



**APRIL 2014**

## USEFUL SNIPPETS

### YOUR OWN BUSINESS NUMBER!

It will become compulsory for sole traders to obtain a New Zealand business number under a Government proposal designed to cut red tape and promote e-commerce.

All 210,000 registered companies were issued with the free 13-digit unique identifiers by the Companies Office in November 2013.



However, a consultation document released recently by Economic Development Minister, Steven Joyce, envisages extending the numbers to a similar total of sole traders, partnerships and trusts. A compromise

intended to protect people's privacy would mean their names and addresses would be kept off a publicly searchable register of businesses, unless they wanted those details to be included. The New Zealand Business Number will be used by government agencies to identify businesses.

### ON LINE BILLING BY TELECOM

From 1 May, Telecom intends charging a \$1.50 per month to supply customers with a paper bill. Signing up now to receive the bill by email will avoid the fee. Customers who have only a landline with Telecom will not need to pay this fee.

### NEW TAXATION RATE FOR CASUAL EMPLOYEES

From 1 April 2014, casual agricultural employees (those with a CAE tax code) are to be taxed at the rate of 18.95%.

### WORKPLACE HEALTH & SAFETY REFORM

The pending Health and Safety at Work Bill is set to put in place the biggest health and safety reforms in 20 years. The Bill highlights a move away from the employer-employee OHS relationship to one that focuses on the business and its workers or others affected by the work of the business. It describes particular duties for businesses to consider if they control fittings and fixtures, manufacture, design, import, construct, install, commission or sell. It also prescribes in detail how to engage and organise the participation of those duties for the workers.

Businesses will need to reconsider what and how they manage their OHS functions to deliver and maintain a safe place of work. It is hoped that getting businesses engaged and empowered by this change will play a major role in meeting the Government's target of reduced New Zealand workplace injury and death toll by 25 per cent by 2020.

Specifically, the Health & Safety Reform Bill will:

- Put more onus and legal requirements on managers and company directors to manage risks and keep their workers safe;
- Require greater worker participation so workers are more involved in health and safety in their workplace
- Establish stronger penalties, enforcement tools, graduated offence categories and court powers;
- Amend the WorkSafe NZ Act 2013, Accident Compensation Act 2001, Employment Relations Act 2000 amongst other Acts.

The new Health & Safety at Work Act is expected to be passed into law by the end of the year and will come into force in April 2015.

### A PHYLLIS DILLERISM

"Aim high and you won't shoot your foot off".

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## MINIMUM WAGE INCREASED ON 1 APRIL

Now is a good time to double check your payroll to ensure you have adjusted employees' wages to comply with the adult minimum wage which applies to all workers aged 16 years and over who are not starting-out workers or trainees.

### Comment:

The new adult minimum wage rate (before tax) is \$14.25 an hour for an adult employee on a permanent Employment Agreement where annual leave entitlements are accruing. For those employees employed on a casual agreement (i.e. on an 'as required' basis), the minimum before tax hourly rate is \$15.39 (\$14.25 per hour plus holiday pay of \$1.14 per hour).

The starting-out and training minimum wage is focused on:

- 16 and 17 year olds starting out in the workforce who have not yet completed six months continuous employment with their employer
- 18 and 19 year olds who have been on a benefit for six months or more
- 16 to 19 year olds in training in a recognised industry-training course involving at least 40 credits a year
- Employees aged 20 years and over who are doing recognised industry training involving at least 60 credits a year in order to become qualified.

The new starting out and training minimum wage rate (before tax) is \$11.40 per hour for employees under a permanent Employment Agreement with annual leave entitlements accruing.

## VEHICLE LOG BOOKS

Sole traders, partnerships and trusts can claim the running costs of vehicles that are used for business purposes. For vehicles that are used for both business and personal purposes (normally cars), their costs need to be allocated in proportion to the business/personal use.



To work out the business portion of the vehicle costs, a log book must be kept for three months, every three years. The three months usage should be 'representative' of the normal usage pattern.

A log book should record the initial odometer reading of the vehicle at the start of the three-month period, and the ending odometer reading. For each trip, the date of travel should be recorded, along with the distance travelled and a description of the trip. From this information, the business use percentage of the vehicle can be established.

This business percentage can then be used for the next three years, provided the vehicle's business use does not change by more than 20%. Where there is a significant change in the taxpayer's pattern of vehicle use, a new three month log book needs to be kept.

For those full-time farming clients who choose not to keep a log book, the IRD will allow up to 25% of a vehicle running costs and depreciation as an income tax deduction but no claim for GST.

An alternative approach is to record the number of business kilometers travelled and to use the IRD or AA mileage rates to claim a deduction (up to 5,000km for self-employed people). While this approach is suitable for taxpayers with a small business or rental properties, it is likely to be a time consuming exercise for most farming clients.

Vehicles with 100% business use can have all running, finance and depreciation costs claimed as an income tax deduction. Typically this applies to tractors, farm utes, motor bikes and quads. For vehicles with 100% business use, no log book is required.



When the farming taxpayer is a company, all company vehicle expenses can be claimed without making a private use adjustment. However, the company must pay fringe benefit tax if the vehicle is available for employees' or shareholder-employees' private use. Exemptions to FBT exist for work-related vehicles and for shareholder-employees, an alternative to FBT is for a recipient's contribution to be made as a journal entry at year end. Companies should keep a record of days that the vehicle is not available for private use, such as the vehicle being serviced or repaired, or the relevant employee is out of town.

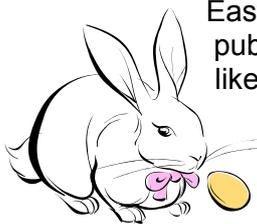
Companies can reduce their exposure to FBT by prohibiting the private vehicle use by employees or shareholder-employees – this can be done by providing the employee with a letter detailing the vehicle's restricted availability for private use. Regular checks should be made to see that the rules are adhered to

### Comment:

The "up to 25%" concession does not apply to GST where business owners wish to claim a portion of the vehicle's purchase and running costs. A log book must be kept if GST is to be claimed and the initial GST claim on the vehicle purchase must correspond with the log book or the vehicle's intended business use.

Where actual business use differs from that previously claimed, subsequent GST adjustments may be required. These adjustments are typically completed annually at balance date.

**EASTER AND ANZAC PUBLIC HOLIDAYS**  
**GOOD FRIDAY - 18 APRIL 2014**  
**EASTER MONDAY - 21 APRIL 2014**  
**ANZAC DAY FRIDAY - 25 APRIL 2014**



Easter Sunday, it will be noted, is not a public holiday and is therefore treated like any other Sunday in relation to employment. Easter Sunday is, however, one of 3.5 days per year when shop trading legislation requires most shops to close. The legislation only limits the ability of shops to trade, it does not limit the ability to provide work for employees. If your business normally operates on a Sunday and you do not require employees to work on Easter Sunday, it is recommended you discuss with your employees the options such as roster changes or the taking of annual leave.

Good Friday, ANZAC Day and Easter Monday are public holidays, and Good Friday and ANZAC Day are also subject to restricted trading hours. All employees for whom the day would otherwise be a working day are entitled to a paid public holiday. If your employees work on the day, they will be entitled to time and half payment for the time actually worked and, if they work on any part of the day, they will be entitled to an alternative holiday.

**Comment:**  
 In most cases it will be quite clear that the day on which the public holiday falls is "otherwise a working day". If in doubt ask the question – "if it wasn't for the public holiday, would the employee normally be working on this particular day?"

**ACCIDENT COMPENSATION: FIRST WEEK COMPENSATION - LIABILITY TO PAY**

Where a claimant sustains a personal injury accepted for cover by ACC, and is incapacitated from work, ACC will provide weekly compensation onwards from the 7<sup>th</sup> day after the date of the incapacity incident.

Payment of compensation for the first week of incapacity is not ACC's responsibility.

If the claim is a work injury, and the claimant is an employee, legislation requires that the employer in whose employment the claimant sustained the injury must pay compensation for the first week. First week compensation is payable to a person who either:

- Has a work related personal injury, or
- Has a motor vehicle injury that is also a work related personal injury



The criteria for first week compensation payment by an employer to an employee is as follows:

- The employer in whose employment the claimant suffered the injury is liable to pay first week compensation for lost earnings from all employment held at date of first incapacity
- The employer in whose employment the injury is suffered is liable to cover 80% of the earnings lost from each employment held.

**Comment:**  
*An example would be:*  
 Claimant John Bloke works for Company A as an employee between Monday and Friday installing fire alarms. On Saturday night, claimant John Bloke works as a doorman employed by Company B. One Saturday night, John Bloke suffers a work related injury. Company B is the employer in whose employment the injury was suffered. Therefore, Company B is liable to pay first week compensation and cover 80% of the earnings lost as an employee from both Company A and Company B.

For non work related injuries, the employer is not required to make first week compensation payment. However, the employer may opt to pay the client annual leave or sick leave for this one week period.

**ACC 2014/15 LEVY RATE CHANGES AT A GLANCE**

Who pays and how they pay (these are average rates)	2013/14 GST excl	2014/15 levy rates GST excl	Percentage change
<b>Work Account Levy</b> Cover for work injuries paid by self-employed* and employers (invoiced directly by ACC)	\$1.15	\$0.95	-17%
<b>Earners' Account Levy</b> Cover for non-work injuries paid by employees (through PAYE) and by self employed people	\$1.48	\$1.26	-15%
<b>Motor Vehicle Account Levy</b> – Cover for motor vehicle injuries paid by motorists (through licensing fees* and petrol levy)	\$330.68	\$330.68	No change

\*Self employed and non-PAYE shareholders also pay the non-work claims levy. Individual rates for industry groups and motor vehicle classes may show an increase or decrease.

**NEWSLETTERS VIA THE WEBSITE**

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## TURN YERSELF AROUND LAD

Sean is the vicar of a Church of England on the border between Northern Ireland and the Republic of Ireland and Patrick is the parish priest of the Catholic Church across the road. One day they are seen together, erecting a sign which says:

TA END IS NEARI  
TURN YERSELF AROUND NOW  
AFOR IT IS TOO LATE

As a car speeds past them around the bend,  
the driver leans out his window and yells,  
"Leave people alone, you Oirish religious nutters.  
We don't need your lectures!"

The men then hear the screeching of tyres, a crash and a splash.  
Shaking his head, Father Patrick says,  
"Dat's da terd one dis morning".

Vicar Sean agrees; then asks, "Do ya tink maybe da sign  
should just say 'Bridge Out'"?

