

Autumn Wilco 2015



Paul Martin
Chartered Accountant Limited



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.

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.



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.

ERA determinations

There are also changes to when and how the **Employment Relations Authority** must give preliminary findings and determinations following an investigation.

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.

9 March (7th falls on a weekend)	Terminal Tax & Terminal Student Loan Repayment	For taxpayers (with a tax agent) with a February balance date
9 March (7th falls on a weekend)	FBT	FBT return (IR421) and payment due for employers with a February balance date (if payable on income year basis)
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

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



Business Perspective

Recently we have seen a surge in the arts and crafts movement and luckily for us we can purchase the clever wares of creatives on such internet sites as Etsy and Felt. But many of us wish we had the means or know how to make our own handmade delights. Thanks to people like Amy Campbell, who followed what appeared to be an unlikely sounding dream, we do.

As a child, Amy attended the Beacon Art School and since then, has always felt inspired to run a similar school with the hope of encouraging others. That notion, teamed with the recent government axing of adult education, alerted Amy to a gap in the market. She wanted to provide this sort of platform for people to come to learn, make and grow.

Craft Collective is the exciting new addition to the creative Tauranga scene. It is a learning space with a fun factor and provides locals with an outlet to make a mess and get crafty. It is an art, crafts and design school serving up an array of purposefully constructed workshops for both children and adults. These aren't just run of the mill art classes either. The innovative and cleverly developed workshops have something to suit everyone. DIY Beauty classes allow you to concoct your own organic skincare range or signature perfume. Kids are catered for with The Flying Squirrels sessions, which are run by prominent local artists for eight weeks each term. In addition, students can learn about interior design, sewing or printmaking and the team is constantly adding to their repertoire too to ensure that the classes are kept fun, relevant and interesting. Attendees are spoiled even further with organic herbal teas and paleo snacks: refreshments to keep the creative juices flowing. There's even a goodie bag at the end of it.

As if the exciting classes and clever condiments weren't enough of a draw card, Amy has utilised her savvy business acumen and taken the concept of the school one step further. By ensuring the creative theme is continued throughout, she has established an in-house gift shop, stocking a carefully curated range of homewares, jewellery, stationery and art prints from New Zealanders. 'We deliberately set out to source stock from the little guys, Mum and Dad businesses and independent artists.'

Craft Collective



While the key focus at Craft Collective is to learn and have fun, there is also huge importance placed on encouraging health and wellbeing. These days we are all rushing around, trying to squeeze so much into our days and please everyone in the process. What we need to be mindful of is the importance in stepping back, slowing down and taking time out. This nourishes the soul, encourages us to grow and develop and in turn, become happier human beings. Recent research is testament to this and experts are drawing connections between mental health benefits reached when creating or crafting.

Although Amy has a background in finance, she knows she could not have taken this leap without the backing of her accountant. 'He's been a real sounding board and has helped me to monitor the income from the classes effectively, work out the best way to manage payroll and how to keep tabs on the sales from the art store. With all the set up and marketing I was focused on, it was good to have someone take care of this for me.'

Craft Collective opened their doors late last year and is already catering to sell out workshops. For more information, visit their website at <http://www.craftcollective.co.nz>

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.


Paul Martin
Chartered Accountant Limited

109a Ti Rakau Drive, Pakuranga,
Auckland 2010, P O Box 24-615,
Royal Oak, Auckland 1345
P +64 9 576 4166
F +64 9 576 4215
W www.pmartin.co.nz