



Paul Duggan & Associates Limited
Chartered Accountants



tax + business newsletter

Autumn 2015

Questionnaires

It's that time of the year again – time to start thinking about getting your 2015 Financial Statements and Tax Returns underway.

Once again this year we will be carefully scheduling when we complete your financial statements and returns. We expect that by planning our work in this way we will complete your returns in a timely manner, and give you certainty about when your work will be finished.

At this stage we will be asking you to bring us your records at a similar time to last year.

We will email your electronic questionnaire or paper copy, whichever is applicable, closer to your scheduled time.

If, for whatever reason, it does not suit you to bring your records in at the scheduled time, please give us a call as we may be able to schedule an alternative date that suits you better.

Rest and meal breaks

Previously, provisions for **rest and meal breaks** were quite strict. They now seek to balance the importance of rest and breaks for employees with what is practical for the business. Essentially, employees are entitled to breaks and, if it's not possible for the employer to ensure breaks for employees, the employer must offer reasonable compensation. Employees and employers can't contract out of the right to rest and meal breaks though under some circumstances an employer might be exempt from giving breaks or may restrict breaks when the restrictions are reasonable. Key to the new provisions is that employers and employees agree on whatever arrangements are put in place and that arrangements are reasonable. If you are considering varying the arrangements around rest and meal breaks for your employees, touch base with your employment advisor to discuss your approach. As with other employment matters it is important to follow fair process and document any agreements made with employees so that, if required, you can show you have acted fairly and reasonably.

Continuity of employment

The changes to **continuity of employment** relate specifically to employees in situations where an employer is restructuring or selling a cleaning or catering business and employees are transferring to the new employer. A 2012 review found businesses have difficulty implementing the provisions in practical terms. The changes include set timeframes for employees to elect to move to a new employer; the outgoing employer's obligation to provide the new employer with detailed information on employees and their entitlements; a way for the outgoing and incoming employers to share responsibility for employee entitlements if they can't agree on it; protection for employers from unjustified increases in employment costs; and provision for SMEs to be exempt.

Risk and Reward

Employment law changes

The government has made some major employment relations changes, effective from 6 March 2015. Changes target flexible working arrangements, rest and meal breaks, continuity of employment for vulnerable employees upon restructuring, the good faith provisions, collective bargaining, and how the Employment Relations Authority gives its determinations.

Flexible working arrangements

Up till now **flexible working arrangements** have only been available to caregivers who have been employed at their place of work for six months or more. From March, all employees will have the right to request flexible working arrangements from their first day on the job. There's no longer a limit on the number of requests an employee can make in a year. When employers receive requests for flexible work arrangements, they must respond within one month, rather than three as before. The response must be in writing and, if a refusal, it must explain why.



Employment law changes (cont'd)

Good faith provisions and confidential information

Where the employer proposes to take a decision which will or is likely to affect that employee's continued employment adversely, changes to the **good faith** provisions set out what confidential information an employer has to give an employee. The employer must give the employee confidential information where it relates to them but does not have to provide confidential information on anyone else if doing so would involve an unwarranted disclosure of their affairs. Nor are employers required to give confidential information that legally must stay confidential, or where there is a good reason to keep the information confidential (for example, to protect the business' commercial position). Where allegations are made against an employee, the employee should still know the identity of their accuser and the nature of allegations made against them unless there is good reason to keep this information confidential.

Collective bargaining

The new **collective bargaining framework** includes provision that collective bargaining does not have to be concluded, though employers will not be able to end bargaining or refuse to enter into a collective agreement just because they object in principle to collective bargaining or collective agreements. A party to collective bargaining can apply to the Employment Relations Authority for a determination as to whether bargaining has concluded.

Employers will be able to opt out of multi-employer bargaining from the start. New employees who are non-union members are no longer covered by terms and conditions of a collective agreement for the first 30 days of their employment. Employers may respond to partial strikes by imposing proportionate pay reductions and unions must provide advanced written notice of any proposed strikes and lockouts.

Minimum Wage

The minimum wage rates are reviewed every year. The new adult minimum wage rates (before tax) are increasing to \$14.75 from 1 April 2015 for employees aged 16 or over.

New requirement for Companies

From 1 May 2015 new registration requirements come into force for applications to incorporate a New Zealand Limited Liability company. All New Zealand incorporated companies must have at least one director who lives in New Zealand or who lives in Australia and is a director of an Australian incorporated company. Existing companies on the companies register will have 180 days to comply with these New Zealand 'resident director' requirements. In addition, **all directors must provide their place and date of birth** and all companies must supply their ultimate holding company details (if applicable).

Contact us if you think you may be affected.

Tax Talk

ACC's levy reductions

ACC is continuing to deliver on levy reductions. This year the average levy paid by employers and self-employed people in Work Account levies will fall to 90 cents per \$100 of liable earnings, down from 95 cents.

Indicative rates for levels of cover for the 2015/16 levy year will be effective from 1 April:

	ACC CoverPlus	ACC CoverPlus Extra
Maximum	\$1,818.32/week \$94,553/year (80% of \$118,191)	\$1,847.23/week \$96,056/year (80% of \$120,070)
Minimum	\$456/week \$23,712/year (80% of \$29,640)	\$456/week \$23,712/year (80% of \$29,640)

Vehicle licensing

On 1 July 2015 the ACC vehicle licensing levy is being reduced. The cost of relicensing most vehicles will drop by around \$130 a year. If you need to renew your vehicle's registration before then, you can save money by renewing your registration to expire in July 2015. Note that the relicensing form and online renewal allow you to specify the number of months, and is not confined to three and six monthly periods only. When your vehicle licence expires after 1 July 2015 the reduction will automatically be applied to your renewal.

The reduced levies will apply to commercial and private light passenger vehicles, cars, utes, vans less than 40 years old and weighing less than 3500kg. They will not apply to motorcycles or mopeds in 2015. Motorcycle-related injuries continue to generate disproportionately high costs for ACC and motorcycle levies are already heavily subsidised by owners of other types of vehicles.



'Searching for a better way every day is a game-changing way to do business.' **Jack Welch**



Parental tax credit

For babies born on or after 1 April 2015, the Government will increase the parental tax credit from \$150 a week to \$220 a week, and extend the payment period from eight weeks to ten weeks. How much you receive also depends on:

- your total family income before tax
- the number of dependent children in your care and how old they are
- the number of newborn children per year

You can either receive PTC or paid parental leave. You can't receive both at the same time. And you can't receive PTC if your family income for the full eight to ten weeks includes an income-tested benefit, NZ Super, a veteran's pension, a student allowance, or accident compensation from ACC (unless you are receiving this for less than three months).

Changes to parental leave

The current 14 weeks' of paid parental leave will be increased to 16 weeks for babies expected or born on or after 1 April 2015.

Timely Reminders

Note: these dates apply to those clients for whom we prepare tax returns. Different dates will apply for those clients for whom we don't prepare returns. Please ask us if you'd like more information.

30 March (28th falls on a weekend)	Provisional Tax	GST ratio method taxpayers on February, April, June, August, October, and December balance dates Standard provisional taxpayers on February, June and October balance dates 6 monthly GST taxpayers on February and August balance dates
31 March	Tax Returns	Final day to file tax returns for taxpayers with a tax agent
7 April	Terminal Tax	Final day to pay 2014 terminal tax. If you are experiencing financial difficulties, please contact us to arrange a payment plan.
7 May	Provisional Tax	Final instalment of 2015 tax.

'About the time we can make the ends meet, somebody moves the ends.' **Herbert Hoover**

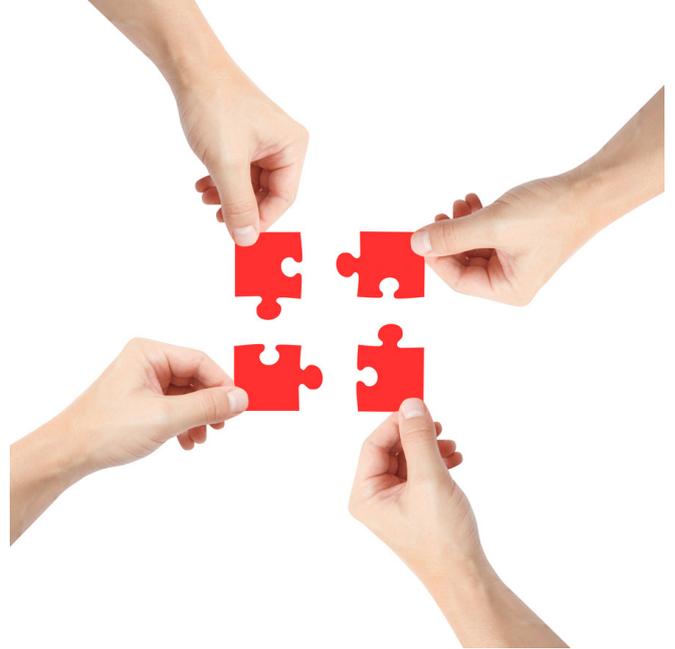


Fixed Price Agreement

We recently introduced the option of service plans and fixed price agreements for our clients. You are able to choose the services you would like us to perform for you, and we will agree upon the fee before work starts. Because the fee is agreed in advance, there are no surprises for you. If you require additional work or an unanticipated need arises we will then agree to perform this work at a mutually agreed upon price, before the service is provided.

Our fees are payable by the 20th of the month following invoicing, but if you prefer you can pay monthly instalments in advance by automatic payment.

We know that unexpected costs are never welcome, and that frequent smaller payments are often easier to manage than one off costs. We hope that by offering these options we can do our bit to help your business manage cashflow. And if you need help managing cashflow, you can talk to us about that too!



MYOB Online Accounting

MYOB online accounting software lets you manage your business anywhere, anytime. Which means you're free to work wherever and whenever you like.

AccountRight Live gives you the choice of how you do the accounts: on your desktop, in the cloud or both - it's the first of its kind in New Zealand.

Get all the benefits of businessSUPPORT like 24/7 Support, software upgrades, IRD compliance updates and training, plus a whole lot more with Live Services.

- Access your accounts on any internet connected PC anywhere, anytime
- Link your bank account to automatically import and match your bank transactions
- Store your data securely online and make a local backup to your PC whenever you like
- Allow same time access for up to five people

If you would like more information please contact Andrew or Leslie.

Xero – online accounting system

This is a great time of the year to change to Xero if you are considering changing your accounting software or if you want to complete your GST returns online for the first time.

We are proud to be a Xero Certified Partner and this certification gives us an in depth understanding of Xero functionality to our clients.

Xero is an online accounting system that gives small businesses like yours and your advisors easy access to bank transactions, invoices, reports and GST – anytime you need it, anywhere in the world.

If you would like more information please contact Leslie.



Terminal Tax - if you think you can't pay by the due date ...

Contact us before the due date to let us know about your financial difficulties. Penalties and interest apply to tax bills that are unpaid by the due date. If your financial situation prevents you from paying on time, we may be able to set up an instalment payment arrangement.

If you contact us and make a formal arrangement before the due date, you'll only be charged one late payment penalty of 1% and interest.

Audit Shield Insurance Cover

Recently you would have received an offer to protect you and your business against Audit insurance.

In order to be protected, ensure you ask us about Audit Shield to find out how we can give you peace of mind when it comes to tax audit insurance.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.



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