was our summer intern. He is a third-year student at the University of Auckland studying a conjoint LLB/BCom.

3. Affordability Challenges

A rather topical word to describe the growth in housing prices over the last year is “unprecedented”. Prices have skyrocketed, and at the end of 2021, New Zealand finally, and inevitably, hit that $1 million mark for the average house price. In 2021 alone, a record annual market growth of 27.4% was report. New Zealand is experiencing the fastest growth in house prices than ever before, and this has a huge impact on buyers. It is harder than ever for someone to purchase their first home. The recent 2021 Demographia study ranked Auckland as the fourth least affordable city in the world to buy a house. It is more affordable to buy a house in London or Singapore!

House prices and value of housing stock

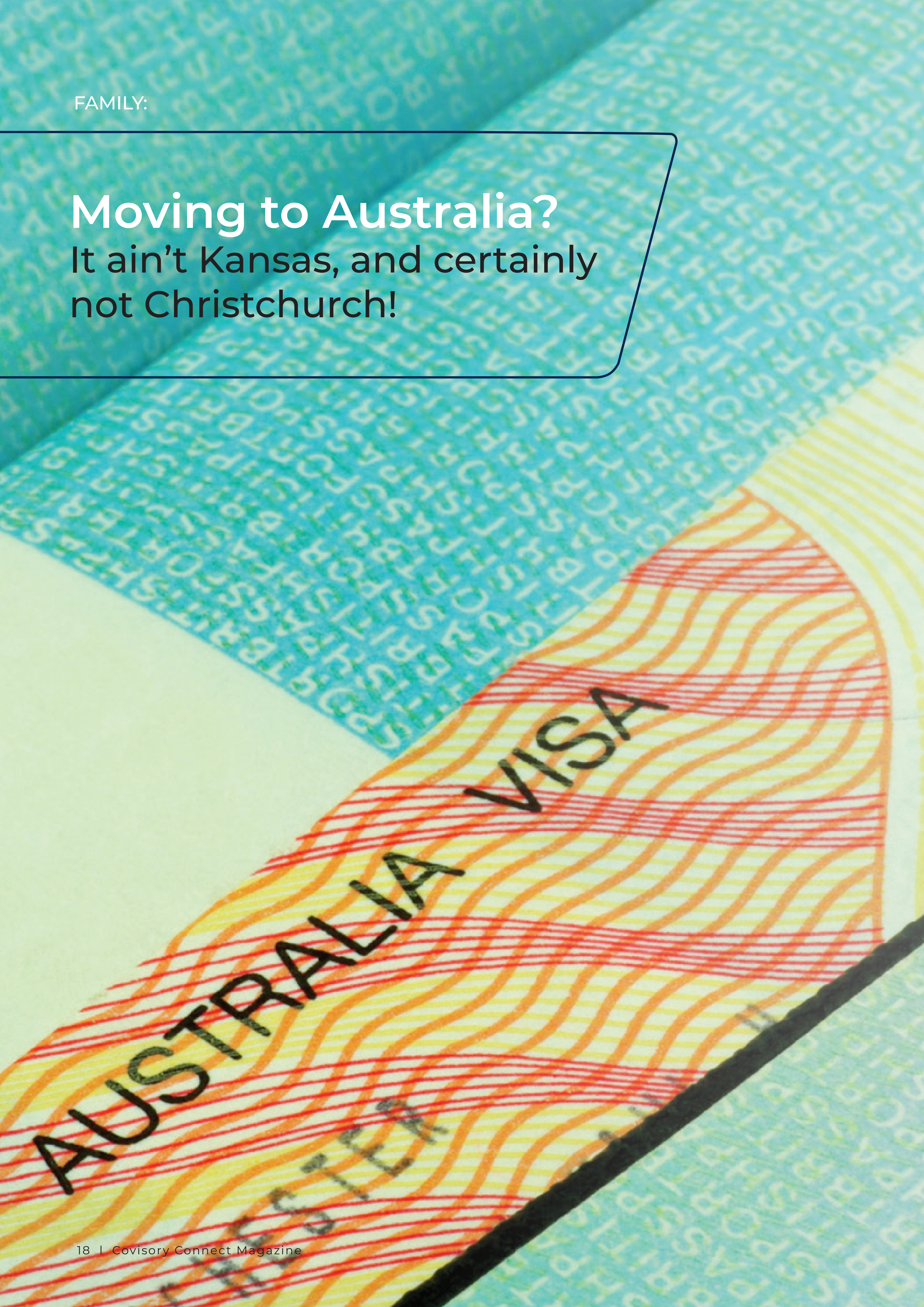
Source: Reserve Bank of New Zealand

After the exponential rise in 2021, we may fortunately gather some respite in 2022. It could be possible that we won’t have to read yet another article about house prices.

Karl Jorgensen
Covisory Intern
www.covisory.com

FAMILY:

Moving to Australia?
It ain’t Kansas, and certainly not Christchurch!



Whether you have children looking at studying at one of the Australian Universities, you are moving for work or retiring here is a great compilation of experiences in three parts from Kiwi's that have moved to Oz, but we stress this is not advice.

Part 1

Before you leave you preparation and familiarisation can save yourself a huge amount of time and effort when you arrive.

1. Cash is king. You will need to have more than enough cash to cover:

1.1 Renting a house or apartment (in NSW) – you will pay 1 weeks rent as a fee to the Real estate, 4 weeks bond and probably two or four weeks in advance. You can check rental rates online at these two sites.
REAL ESTATE: WEB LINK   DOMAIN: WEB LINK

So, renting an apartment for $400 per week will see you shell out $400 to the agent, $1600 bond to tenancy services and $800 to $1600 in rent in advance. This could add up to $2,800 to $3,600. In some markets Kiwis are seen as bad risks.

- Viewings are often with a group of people, and you may need to make a competitive offer ie. the rent stated in the advert for the property may just be an indication.
- Rental applications are usually done online. Have letters of recommendation from your current and past landlord and if you have a job from your employer confirming you are employed and an indication of salary.
- Leases are usually for 1 year and then become 'periodic' ie month by month.
- Housing is a state matter so good to google what your local requirements are.
- Make sure you understand what else you may be paying for e.g. water etc

1.2 At least two months living expenses even if you have a job to go to – if you miss the pay cycle you may have to wait for the following month. Some companies here pay monthly others two weekly. If you don't have a job at least 6 months living expenses is a safety net.

FAMILY:

1.3 Don't forget Covid – it still is present so don't expect you will get any support here, and

- Pay off debts before you leave or make arrangements to pay them.
- Cheapest way to send money trans-tasman seems to be Wise **WISE: WEB LINK** with rates better than the main banks. Shop around!

2. Bank – open an account BEFORE you leave NZ. Do it now and if possible, within 6 months of your arrival.

2.1 If you can, apply for a credit card. ASB Bank is the NZ Subsidiary of the Commonwealth Bank (CommBank) and seem to be the best organised.

2.2 Opening an account in Australia is not as easy as you might think, and even with employment obtaining anything other than a debit card takes time until you are established – allow up to a year. You may want to keep your NZ credit card as debit cards cannot be used for somethings e.g. reserving accommodation – you can usually pay with the debit card on arrival.

2.3 100 points: Almost every account opening event here requires what is referred to as "100 points". E.g. you will need 100pts to get a mobile phone account – it's the law on that one.

For more info have a look at this PDF **100PT PDF: WEB LINK**. Your employer will 100 pt you.

- If you have 2 NZ credit cards this plus your passport will usually get you over the 100 pts (70 +25 +25 = 120 ie more than 100 pts) but it will depend on the requirement of the person you are dealing with. Usually, the passport and AU drivers' licence is enough (70+40 = 110)

3. NZ Passport - if it's got less than 6 months to run replace it before you go.

4. Preferably have an address that you can use in Australia on arrival. If you are in Canberra work out if you will reside in the ACT (Australian Capital Territory) or the state of NSW. This will determine which local laws apply to you eg. Where you get your driver's licence (see page 20).

5. Get proof that you have left NZ permanently – this may be asked for by Medicare or other agencies, see below, to ensure that you are not double-dipping. Examples could include:

- A letter from your employer confirming that you have resigned you job, and helpful if it wishes you well on your new life in Australia
- A letter from your accountant/lawyer confirming that your affairs are up to date and that final returns have been filed – again wising you well in Australia
- Don't forget references from landlords!

6. Proof of double vaccination for COVID showing the date of both vaccinations and the type of vaccine – make sure that you have this on official documentation. You currently need this as proof in NSW to enter a shop or restaurant. We have an online certificate in the Medicare app (see below). If you have kids, you will need this for access to schools (no jab no play)

7. Until you are settled you may want to think about not canceling these NZ assets:

- Income protection insurance – you are entering Australia on what is know as a 444 visa (see VEVO below). This gives you the right to live and work in Australia. It does not give you access to government assistance through CentreLink (Work and Income). If you get sick here, you are on your own. If you have an accident outside of work there is no ACC – you are on your own. You can get Income protection and life insurance through your superfund (see below) and that can be the way to protect yourself. There is a National Disability Scheme (The NDIS) – you will pay 1% of your tax toward it but you are not eligible to apply as you are not a permanent resident.

- Health Insurance – if you decide OZ is not for you or something happens in the first few months you can come home (I did once)

- Life insurance – if you have any health issues you may not be able to get favourable cover

Part 2

The day you arrive or the day after, and at the very latest before you start your job

1. Mobile Phone number

1.1 Get a local sim card so you have a local number. You can get a prepaid cheap sim at Coles Supermarkets who have a great deal for $120 for a year with unlimited calls back to NZ or Vodafone. **COLES: WEB LINK**

1.2 Check with people where you a living as network coverage can vary. Telstra seems to be popular for its rural coverage.

1.3 You can 'port' ie take any mobile number with you to any other provider in the future, and it will mean that you have a local number and you will likely need this for 2 factor ID.

1.4 You can get a cheap handset at many places if you want to keep your NZ number but remember you will be paying for the incoming call.

2. Covid Tracer Apps

Download the relevant Covid apps for QR codes – you currently need to scan in (they check in NSW) before you can enter any building etc

3. Immigration Visa Verification (VEVO)

Download the VEVO immigration app – this is an Australian Government Visa verification app, which you shouldn't need, but if you enter

your details, it will enable you to email anyone confirmation of your immigration status. Usually, the NZ passport is enough but sometimes you need to prove you have the right to live and work in Australia. **VEVO: WEB LINK**

4. Banking

Assuming an account is set up already. Go to the bank and pick up your EFTPOS and credit card. Ask them to print out (and stamp) your statement of account showing your address. This can be helpful until you get your drivers licence. Helpful if this has the Banks logo in colour on it!

5. Federal stuff

- Create a MyGov account. Australia is moving most of the Federal Government and state government stuff online. This links you to the ATO (see below). **MYGOV: WEB LINK** **TFN: WEB LINK**

- You will need a Tax File Number ("TFN") or your employer will withhold 47% of your income until you get one. You can get a TFN online. Give your TFN ASAP to your employer.

- Apply for a Medicare card -this is not private health insurance – it gives you access to the public health system. MEDICARE: WEB LINK

6. **State and Territory stuff**

- Convert to an Australian driver's licence. You have 90 days (extended by SOME states to 180 days) to transfer your licence.
  - You go in, they take your NZ licence and they give you an Australian licence. Simple!
  - But if you fail to do it in this time frame you will have to apply for and sit a test to get your L plates, then P plates etc etc. I know people who never quite got round to this who took two years to get a full licence back. Most employment contracts require a licence. – no licence they can let you go.
  - Have a look for state government services, e.g in NSW you can do a lot of things online, you will need to create an account! NSW: WEB LINK
  - Where you apply will be determined by the address you give as drivers licencing is done by the states and territories not the Federal/ Commonwealth government.

    NSW: WEB LINK
    ACT: WEB LINK

Part 3

Within the first week to a month

1. Your employer must open a superannuation account for you. If you don't choose one your employer will nominate one for you. 10% of your income will be put in there. Its compulsory.

   a. AustralianSuper is one of the largest, cheapest funds to join and a financial commentator (Scott Pape, author of The Barefoot investor" recommends HostPlus).

   b. They are all portable so you can move between funds when it suits. Your super fund will put you into insurance products including Income Protection, however you can nominate the level of cover. This can be the cheapest way to buy insurance cover if it meets your needs.

c. Remember you have no access to government benefits, so income protection cover to the level of your salary is sensible to consider.

d. Make sure you read the PDS (Product Disclosure Statement) or T&Cs. You can often get very favourable cover within the first 90 days of joining, depending on the fund.

2. Health Insurance –if you earn more than $90,000 pa (after your super payment is deducted) then you are up for 1% Medicare Levy (Australian Government slang for tax) this can be offset by buying private health insurance as they have entry level policies that start at, wow, this is a surprise – the Medicare levy! ie $900.00.

   a. In my view health insurance here, especially for extras is pretty much worthless. Scott Pape (it's a great book) recommends private hospital insurance and avoiding iSelect and the comparison websites. Health insurance is a personal thing and everyone needs are different .

Some Extra Areas to Consider!

1. Immigration status

1.1 Did you visit Australia (even as a child) prior to 1 September 1994 New Zealanders were automatically granted permanent residency upon entering Australia. A Resident Return Visa (RRV) enables them to reinstate that former permanent residency.

- Twelve months after being granted RRV they can apply for citizenship, provided they have resided in Australia for at least four years immediately prior to applying.
- If you meet the date criteria – this is worth doing on arrival!

1.2 If you are going to stay then there is a pathway to citizenship – check your dates on this website https://ozkiwi2001.org/ for the options.

- Applications are done online, and you don't usually need a lawyer.
- The visa for New Zealanders to get permanent residence is called a 189 (NZ stream) and only requires that you meet the income threshold of $53,900 taxable income in any three income years of the five years immediately prior to applying, including the latest financial year.
- This Visa takes 1-2 years to process (can be shorter) that gets you permanent residence – which gives you access to the national disability scheme and Centrelink benefits – and
- 12 months after granting you can apply for citizenship. NZers can hold dual citizenship.

1.3 Understand that you will not be a permanent resident of Australia. New Zealanders are issued with a Special Category Visa (SCV) which is a temporary visa that allows New Zealanders to live and work in Australia, as long as you remain a New Zealand citizen. Anyone arriving in Australia on a New Zealand passport, without a visa, will automatically be issued an SCV, subject to meeting the health and character requirements. To get permanent residence you need to apply for it.

1.4 You are eligible for some support (but these are pretty specific options eg parental leave).
[GOV.AU WEB LINK]

1.5 You cannot vote or be employed by the Australian Commonwealth Government (you have to be a citizen) but you can work for state and territory governments.

2. TAX and super sort of works like this:

2.1 Rates and calculators are online and the ATO has an APP which you can use to calculate your income. This is not advice just to get your head around how the system functions – but also whether your income is inclusive of super (usually) or exclusive (fantastic) it can make quite a difference to your cash in hand.
[ATO WEB LINK]

Example

Say you earn $110,000 per year (this is back of the envelope so do your own calculations using the ATO calculator)

Your employer deducts $10,000 and transfers it to your super account.
The super fund deducts tax at 15% $1,500
Then your admin fee say $300
Premiums for insurance say $1000
Your balance at year end is say $7,200

What you get is $100,000 less tax but, if at the end of the year you don't have health insurance, they will add $1,000.00 to your assessment subject to your age. On the ATO web page there is a calculator. [ATO WEB LINK]

This article is a compilation based on the experiences of many New Zealanders who have moved to Australia.

Brian Freestone
Covisory Consultant
www.covisory.com
brian@covisory.com
+64 9 307 1777

An update on what some of the team have been working on recently?

Nigel

- Capital Raising for a finance company.
- Structure and taxation advice on a significant land development to be potentially retained as a large pool of residential rental properties.
- International structuring for NZ businesses looking to expand globally.
- An increasing amount of advice around the taxation of gains from crypto currencies.
- Succession and governance advice for a variety of families and trusts.

Michael

One of our prominent Develop IN Europe projects we have been working on involves a CMMS/EAM software market expansion into three regions: UK-Ireland, Scandinavia-Nordics and Benelux (with focus on Belgium). Key areas for us: Partner Strategy formulation and in-market execution of sales and marketing activities. Industries that we're targeting include manufacturing, healthcare, and transportation sector.

Marcus

For a number of trust clients, we have been working on the review of investment portfolios. This includes meeting with current fund managers and discussing past results and what might be coming up in the next twelve months for investments. The number one topic being discussed is how will the downside risk be managed in 2022.

Amanda and Colin

- Applying for IRD numbers for clients that have come home due to Covid and are setting up new businesses. We must note that the IRD are being very slow with IRD numbers so need plenty of time.
- We are also finding that the IRD are being quite fussy about address verification to show that the client is back in NZ etc.
- Lots of staff changes in our payroll work as staff are headhunted by desperate employers.
- Lots of prov tax work where either the client has had a huge drop off in profit so helping them reduce their payments or the opposite where profits have never been higher, and we are trying to stay ahead of the prov tax and UOM interest through planning and TMNZ etc. Ditto with GST payments
- Lots of arguing with IRD when they pinch GST refunds and use them against prov tax even when the prov tax isn't even due yet.
- Advising NZ businesses trading in Australia with the help of our Australian contacts
- Assisting with a management buy out
- Accounting for a trust with significant investments

Mike

There is much activity in the Mergers & Acquisitions space, albeit decision-making around doing deals and time-frames to complete transactions are pushing out due to more conservatism given the current environment and uncertainty around what the future holds.

Similarly, debt and capital raisings are abundant – fuelled by banks ‘pulling their horns in’.

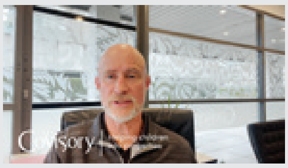
Current engagements include:

- Divestment of a business which is market leader in supplying and installation to commercial buildings,
- Debt raise for a small business-to-business finance company,
- Divestment of a block of shares in an early-stage Delaware based company that is involved in zero methane agriculture, and
- Capital raise for the holder of under-written units in a kiwifruit infrastructure entity.”

Covisory - Desk Side Chats

The team at Covisory have been producing an in-house video blog titled desk side chats. These are published on our website.

DESK SIDE CHAT: WEB LINK



Recent Video Blog Titles

- What to do with your business
- The business sales process
- Accounting market threats

TAXATION, BUSINESS,
ACCOUNTING, TRUST'S, AML

+64 9 307 1777

www.covisory.com

Covisory

Wealth | Tax | Business