December 2019 Newsletter

Getting holiday pay right

Do you have staff taking leave over Christmas? Are systems in place to make sure everyone gets what they're entitled to? Even if someone else handles your payroll, you are responsible for making sure holiday pay and leave payments are handled correctly.

Remember:
Whether your staff work full-time, part-time, casual, on-call, or shift work, they're entitled to any benefits that come from working on public holidays.

- If your employee agrees to work on a public holiday that falls on a day they would normally work, they will need to be paid time and a half PLUS receive another paid day off later, otherwise known as a day in lieu. If an employee works on a public holiday, and it is not a day they would usually work, the employee is only entitled to the time and a half. The entitlement to time and a half has to be included in employment agreements.
- Employees can choose to take their day in lieu:
    - on a mutually agreeable date that is not a public holiday
    - on another day on which they would normally be working
    - for a whole working day, regardless of how much of the public holiday they actually worked.
- If your business is having a closedown period, employees are entitled to a paid public holiday if they would ordinarily work on the day of the public holiday.
- Make sure your payroll system:
    - is flexible enough to handle different working arrangements (eg, changing employee work schedules)
    - records all relevant time worked and payments made
    - has accurate and up-to-date information.
- If you realise an employee hasn't been paid the right amount, be up front and correct the mistake immediately.

We can assist you with your Payroll so please ring us for any advice!

Wishing you a safe and happy Christmas and a wonderful New Year ahead!

Our office will close from 2 pm on Friday 20th December 2019 & reopen in the New Year at 8 am on Monday 6th January 2020. Thank you for all your support this year. From the team at HC Partners LP.

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Updates from Inland Revenue

Moving away from Cheques

From 1 March 2020 IRD will stop accepting payment by cheque, including cheques dated after 1 March 2020.

Income Equalisation

Currently Income Equalisation (IE) required payment by cheque. As part of the next step in the IRD Business Transformation, IE will be included as a myPay tax option. After that you will no longer be able to make payments by cheque. Until this occurs IE customers will need to continue paying by cheque as there is no alternative solution.

Residential property changes – ring fencing rental losses

From the 2019-20 income year, if you own residential rental property, you can no longer use excess deductions ("rental losses") from property to off-set other income, such as salary and wages. Instead, the excess deductions will be carried forward to use against residential property income in future years.

Investment income – what's changing in April 2020

From 1 April 2020, IRD are making changes that will affect clients who are:

- payers of investment income including banks, companies, fund managers, PIEs, share registry companies and Māori authorities
- recipients of investment income.

Key things recipients should know and do

- Provide IRD number to your investment income payer, if you have not already done so, to ensure you are on the right tax rate and to avoid the non-declaration rate (which will increase to 45%).
- When your income investment payer has moved to the new reporting regime, IRD will split any investment income reported for an account equally across all the joint account holders who have provided their IRD numbers to their payer. Recipients can change this allocation through myIR on the IRD website (or on your income tax return).
- From 1 April 2020, if you are exempt from RWT you won't need to show your exemption certificate to your payer as your IRD number will be included on the new RWT-exempt status register.

New Trusts Act 2019: What you need to do

If you're protecting your family property in a trust, there may be changes you need to make before the new Trusts Act comes into force in January 2021.

The changes to the Trusts Act (the first in more than 60 years!) aim to make trust law more efficient and accessible, lower admin costs, simplify core trust principles and essential obligations for trustees, and make it easier to resolve disputes.

While it might seem an eternity away, 2021 will whip around quickly, so here's what you need to do.

1. **Review your trust:** Meet with your accountant and lawyer to review arrangements for your trust. There might be opportunities to improve your tax structure, reduce your risk profile and better your family's financial situation.
2. **Revisit your succession planning:** The new legislation has extended the maximum life-span of trusts by 45 years, to 125 years. This means you'll need to make significant succession planning adjustments.
3. **Be prepared for beneficiary requests:** The new law means most trust beneficiaries will be able to request financial reports on the state of the family trust and find out 'who gets what'. Be prepared for extra admin, costs and possibly damage control if you're having to avoid family issues around distribution of funds.
4. **Know your responsibilities as a trustee, which include:**
   a. Knowing the terms of the trust
   b. Acting according to the terms of the trust
   c. Acting honestly and in good faith
   d. Holding trust property
   e. Acting for the benefit of the beneficiaries or the permitted purpose
   f. Exercising trustee powers for a proper purpose

New GST on low-value imported goods

Overseas businesses selling goods valued at $1,000 or less online to New Zealanders are now required to register for, collect and return GST where their supplies to New Zealanders exceed (or are expected to exceed) $60,000 in a 12-month period. This is good news for local businesses who may have been at a competitive disadvantage by having to charge GST on their sales, when their foreign competitors didn't. Want to know more? Read the special report at http://taxpolicy.ird.govt.nz/publications/year/2019.

Key Tax Dates – December 2019

Date	Category	Description
5 December	PAYE	Large employers' payment due. File employment information within two working days after payday.
20 December	PAYE	Small and large employers' payment due. File employment information within two working days after payday.
20 December	RWT	RWT return and payment due for deductions from dividends and deductions of $500 or more from interest paid during November.
20 December	NRWT / Approved Issuer Levy	Payment and return for November.
15 January	PAYE	Large employers' payment due. File employment information within two working days after payday.
15 January	GST	Payment and return for November.
15 January	Provisional Tax	Instalment due
20 January	PAYE	Small and large employers' payment due. File employment information within two working days after payday
20 January	FBT	Return and payment due
28 January	GST	Payment and return for December

Note: the provisional tax due date applies to those clients who have a March balance date. Different dates will apply for those clients who have different balance dates.

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