

# BECOME AN ICNZB CERTIFIED BOOKKEEPER

**VOL 2**

**+** HOW TO SET UP YOUR  
BOOKKEEPING BUSINESS

Learn how to set up a business in NZ, the different options available and what needs to be considered when getting started and growing a thriving bookkeeping business.

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The information in this guide is general in nature and is intended to be informative only. This is not professional advice. Professional advice should be sought as required.



### Acknowledgements

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## SECTION

## 01

# BUSINESS STRUCTURE



**There are different ways to structure your business, each with different legal and financial obligations.**

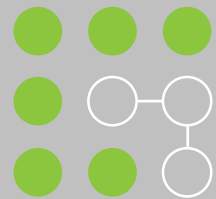


# DECIDE ON YOUR STRUCTURE



77%

of ICNZB members  
surveyed in  
December 2021  
advised they  
operate as a  
company



There are a number of different options when it comes to structuring your business which we have outlined below (more information can be found at the [Ministry of Business, Innovation & Employment website](#)).

When deciding how you will structure your bookkeeping business, it is important to really think about why you are doing it and which choice will best suit you as each have different legal and financial obligations.

Note that registering a company does not protect your business name- a trade mark is the only option for stopping others from using the same or similar name to you (see page 14).



# SOLE TRADER

Sole traders are people who start in business or contracting on their own, without registering as a company. Many small business owners, contractors and self-employed people begin as sole traders. It's the cheapest and easiest option, and may appeal to you if you want to make a living by following your passion, or to work as a contractor.

## PRO'S

- It's easy to set up — you can get up and running quickly.
- Start-up costs are low — there are no legal or registration fees.
- You control the business and get all the profits.
- You can offset losses against other income.

## CON'S

- You're responsible for paying back all debts — this may put your personal assets at risk.
- It's harder to grow a sole trader business.
- Getting loans or investment can be more challenging.
- It's harder to sell as a working business.

# PARTNERSHIP

A partnership is when two or more people or organisations form a business. Partners set out in a partnership agreement how they'll share profits, debts and work. It's a popular structure with professionals, e.g. architects, lawyers and accountants.

## PRO'S

- You can share the load of running a business.
- Costs are also shared.
- Partners can specialise and focus on strengths.
- Partners can bring in more capital investment.
- You have other people to talk to about the business.
- Partners can offset losses against other income.

## CON'S

- Each partner is liable for all the partnership's debts — putting personal assets at risk.
- You may be responsible for paying off your partners' business debts too.

# COMPANY

A company, in a legal sense, is separate from the people who own it — its directors and shareholders. Shareholders are responsible for paying a company's debts — up to the value of the shares they own in that company. They're also entitled to a dividend, which is a share in the company's profits.

Doing business as a company can be more complicated than other business structures. For example:

- You must file annual returns with both the Companies Office and Inland Revenue.
- Different rules apply to how a company and its shareholders pay tax.
- Details of a company's directors and shareholders must be provided to the Companies Office.

## PRO'S

- Shareholders' liability is limited to the amount they paid for their shares.
- Your tax rate is lower than top personal rates.
- You have more credibility in the market.
- It's easier to sell a business because it's a separate entity.
- The business can grow indefinitely — it's not tied to one person.
- It's easier to get funding and investment.

## CON'S

- There's more regulation than for sole traders and partnerships.
- Companies can need more investment to grow.
- Directors need to understand their responsibilities



# GST REGISTRATION



## Should you become GST Registered?

Regardless of which structure you settle on, whether you need to register for GST depends on if you are carrying on a taxable activity and how much turnover you have. The below is a general guideline, and the Inland Revenue has a great tool to help you determine if you should be GST registered, which you can access [here](#).

- You carry out a taxable activity and your turnover was at least \$60,000 in the last 12 months, or you expect it will be at least \$60,000 in the next 12 months, or
- You carry out a taxable activity and you add GST to the price of the goods or services you sell.

It is important to note that the 12 month period for GST is a rolling 12 months and not tied to a calendar or financial year period.

It is worth noting that you must be GST registered to access programs like the [Regional Business Partner Network](#)- a gateway that connects you to the right advice, people and resources to assist you in growing and developing your business.



## SECTION

## 02

# CHOOSE A NAME



**“Your brand is the single most important investment you can make in your business.”**

*~ Steve Forbes*

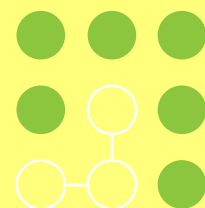
# CHOOSE A NAME FOR YOUR BUSINESS

Your business name may be the same as the name you trade under – or your trading name may be different. Whatever name you trade under (the name that your customers see when you promote your goods / services) will be your “trade mark”.

Even if you register a company, this will not stop the Registrar of Companies from registering a similar name to your own. Also, a company registration will not mean you can trade under that name if it would cause consumer confusion or would infringe someone else’s trade mark registration.

When choosing a business name it is therefore logical to choose a name that will be similar to your trading name but not essential. The following key points should be considered when choosing a name:

1. Avoid descriptive names that use normal language that anyone else would want to use in relation to your goods / services – invented words are the easiest trade marks to defend;
2. Check whether anyone else is already using (or has registered) the same or similar name in New Zealand – if someone else already has rights (or a registration) they may be able to force you to rebrand.



## SECTION

## 03

# REGISTER YOUR NZBN



A New Zealand Business Number (NZBN) is a globally unique identifier, available to every Kiwi business, regardless of the structure.



# WHAT IS AN NZBN?

A NZBN makes doing business faster and easier because it links to your core business information (known as [Primary Business Data](#)). This includes things such as your trading name, phone number or email.

That means anyone you do business or interact with (such as suppliers or customers) can easily, quickly and digitally access all the details they need about your business in order to work with you. You won't have to keep repeating this information or updating it in multiple places. With an NZBN your business becomes part of a single, searchable register for all Kiwi businesses.

Other businesses you work with can access your business information from one central location online—the [NZBN Register](#). When they look up your business and find your NZBN, it also gives them confidence that your business is real.

When you want to check other businesses' NZBNs you can automate this process by connecting your business systems directly to the NZBN Register, for example through the NZBN API or via your software provider. This is easier and saves time, particularly if yours is a larger business that deals with multiple suppliers and customers with NZBNs.

You can also identify your business as Māori if it has Māori owners, assets, philosophy, kaupapa or tikanga.

*The most recent advancement for NZBN numbers is their use in the [Invoicing platform](#). We'll talk more about this in Guide 5 of the ICNZB Guide to Bookkeeping.*



# NZBN

NEW ZEALAND BUSINESS NUMBER

**Learn more about NZBN products  
and services, and how to get  
started with NZBN**

**Visit [nzbn.govt.nz](https://nzbn.govt.nz)**

## SECTION

## 04

# PROTECT YOUR NAME



To stop others using your business name you can either rely on your name as an unregistered or registered trade mark.



# UNREGISTERED

If you rely on an unregistered trade mark, you will only have rights in the name once you can show you have enough reputation in the mark that consumers would be confused by others' use of the same or similar name. You may then have rights under the Fair Trading Act and/or tort of passing off.

## PRO'S

- To stop others using your business name you can either rely on your name as an unregistered or registered trade mark.

## CON'S

- No protection until you can show you have sufficient reputation in the name that people would be confused if others used your name (normally takes at least 2 years)
- Only have rights in relation to the location where you have a reputation
- Only rights in relation to the goods or services for which you have a reputation
- Someone else could start using the same or similar name just after you launch and you are unlikely to be able to stop them unless there is a breach of contract

# REGISTERED

In contrast, a registered trade mark grants the owner the exclusive right to use the trade mark throughout the country of registration in relation to the goods and services specified in their registration.

## PRO'S

- Gives the owner the exclusive right to use the trade mark throughout the country
- Can file an application for registration overseas within 6 months can claim protection back to your NZ filing date
- Can be used to prevent others from using the same or similar name e.g. in their domain name, trading name or social media handle

## CON'S

- Government fees start at \$70 per class of goods / services
- Registration must be renewed every ten years

## SECTION

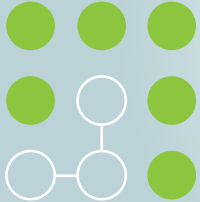
## 05

# MANAGING YOUR RISK



**Limit your personal exposure to risk by putting in place professional insurance and ensuring your wellbeing is covered**

# ACCIDENT COMPENSATION



Everyone who earns a salary in New Zealand must pay the Earners' levy to the Accident Compensation Corporation ([ACC](#)). It is to cover you and your business for the cost of injuries caused by an accident and to help protect your most important asset – you and your people.

You are covered by ACC as soon as you start your business or start working for yourself. The cover that ACC provides helps with payment towards medical bills, treatment, help at home and work, and loss of income.

If you're self-employed, a shareholder-employee or a contractor you'll pay three different levies:

- Earners' levy
- Work levy
- Working Safer levy

If you're an employer with staff, your business will pay the:

- Work levy
- Working Safer levy.

At the point of beginning business, you should consider contacting ACC or an insurance broker who provides this service, and arrange for ACC to be notified of your new business status and your correct Business Industry Classification (BIC) code.

Having the correct BIC code ensures that, when ACC levies are invoiced annually, you are invoiced the correct rate for your profession. As industries vary on their risk level, levy charges can be quite significantly different.



# PROFESSIONAL INSURANCE

**Professionals who provide advice or a service to individuals, businesses should have their own Professional Indemnity cover in place.**

Subject to the policy terms and conditions, Professional Indemnity Insurance will cover investigation costs, legal defence costs and court ordered settlements, which can be reasonably high for any claim against your services. It can literally make the difference between remaining solvent or going out of business.

There are four main categories of claims that could be made against bookkeepers:

1. Claims relating to your professional advice or services
2. Claims arising from property damage and personal injury
3. Claims relating to unintentional breaches of any insurable Act of NZ parliament.
4. Claims arising from employees

In order to protect yourself and mitigate these risks, you may need to consider purchasing the following liability insurance policies:


- Professional Indemnity Insurance
- General Liability Insurance
- Statutory Liability Insurance
- Employers Liability Insurance
- Cyber Insurance
- Directors and Officers Insurance

ICNZB offer a dedicated Liability Scheme for its members which conveniently packages the policies relevant to bookkeepers and provides added benefits negotiated especially for ICNZB members by [Abbott Insurance Brokers](#).

The [ICNZB Liability Scheme](#) provides members of the Association with protection against claims from dissatisfied clients e.g. claims of negligent advice, misrepresentation, misleading or deceptive conduct, mistakes and errors, or complaints to a professional body, and includes the cost of defending court proceedings.

On a personal level, you may also consider speaking to an insurance broker regarding other protection such as Mortgage Protection Insurance and Life Insurance policies.



A portrait of Chantelle Charlton, a woman with long blonde hair, smiling. She is wearing a white, ruffled, semi-transparent top. The background is a solid blue color with large, faint, overlapping circular shapes in a lighter shade of blue.

*Make insurance an essential  
part of your business plan  
and protect your future by  
managing your risks today.*

**Chantelle Charlton**  
Insurance Broker

# Protecting you and your business

It's our job to help you protect everything you've worked so hard to achieve.

We've developed a packaged liability scheme exclusive to members.  
So whether you're just starting out or running a thriving, established  
business, we're here to help.

Apply now

Proud to be the insurance partner for  
ICNZB and its Liability Scheme members.



## SECTION

## 06

# CREATE A BUSINESS PLAN



**“If you don’t  
know where you  
are going, you’ll  
end up someplace  
else”**

*~ Yogi Berra*



# WHAT IS A BUSINESS PLAN?

A business plan is where you set a clear plan for where you and your business are going and how you plan to achieve your goals. It should also be monitored regularly to ensure you are on track with your goals, and if you're not, what needs to be done to get back on track.

Every business, even small 'one-man bands' benefit from having such planning for a number of reasons:

1. Having a clear plan of where you're heading and the path towards this.
2. Building a business that best suits your needs and lifestyle
3. Understanding your current business skills and identifying any gaps
4. Spot opportunities that can help you reach your end goal.
5. Use your resources wisely- without a plan you may end up spreading your resources too thin
6. Know whether to say yes or no to opportunities that arise.

Things you can include in a business plan are:

- An overview of the business (name, products or services, key partners, goals etc.)
- An overview of your market (customers, industry etc.)
- Your marketing strategy (how you will get your customers and what this will cost you)
- SWOT Analysis (Strengths, Weaknesses, Opportunities & Threats- be honest here! There's nothing wrong with having weaknesses, and when you can identify these, you can plan to minimise them)
- Financials (your costs, revenues, measures of success etc.)
- Operations Info (IT, systems, compliance etc.)

The Ministry of Business, Innovation & Employment (MBIE) have a great section on their website for helping you create a business plan which you can access [here](#).





# SUCCESSION PLANNING

## **Develop a succession plan while you are writing your business plan.**

While this may seem an odd consideration when you are at the beginning stages of your business, you do need to consider a succession plan. It is always best to start with the end in mind.

Think about where you plan to be in 5 or 10 years? Will you still be involved with the business or do you plan on building it to a certain level and then sell?

Succession plans, in its most general form, is a strategy for passing on leadership roles (or ownership), and they ensure that businesses can run smoothly after a company's most important people (you!) move on from the company. A good succession plan enables the smooth transition with less likelihood of disruption to operations.

There are a number of reasons a company should look to undertake succession planning:

1. Ensure business continuity of people resources
2. Mitigate against potential critical business operational gaps
3. Provide career pathways for existing talent within the organisation.



## SECTION

## 07

# BUSINESS MENTOR OR SUPPORT NETWORK



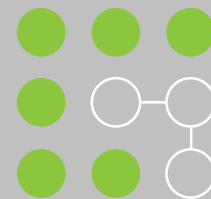
**“If you ask  
any successful  
business person,  
they will always  
have had a great  
mentor at some  
point along the  
road”**

*~ Richard Branson*

# FINDING SUPPORT



## FIND A BUSINESS MENTOR OR SUPPORT NETWORK



A business mentor – whether it be a friend, family member, a business owner or another bookkeeper – acts as your sounding board. Their key role is to offer guidance, challenge your thinking and provide an independent and fresh perspective.

By having the right business mentor/s you are getting their support and helping to:

- Increase your business knowledge and experience
- Maximise your business performance
- Improve your problem-solving abilities
- Build your confidence
- Develop your leadership skills
- Widen your network of business contacts.

There are many mentoring services offered within New Zealand to help small business owners, as well as local networking options where you may find likeminded professionals to help support and encourage you on your journey.

Some examples of more common networking groups, and ones known to be used by many bookkeepers are:





## Institute of Certified NZ Bookkeepers (ICNZB)

**By belonging to a professional body, you add a level of credibility to your name / business as well as benefiting from the support the organisation/s offer.**

Our organisation was founded in 2010, and since then has been committed to developing a professional Association, providing a dedicated support system for Bookkeepers throughout NZ and making the public aware of its existence.

There are 3 levels of membership offered within the Association:

- 1. Provisional Member.**
- 2. ICNZB Certified Bookkeeper®**
- 3. ICNZB Master Bookkeeper®**

Supporting our membership across the 12 regions of New Zealand, ICNZB offer regular monthly regional network meetings which provide an opportunity for attendees to:

- Connect with other bookkeepers in your local area
- Pick the brains of your peers about all things bookkeeping, legislation and learn time saving tips and tricks on software
- Talk capacity- are you looking for new clients/referrals?
- Find someone with experience/niche in apps, software, industries to work with
- Test out your elevator pitch on your peers
- Meet guests from the industry from time to time
- Hear about recent initiatives delivered by ICNZB, and what they are doing to support our members and advocate for the profession

Whether you are a member or not, you are invited to join our networking meetings. ICNZB believes that bookkeepers working together locally, will help us build the profession nationally.

Find out more information about meetings in your region [here](#).

Find out how you can join ICNZB [here](#).





### **Business Network International (BNI)**

BNI is the world's largest and most successful business networking organisation, and there are BNI 'Chapters' in most regions of New Zealand (you can find your local information [here](#)).

### **Your local Chamber of Commerce**

There are 30 local Chambers throughout New Zealand and they are a great organisation to join as they provide training, advice, information and support, as well as acting as a voice and advocate to assist members; provide a range of opportunities, products, services and membership savings; and support businesses in their growth and success.

You can find out more information or which is your closest local chamber [here](#).

### **Venus Networking Groups**

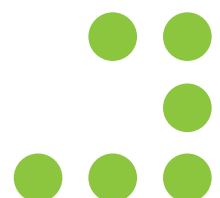
Venus is a New Zealand owned, not-for-profit business combining a supportive community of experienced businesswomen with practical support and learning- which is run by women, for women.

You can apply to join a Venus Networking Group, which is made up of 24 women in your local area, and is another great way to build business relationships, connecting you to trusted suppliers, potential referral alliances and new clients.

Find out more information [here](#).

### **Other local networking groups**

There are also many local networking groups across the country – see what you can find in your local area/region and get in touch with ones that are a right fit for you.



## NEXT VOLUME:

### THE PRACTICAL ASPECTS OF SETTING UP A BUSINESS

In Volume 3 of the “Become an ICNZB Certified Bookkeeper” series, we will talk about the practical aspects of setting up your own office and the key items you need to consider and get right from the beginning.



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