



Navigating the impact on Employee Relations under a new government

Although it is great that we at last have a confirmed Government, we appreciate that it comes with some anxiety regarding the changes on the horizon for employers.

We are waiting in anticipation (just as you no doubt are) to find out what will be confirmed. However, Labour has been very open with changes it will make in its first 100 days, and so we can expect that at a minimum the following will occur by the new year.

1. Minimum Wage / Living Wage

As announced late 24 October 2017, the minimum wage will increase to \$16.50 per hour (from \$15.75 an hour) from April 2017 with a rise to \$20.00 per hour by 2021. Labour has promised that it will explore some relief for small businesses who may struggle with this increase, however how that will look is still to be seen.

2. Parental Leave

Paid parental leave will increase to 26 weeks per year. This has limited effect on employers given that it is the Government paid subsidy that changes, although there may be an uplift in parental leave taken (given that there will now be payment for an extended period).

Employees will still need to meet the thresholds in applying for parental leave.

3. Collective Bargaining

A reform in relation to collective bargaining is to take place, with union protections and benefits increased.

In addition, Labour has said it will make changes to the current employment legislation that was put in place by National. Some of the proposed changes follow:

90 Day Trial: When dismissing under a 90 day trial period, employers will now be required to provide reasons for the dismissal and evidence that the dismissal is justified. Any personal grievances raised in relation to a dismissal within the 90 day trial will be dealt with by a referee service within three weeks, who will be authorised to make decisions to reinstate or award damages

Reinstatement Primary Remedy: Reinstatement will again be a primary remedy in the Employment Relations Authority for personal grievances

Collective Bargaining: A number of amendments made by National will be unwound which will have the effect of reinstating a number of matters, including the following:

(a) The duty to conclude a Collective Employment Agreement;

(b) Requirement that new workers to be employed on the same terms of the Collective Employment Agreement for the first 30 days of employment;

(c) Removal of the right to deduct pay from workers taking partial strike action

4. Meal Breaks

The regulated meal breaks will be reinstated which stipulated when breaks will be taken (overridden by a change to the legislation in 2015).

A number of other changes that Labour alluded to being on the horizon for the next 12 months follow:

1. Commencement of consultation for minimum redundancy protection for workers affected by restructuring.
2. Legal rights and statutory support for dependant contractors (those that are deemed workers under the "control" of employers, but are still effectively contractors)
3. Investigate options for those that work more than 40 hours a week to ensure that they are adequately remunerated
4. Greater job security for casual, seasonal or contracted workers

The introduction of Fair Pay Agreements that set "fair and basic" employment conditions was a big stretch for Labour and it will be interesting to see if there is consensus amongst the three parties to continue down this track. Instigating this type of agreement would put in place minimum wages, allowances, weekend and night rates and leave entitlements for workers across certain industries; the bargaining of which would be led by a union. Labour has said that it needs 12 months to work with businesses and unions to see how that process of a Fair Pay Agreement would initiated and so there is likely to be some change in this area.

The coalition parties share a number of common views such as raising the minimum wage, increasing protections for casual, fixed term and seasonal workers, and statutory protections for contractors so we can guarantee that there will be movement on those areas. Additionally, all three parties hold common views that are likely to have effect on employment of immigrants in the near future.

As a starter, we suggest that you identify all those employees who may be earning less than \$16.50 an hour and start your financial forecasting with the hourly increase. We can also assist with drafting up a letter informing the employee of the hourly increase if that would help.

People Passion, in conjunction with their Employment Lawyer, Shelley Kopu, will be keeping a close eye on legislative development and will be in a position to provide you with specialist advice tailored to your needs.

Our aim is to ensure that you are prepared for change, before it happens, so make contact with us if you have any queries or concerns.

Newsletter - Summer 2017

Christmas Closedown

As this will be our final newsletter for the year, we would like to take this opportunity to wish you and your families a very merry Christmas and all the best for the New Year. Our office will close on Thursday 21st December 2017 and reopen in the New Year on January 15th 2018.

Year-End Records

If you have not sent your year-end information to us, we request that you to do this as soon as possible. With a large chunk of December and January consisting of the holiday period, there is barely over a 2 month window to get your accounts complete by year end (for those of you with March balance dates).



Keeping a Log Book made easy.

Keeping a vehicle log book is a bind.

Inland Revenue requires you to note your opening odometer reading and closing odometer reading over a three-month period. It will allow you to record your business trips only, over that period. Unfortunately, if you overlook a business trip, it will become a private trip by default.

Apps are now coming onto the market to solve the problem. They will keep a track of all your trips and help you to analyse them.

We obtained a quote for using LogbookMe. A 12-week license costs \$248 + GST and a 52-week license costs \$480 + GST. There will be other logbook apps on the Internet. You may be able to put the log book app to other uses to get the best value out of it.



Money laundering hits accountants

From 1 October next year accountants are going to have to start behaving like banks. If you want us to create a company for you or you want to send more than \$1000 overseas, we are going to need identification. We will have to save this in our computer. We'll have to keep a record of your name, birthdate and address. That's not too difficult. But we will also probably have to take a copy of your driver licence or passport and evidence of who you are acting for, in case you are setting up the company for someone else. Similar rules are going to apply to lawyers from 1 July 2018, if they create a company or trust for you. We're sorry if you find these requirements irritating.



Several Ways Taxpayers can get CAUGHT OUT

Taxpayers who earn income from various sources may get caught short if they don't plan ahead. This could come about in various ways:

- Airbnb
- Overseas investment
- Shares in an overseas company

Air BNB Income

If you rent rooms or homes through Airbnb, you may not realise that the IRD considers you to be a landlord. Your rental income must be included in a tax return. If you're unsure of your tax obligations please consider seeking professional advice.

Overseas Rental Property

You must declare any rental income you get from properties overseas. You can claim deductions for rental-related expenses, and you may also be able to claim a credit for tax paid in the other country on that income. Complexities can arise when loans and mortgages are held overseas. Call us if this applies to you.

Overseas Trust

Under New Zealand law, trust matters are settlor-based. This means New Zealand tax treatment of the trust depends on where the settlor of the trust lives. As a trust does not have a legal personality, there is no concept of residency for trusts. However, a trust is recognised as a taxpayer, so New Zealand generally verifies the residency of the trustee to determine which income of the trust is subject to New Zealand tax.

If you own shares in a Foreign Company
You will have to pay tax in New Zealand on foreign share dividends unless:

- You are a transitional resident, or
- The shares are subject to the foreign investment fund or controlled foreign company rules.
- Dividends paid by overseas companies to transitional residents or non-New Zealand tax residents are not taxable in New Zealand for the transitional period.
- The rules surrounding Foreign Investment Funds and Controlled Foreign Companies are complex and you should get professional advice on the taxation of offshore investments, whether from us or your financial advisor.

Overseas Issues Credit/Debit Card

- Having an offshore credit or debit card may or may not trigger New Zealand tax obligations. Note, though, that even if foreign withholding tax has been deducted on foreign income, that does not necessarily mean the income is no longer taxable in New Zealand.
- It can be tricky to work out your tax position. Call us if you're not sure.

Contractors get more Tax Choice

The way contractors pay tax changed on 1 April, giving greater choice, and making it easier to get tax right. The rules around schedular payments have changed to allow this, and are compulsory for all contractors hired by a recruiter — or other labour hire business — and those previously under schedular payment rules. Other contractors can opt in if their payer agrees to deduct tax on their behalf.

Contractors already under schedular payment rules

Contractors must complete the new tax rate notification form (IR330C) when starting any new job. On this form, they pick their preferred tax deduction rate. New Zealand tax residents can pick any rate from 10 percent to 100 percent.

If you complete the form but don't pick a tax rate, the labour hire business will deduct tax at 20 percent. If you don't complete the IR330C, the no-notification rate of 45 percent will apply.

Self-employed contractors

If you contract directly for any business and do not have to have tax deducted by the hirer, you may choose to have tax deducted from your payments. You and the payer must agree to this approach, and a written record of the agreement should be kept. If you work for several businesses, each must agree to the request.

If a payer doesn't agree, you will continue to pay tax for that work as previously.

Use-of-money interest charges for underpaying provisional tax are also changing. From the 2018 tax year, new rules mean fewer people will have to pay it.

Paying contractors

If your business hires contractors you need to follow the following steps when paying them:

- Check the accounting software includes the option to choose variable tax rates
- Brief the payroll team
- Download the new tax rate notification form (IR330C) and get contractors to complete it
- Add the contractor to your EMS and complete as for any other person receiving schedular payments — ignore additional deductions
- If you employ contractors directly, you must record the agreement with them to deduct tax.



Tenancy Services

Insulation - your new legal obligations

We'd like to make sure you understand the recent changes to the Residential Tenancies Act on insulation. We know most landlords want to stay within the law and do the right thing by their tenants.

You must include an Insulation Statement on all new tenancy agreements signed since 1 July 2016.

You must now disclose in the Insulation Statement whether there is insulation, where it is, what type and what condition it is in. This is so your tenants can make an informed decision. A landlord who does not make a complete insulation statement or includes anything they know to be false or misleading is committing an unlawful act. You must insulate your rental home where practicable – ceiling and underfloor – by 1 July 2019.

The insulation must comply with the new regulations and be safely installed. Good quality insulation helps make your rental home healthier for tenants and more energy efficient. A landlord who fails to comply with the law by 1 July 2019 is committing an unlawful act and may be liable for a penalty of up to \$4,000. A new Compliance and Investigations team will make enforcement a priority.

We advise you to get the work done now to avoid a rush before the deadline, as there will be no excuses for missing it. Hiring a professional to do the job will be safer and make it easier to meet your legal obligations. There can be serious safety risk to both landlords and tenants if it's not done properly.

There are a limited number of government grants available to landlords to cover 50% of the cost of the insulation. These are on a first come, first served basis, if you meet these criteria:

Your named tenant holds a Community Services Card, and The house was built before the year 2000. Landlords and other homeowners may also be eligible for help from their local council. A number of councils allow you to add the cost of insulation to their rates and pay it back over about nine years.

We recommend you shop around now for an insulation professional – some offer discounts in the summer months. A professional can also help you to write up your insulation statement properly. To be sure you stay within the law and avoid penalties, we urge you to act now.



With new software, we now have the ability to send invoices and tax notices by email, as opposed to the current postal method. As it is a far more efficient way for us to send hundreds of notices at once. If you have either recently changed your email address or just want to confirm that we have the right address in our system, please contact reception or email reception@robbix.co.nz. If for any reason, you do not want to receive your tax notices by e-mail, you are also welcome to contact reception and we can arrange to continue to send your tax notices by post.

