McGregor Bailey
CHARTERED ACCOUNTANTS
A Member of Kreston International
A global network of Independent Accounting Firms

Bottom Line

Spring Newsletter 2015

Risk and Reward

Health and safety

The Health and Safety Reform Bill, which started its slow progress last year, has been passed by Parliament. It will come into effect on 4 April 2016.

What happens next? The new law will be called the Health and Safety at Work Act. The Act itself will be published on the New Zealand Legislation website soon.

A series of regulations are being developed to support the new Act. These include:

- General risk and workplace management
- Major Hazard Facilities
- Asbestos
- Engagement, worker participation and representation (available shortly for public consultation)

More information is on the Ministry of Business Innovation and Employment webpage.

Once the regulations are finalised, WorkSafe will issue formal guidance to support the Act and regulations. This formal guidance will start to become available in 2016. In the meantime WorkSafe will develop general information on the new legislation to help people prepare.

Until the new Act comes into effect in April 2016, the current Health and Safety in Employment Act 1992 remains in force.

Things you can do now. The new law comes into effect on 4 April 2016. Between now and then WorkSafe will provide supporting information to help you get ready. In the meantime here are five things you can do now:

- Familiarise yourself with the key concepts of the legislation
- Review your health and safety practices
- Identify health and safety risks in your business and take steps to prevent these from causing harm
- Lead by example
- Make health and safety part of your workplace culture

'All progress takes place outside the comfort zone.' ***Michael John Bobak***

Bodies such as ACC are keen to help businesses be proactive about health and safety. ACC has a range of programmes to help different businesses assess their systems, evaluate whether they are suitable to how the business works and the people affected, and make any improvements needed. The aim is to make sure each business has the right health and safety processes for its people and operations. Businesses that successfully complete these programmes enjoy reduced ACC levies and the benefits of the ACC tools and resources made available through the programmes. We expect that you already have procedures in place to assess risk and manage hazards. If you are not sure whether these are robust enough, there is a good opportunity here to review and strengthen your safety systems. If you would like more information about what's available to help you do this, please contact us.

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.

Tax Type	Who / What	When it's due
PAYE	**large employers** return and payment	7 September (due to 5th falling on a weekend) 5 October 5 November
	large and small employers return and payment	21 September (due to 20th falling on a weekend) 20 October 20 November
GST	return and payment	28 September 28 October 30 November (due to 28th falling on a weekend)
FBT	quarterly return and payment (if completed quarterly)	20 October
	for employers with an October balance date under close company option - annual return and payment	9 November (due to 7th falling on a weekend)

Provisional and Terminal Tax

I pay provisional tax...	And my balance date is...	So my provisional tax is due next...
2 monthly (6 times a year)	February, April, June, August, October or December	28 September AND 30 November
	January, March, May, July, September or November	28 October
4 monthly (3 times a year)	April, August or December	28 September
	January, May or September	28 October
	February , June or October	30 November (due to 28th falling on a weekend)
6 monthly (twice a year)	February or August	28 September
	March or September	28 October
	April or October	30 November (due to 28th falling on a weekend)
Terminal tax	October	**Terminal tax payment due 9 November** (due to 7th falling on a weekend)

Employment standards

The Employment Standards Legislation Bill has been introduced to parliament, proposing changes to strengthen enforcement of employment standards. This will introduce tougher sanctions for breaches and greater accountability for people and entities associated with the employer — such as directors, senior managers, legal advisors — if they are knowingly involved when an employer breaks the law.

The changes target unfair practices such as unreasonable deductions from employees' wages; or where an employer does not commit to hours of work, but expects employees to be available when required; or where an employer cancels shifts without providing reasonable notice or compensation to the employee.

Penalties

Serious breaches, such as exploitation, will carry maximum penalties of $50,000 for an individual and the greater of $100,000 or three times the financial gain for a company. Individuals who commit serious or persistent breaches of employment standards may be banned as employers.

The penalties for minor to moderate breaches will remain $10,000 for an individual and $20,000 for a company. Employers who have breached minimum standards may be publically named.

Employment records

Record-keeping for wages, time, holidays and leave again come under scrutiny. Requirements will be made consistent across all employment legislation.

The core requirement is that, when an employee or labour inspector requests it, an employer must be able to produce an easily accessible record of the number of hours worked each day in a pay period, and the pay for those hours.

Breaches will attract infringement notices, with a maximum penalty of $1,000 per breach capped to $20,000 if there are multiple breaches.

Labour inspectors' powers

Labour inspectors will have greater ability to share information with other regulators such as Immigration New Zealand, the Companies Office and Inland Revenue to better identify and investigate alleged breaches. They will also be able to request records or documents from employers (such as financial records or bank statements) that they consider will help them work out whether a breach has occurred.

There is no set timetable for the proposed legislation yet. We'll keep you up to date with progress.

Double tax agreement with US

Are you a US citizen living in New Zealand? If so, your income is subject to both USA and New Zealand income tax requirements.

The United States tax system requires its citizens and its resident aliens to report their worldwide income to the US Internal Revenue Service (IRS) regardless of where they live. However, if you are a New Zealand tax resident, your New Zealand tax return is likely to require the same income returned here.

If you do have to pay tax in both the US and New Zealand, under the double tax agreement (DTA) between New Zealand and the US, you may be eligible for tax credits to offset some of the tax payable. However, the rules for meeting your tax obligations and claiming tax credit entitlements are complex. For example, if your income is in the form of a US pension or a lump sum payment related to past employment, you would not be able to claim foreign tax credits in New Zealand for taxes paid in the US on this income. However, you may be able to claim New Zealand tax paid as a tax credit in your US income tax return.

Please let us know if this applies to you. We can help you meet your tax obligations and claim your tax credit entitlements.

Changed your bank account?

If you have changed your bank account, please let us know before we undertake your tax return, otherwise you might miss out on your tax refund.

We have heard of cases recently where the refund has gone to an account no longer associated with a business and the taxpayer has missed out.

Make sure that you have given us your current bank account details for the account you would like your tax refunds paid to. And let us know immediately if your account details change.

ACC CoverPlus Extra – are your levies overdue?

This year ACC has cancelled unpaid CoverPlus Extra policies that were overdue. In July they had cancelled about 2,600 policies and expected to cancel the remaining 1,600 policies with unpaid CoverPlus Extra invoices in August.

Please let us know immediately if you received notification that your CoverPlus Extra policy has been cancelled and you are concerned you are not covered. If you do not take action to pay your CoverPlus Extra levies, your cover will default to either CoverPlus or WorkPlace Cover and this may affect the amount you pay in levies. Note that new applications for CoverPlus Extra can take up to 12 weeks to process.

Parental leave

The rates for paid parental leave increased from 1 July. The maximum weekly rate for eligible employees and self-employed parents increased from $504.10 to $516.85 before tax per week. The minimum weekly rate increased from $142.50 to $147.50.

Tax Talk –

2015 review of Commissioner's mileage rates, 14 August 2015

On 12 August 2015, Inland Revenue stated that a recent review of the Commissioner's mileage rate has resulted in a reduction to the rate to 74 cents (from 77 cents for 2014) per kilometre for both petrol and diesel fuel vehicles for the 2015 income year. The reduction is largely due to lower average fuel costs during the 2015 income year compared to the 2014 income year and to some extent more efficient motor vehicles. The 2015 income year for business taxpayers with a standard 31 March balance date runs from 1 April 2014 to 31 March 2015.

Points to note are as follows:

• The Commissioner is required by statute to set a mileage rate for persons whose business travel is 5,000 or less in an income year.

• The mileage rate is set retrospectively for persons required to file a return for business income, so that the rate reflects the average motor vehicle operating costs for an income year.

• Persons who meet the criteria have a choice of using the Commissioner's mileage rate or using actual costs if they consider that the Commissioner's mileage rate does not reflect their true costs. Taxpayers that choose to use actual costs are required to keep records to support any expenditure claimed.

• The Commissioner does not propose to amend the returns for taxpayers who have already filed their 2015 returns using the 2014 mileage rate.

• The Commissioner accepts that employers may use the 2015 vehicle mileage rate as a reasonable estimate of costs when they reimburse employees for the use of their private vehicle for business related travel for a current income year (post 1 April 2015).

• Employers may use an alternative estimate other than the Commissioner's vehicle mileage rate when reimbursing employees for use of their private vehicle for employment related use.

• The mileage rate does not apply to motor cycles, hybrid and/or electric motor vehicles as these modes of transport are not commonly used for business purposes. Any self-employed persons who use these forms of transport for business purposes will need to calculate their actual expenditure or in the situation of an employer reimbursement, they may make a reasonable estimate of the employee's costs.

The Commissioner's operational statement: "2015 review of the Commissioner's mileage rate for expenditure incurred for the business use of a motor vehicle" is at www.ird.govt.nz.

FBT rate for low-interest loans decreases, 28 August 2015

The Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2015 (LI 2015/200) reduce, from 6.70% to 6.22%, the rate of interest that applies for fringe benefit tax purposes to employment-related loans. The reduction applies for the quarter beginning 1 July 2015 and for subsequent quarters.

The Income Tax (Fringe Benefit Tax, Interest on Loans) Amendment Regulations 2015 amend the Income Tax (Fringe Benefit Tax, Interest on Loans) Regulations 1995.

The regulations were notified in the New Zealand Gazette on 27 August 2015 and came into force on 28 August 2015.

McGregor Bailey
CHARTERED ACCOUNTANTS
A Member of Kreston International
A global network of independent Accounting Firms

2 Crummer Road, Ponsonby, Auckland 1021   PO Box 47-129, Ponsonby, Auckland 1144   Tel: 64 9 378-8388