



PLANNING FOR THE HOLIDAY SEASON

Each year we like to remind clients about the obligations for the holiday season.

As the statutory holidays all fall during the week, there is no "Mondayisation" this season. However, employers and employees may agree in writing to transfer the observance of a public holiday to another working day to meet the needs of the business or the employee. An employee can be required to work on a public holiday only if the individual would otherwise have worked on that day and if the employment agreement requires the person to work on public holidays. In all other circumstances, employees need only work on a public holiday if they agree to do so and this should be recorded in writing.

Public Holiday Pay

An employee must be paid for a day off on a public holiday if it falls on a day that the employee would otherwise have worked. If there is a public holiday when employees are on annual leave, they get paid for the public holiday if they would normally have worked on that day, and do not lose an annual leave day. Employees who work on a public holiday are entitled to 1.5 times ordinary pay for that day as well as a "Day in Lieu" (being any other day, as a day's paid annual leave). This means that they can take another day as a holiday and be paid for it. You cannot contract out of this requirement, even if you offer to pay double or triple pay for working on a public holiday.

Annual Holiday Pay

Employees are entitled to a minimum of four weeks pay for every 12 months of service. Holiday pay for annual leave is the greater of:

1. The average weekly gross earnings for that employee over the year (including any overtime), and
2. The current ordinary weekly pay (excluding overtime), at the time the leave is taken.

Holiday pay must be paid to the employee before they take leave, unless the employer and employee agree in writing that the normal pay cycle will continue undisturbed during the holiday.

Cashing Up Annual Leave

An employee may request in writing to be paid in cash for up to one week's annual leave per year and this may be granted by the employer. The request must be considered within a reasonable time and may be declined. The employee must be advised of the decision in writing and no reason is required to be given. If granted, the payment must be at least the same as if the employee had taken the holidays and must be paid as soon as practical – usually the next pay day. An employer cannot pressure an employee into cashing up holidays.

Casual Staff

Casual employees are not entitled to annual leave. Instead, they receive 8% over and above their gross earnings. If

they agreed to be paid the 8% on a pay as you go basis on each pay day, then they are not entitled to extra holiday pay in the event of a business close down. If they have not been paid on a pay as you go basis, and the business has a close-down period, then they are entitled to 8% of their gross earnings less any payments already made from that amount. For public holidays, if it is clear that a casual employee would have worked on that day (had it not been a public holiday), then they are entitled to be paid for that public holiday just like any other employee.

With casual staff, it is crucial to keep an eye on their hours. If a regular pattern has formed, then they could lose their status as a casual employee and become either a full or part-time employee.

Staff Christmas Party

The cost of the food and drink for a staff party as well as incidental expenditure relating to the party such as entertainment, music etc will be 50% deductible for income tax purposes. This applies whether the party is on the business premises or off site.



Gifts to Staff

Generally the cost of gifts to staff (other than food and beverages) will not fall within the entertainment tax provisions and will be fully deductible. However, in the majority of cases the gifts will constitute fringe benefits. The \$300 per employee per quarter FBT exemption may apply.

Cash Bonuses for Staff

Cash bonuses are taxable to the employees. The employer is required to deduct PAYE at the extra emolument rate.

INLAND REVENUE CHANGES THAT ARE COMING

Payday filing – Are you Ready?

No doubt many of you that employ staff have already been contacted by Inland Revenue regarding pay day filing which comes into affect on 1st April 2019.

The main points to note are:

Although compulsory from 1/4/19 you can start now (if you file electronically) by opting in through your myIR Account. Payday filing will start at the beginning of the month AFTER you opted in and will show in My business section where you file employment information and employee details.

Once opted in you will need to file your employment information to IRD within two working days of the payday

If you file by paper and your annual deductions are less than \$50,000 **this is only available from April 2019** and you will need to file your information within 10 working days after the payday or if you choose to send in information twice a month by the 15th and by the end of month

There are no changes to current payment due dates or the way you pay whether it is monthly or twice monthly

Kiwisaver Changes

The following changes to KiwiSaver are proposed to be effective from 1 April 2019.

- Additional KiwiSaver contribution rates of 6% and 10%
- Maximum contribution holiday to be reduced to one year
- Contributions holiday to be called “savings suspension”
- Over 65-year-olds to be allowed to opt in to KiwiSaver

The following change is proposed to be effective from 1 July 2019. Removing the lock-in period, which currently affects members who join between the ages of 60 and 65? The lock -in period is to be removed because the kick start \$1000 contribution has gone. Those who had already joined KiwiSaver over the age of 60, will still remain locked in for five years eg if you joined at 62, you stay locked in until 67

MAKING THE MOST OF INTERNET BANKING

Are you using internet banking yet? Devices such as BNZ's Netguard are making it increasingly more difficult for anyone to hack into an account.

There are several advantages of internet banking. They include:

- Save time writing cheques and posting them
- Save postage and stationery
- Save bank fees and your time writing up bankings by having customers pay directly into your account. Also fewer trips to the bank.
- Have tighter control over cash flow by knowing your on-going bank balance and payment commitments.
- You will often be paid more quickly.

To make the most of internet banking:

- Put your bank account details on your invoice with a note inviting your customer to pay directly into your account.
- Set up your payments as the bills come in. You can put in any payment date you choose.
- Set up your tax payments in advance so you don't forget them.
- Some expenses are partly business and partly private. Use Internet banking and make two payments, one from your business account and the other from your personal account, to avoid having to split up those costs later.



A WEE BIT OF CHRISTMAS CHEER



Before you laugh at children who believe in Santa, remember there are adults who believe in Donald Trump.

CHRISTMAS CLOSURE

***Our office will be closed from 4pm Friday 21st December
and re-open on Wednesday 9th January 2019***

***Trish, Russell and the team would like to wish all our valued
clients a happy and safe Christmas.***

May 2019 bring you all much happiness good health, and success.