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SNIPPETS

TAX SIMPLIFICATION CONTINUED!!!

Inland Revenue recently released a new Taxation Bill and published a discussion document in the "Making Tax Simpler" series, both of which aim to reduce the cost of tax compliance and administration for New Zealand businesses and individuals.

It is claimed that it can be difficult for the IRD to collect the correct amount of tax from individuals over the course of a tax year due to the nature of the current PAYE system – e.g. if a person's income changes unexpectedly the amount of tax withheld over the course of a year is not likely to be accurate, leading to tax refunds or liabilities at the end of the year. Therefore the IRD has signalled a change to the frequency that many employers provide information to the IRD (i.e. from monthly returns to processing each payday).

However, the draft Bill also proposes that more detailed information will be collected more regularly on individuals' investment income, such as interest, dividends, portfolio investment entity (PIE) income, taxable Maori authority distributions and royalties. The new rules will require the payer to submit information about individuals to IRD on a monthly basis.

YOUTUBE RECEIPTS



With over 400 hours of content uploaded every minute, YouTube comprises a massive entertainment platform. The site has over 1 billion monthly users,

with a continual demand for quality online content across a diverse range of subjects.

Armies of users produce and upload videos, aiming to earn the most views, leading to opportunities to make money. Income can be generated from various sources, such as:

- Advertising revenue (e.g. Google's AdSense campaigns)
- Affiliate and sponsorship income (paid for the promotion of products or companies) and
- Paid content (where a fee is required in order to see the content).

The IRD has recently provided guidance regarding the taxable nature of such income, which is based on ordinary tax concepts. The key considerations are whether the individual is intending to make a profit, or is engaged in a "scheme or undertaking to make profit".

So, if you receive YouTube income you may need to include this in your income tax return, even if you did not intend to profit. If you are receiving amounts regularly or are relying on the amounts as a form of income, the income is likely to be taxable.

Think ahead to IRD requesting a list of NZ members that have received payments from YouTube over \$xxxx...!!

THE RIGHT TO DISCONNECT!

Modern technology means that at a push of a button we can have access to our work, regardless of where we are. This is great for business – however, living the job during the majority of your waking hours can prove harmful to your health.

In 2014, a few of France's biggest unions reached an agreement with some of the world's largest companies, including Deloitte and Pricewaterhouse Coopers, to give nearly 250,000 workers the right to not check their emails during legally mandated rest periods without facing retribution. Earlier this year, the French Government took the next step of enacting legislation to extend this protection to more of the working population. All entities that employ 50 workers or more will now have to take steps to protect this "right to disconnect". Given the impact this might have on commerce, the French Government is leaving it up to employers to negotiate with workers on how the needs of the business can be balanced with this "right"!

Contents	
Tax Simplification Continued!	1
YouTube Receipts	1
The Right To Disconnect!	1
Casual Employees – A Note of Caution	2
The Internet of Things	2
Annual Leave Entitlements of Four weeks	
– ie 20 Working Days	3
Commercial Use of Drones	3
Petrol Tax Refunds – A 20 Litre Container of Fuel	
Includes \$13.20 Excise Duty	3
The Long And The Short of It!	4

CASUAL EMPLOYEES – A NOTE OF CAUTION

The Holidays Act 2003 does not distinguish between employees on the basis of employment status other than in S28 in which certain employees can agree with their employers via an Individual Employment Agreement to receive their holiday pay as part of their regular pay package. The term "casual" does not appear anywhere in the employment legislation as all employees, regardless of employment status, are entitled to receive the minimum levels of holiday and leave entitlements if they meet the required criteria.



Employees classified as "casual" by the employer will often have sufficiently regular work hours to entitle them to receive all types of leave under the Act. Similarly, it is a mistake to conclude that an employee cannot be paid for a public holiday if they are classified as a "casual" worker.

In one recent case, an employee was working on a casual employment agreement. However, the Employment Court ruled that he was entitled to be paid for public holidays because:

- i) his working pattern around the public holidays was regular, and
- ii) the employee would have had a reasonable expectation of working on those days – therefore the otherwise working day ruling applied.

- **The principle behind determining an otherwise working day (OWD) is that if the public holiday had not occurred or the employee had not taken sick or bereavement leave on the day in question they would have worked.**
- **In most cases whether a day is an OWD – and how many hours they would have worked on that day – are clear because the employee's work pattern or roster is predictable.**

However, some employees may have highly variable hours and days from week to week and whether a day is an OWD (and, if so, how many hours they would have worked) may be hard to determine. The Act requires that the employer and employee must take into account the factors listed below with a view to reaching an agreement on the matter:

- the employees' employment agreement
- whether the employee works for the employer only when work is available but was nonetheless committed to work a particular period
- the reasonable expectations of the employer and the employee that the employee would have worked on the day concerned, and
- whether, but for the day being a public holiday, or a day on which the employee was on sick or bereavement leave, the employee would have worked on the day concerned.

Comment

As the Courts have made clear, determining whether a day is an otherwise working day is an intensely practical exercise and each case needs to be decided with reference to the particular nature of the employee's work pattern, and employers and employees must engage with each other in good faith.

THE INTERNET OF THINGS!

Futurist, Kevin Kelly, tells the story of the 20th Century industrial revolution featuring the introduction of electrification and how products and processes once built or produced by muscle power were transformed and improved by the introduction of electricity.

Today, just as in the coming of electrification, the Internet of Things (IoT) will potentially connect everything – physical, virtual, human, animal, inanimate and natural. Anything that can be digitised and have a sensor embedded in it can produce data about behaviour and share that data on the internet. By 2020 we are likely to have 50 billion or more different devices connected to the internet.

In the formative years of the internet information mostly comprised of inputs from humans themselves. Today humans are no longer the only creators – rather walking sticks, doorknobs, fridges, phones, watches and millions of other newly cognified everyday items and gadgets are creating and transmitting data. Someone you know is using a Fitbit, Jawbone or an Apple watch. These "wearables" are automatically tracking steps, activity, calories and more and then storing that information for review later on. It is not the user who is entering the data; it's the machine. The IoT means improved automation, monitoring, measurement, insight, as well as new business opportunities and better product and service value. For example;

- Devices communicating with each other can automate mundane actions such as automatically triggering the backing up of photos to a Dropbox.
- Embedding sensors monitoring wear and tear in machinery means down time from breakdowns can be prevented as they can be predicted.
- A device's data anonymously sent back to the manufacturer can help improve product innovation (or reveal new product opportunities).

At this relatively early stage of the Internet of Things, there will be many failed IoT projects. If a consumer cannot see the value in paying 10x the price of a normal toaster for the ability to track the progress of his toast on his phone, the chances are that a IoT toaster will fail to sell!



Comment:

The real value of IoT comes from the networking of multiple device across various platforms. This comes about when vendors think about the outcome a user wants to achieve. For example a shoe store may want as a desired outcome to always have the necessary stock required to make sales, but not too much stock.

IoT would come into play by:

- Monitoring physical stock levels through software recording sales
- Monitoring shoe popularity – sensors on the boxes or storage shelves that track how often a box is removed for a customer to try on the shoes
- Tracking store traffic – not just on customers through the door, but where those people spend the most time in-store
- Analysing sales data from other local and overseas locations and providing comparisons
- Leveraging low-cost logistics – i.e. the booking freight options on discount rates for half-full runs

ANNUAL LEAVE ENTITLEMENT OF FOUR WEEKS (i.e. 20 WORKING DAYS)

Eligibility to annual leave of 20 working days is dependent on 12 months of "continuous" employment. While many types of leave (e.g. paid leave, sick leave and parental leave) are considered part of ongoing "continuous" service and as such are counted towards the 12 months' employment anniversary, leave without pay that is longer than one week's duration cannot be included as part of a full year's employment and therefore reduces the employee's entitlement to 20 working days holiday.

COMMERCIAL USE OF DRONES

The commercial and industrial use of drones is rapidly increasing as more businesses find ways to take advantage of their benefits. Because they offer time, cost and labour saving possibilities, drones are being used by real estate agents, photographers, the forestry sector and in the oil and gas industry. Farmers are using drones (and software) that enables pasture management and the checking of livestock, fencing and water supply systems. They also offer potential health and safety benefits, as they operate in bad weather. It was recently estimated that allowing drones to be operated beyond the user's line of sight could provide economic gains of up to \$190 million to New Zealand's farming, forestry and energy sectors.

Several years ago as awareness grew of the expanding use of this technology, the Civil Aviation Authority of New Zealand introduced rules regarding drones aimed at addressing safety risks that these devices pose to other airspace users and people and property on the ground. These rules include:

- Drones must fly only in daylight
- Drone controllers must be able to see the aircraft with their own eyes
- Drones are not to fly higher than 120m (unless certain conditions are met)
- Drones must not fly closer than 4km to an aerodrome
- Drone controllers must have consent from people or property owners that they want to fly over.

The IRD have lately released the General Determination DEP90 covering the depreciation rate for drones and integrated accessories. It defines drones as consisting of the remote controller, software and carrying case and where a camera is built into and fully integrated into the drone, the camera will be part of the asset. Drones have been given an estimated useful life of four years and depreciation rates of 50% DV and 40% SL.

PETROL TAX REFUNDS - A 20 LITRE CONTAINER OF FUEL INCLUDES \$13.20 EXCISE DUTY

All petrol sold in New Zealand includes an amount of tax known as excise duty. Currently the amount included in the price of petrol is \$0.66 a litre excluding GST. Or \$0.76 including GST. The excise duty is used to help fund the costs of the road network.

However when petrol is used by a business (think farming, fishing, orchards, vineyards, forests, contractors, sports clubs, schools, arborists etc) to operate vehicles and/or machinery off a public road, the excise duty can be claimed back.

There are now several businesses set up to do this and we now recommend that you use one of these businesses to process your claim if you don't want to submit the claims yourself.

A summary of the businesses we are aware of and the fees they charge is as follows:

Name	Website	Initial/Setup Fee*	Ongoing Charge
Catalyst/Fuel Refunds	www.fuelrefunds.co.nz	\$149	17.5% if a fuel partner (Allied, Farmlands, Rural Fuel); or 19.5%
Fuel Tax Back	www.fueltaxback.co.nz	\$299	17.5% over 250 litres; 17.5% + \$30 under 250 litres
Fuel Rebates Ltd	www.fuelrebates.co.nz	\$399	15%
NZ Petrol Refunds	www.nzpetrolrefunds.co.nz	\$379	15%

*Check with the Company whether the initial set up fees includes the processing of your first return which covers the last two years fuel supply. We were uncertain when checking some of the websites.

The table below sets out the amount of excise duty (GST exclusive) you will be entitled to be refunded (before fees) for various levels of off road petrol consumption:

Off Road Usage

Weekly		Monthly		Quarterly		Annually	
Litres	Refund	Litres	Refund	Litres	Refund	Litres	Refund
10	\$6.60	45	\$29.70	130	\$85.80	520	\$343.20
20	\$13.20	90	\$59.40	260	\$171.60	1,040	\$686.40
30	\$19.80	130	\$85.80	390	\$257.40	1,560	\$1,029.60
50	\$33.00	215	\$141.90	650	\$429.00	2,600	\$1,716.00



LONG AND THE SHORT OF IT!

As the coffin was being lowered into the ground
at a Parking Meter Officer's funeral
a voice from inside screams:
"I'm not dead, I'm not dead, let me out!"
The Vicar smiles, leans forward, sucking
air through his teeth and mutters,
"Too late mate, the paperwork's already done."



Behind every successful man is his woman. Behind the
fall of a successful man is usually another woman.

War does not determine who is right – only who is left!

Nostalgia isn't what it used to be. Nor is there any future in it!

A clear conscience is the sign of a bad memory

AND

If I agreed with you, we'd both be wrong.

