



JUNE 2018

SNIPPETS

BEST START TAX CREDIT

Best Start is a new weekly payment of \$60 per child (up to \$3,120 per year) available to eligible parents who have a baby due on or after 1 July 2018. Eligible parents can apply through the SmartStart website when they register their baby's birth.

All families can receive this payment until the child turns one year of age, no matter what the household income is. Families with a household income of less than \$79,000 per annum will continue to receive \$60 per week until the child turns three. Those earning above this amount may continue to receive payments at a reduced amount. The upper threshold is \$94,000 (for one child) when Best Start payments stop.

If an employee is on parental leave and they return to work before their child's first birthday, they will still receive Best Start payments until their child turns one. For those eligible to receive Paid Parental Leave, Best Start payments will begin once paid parental leave finishes. If the child is cared for under a shared care arrangement, the amount the primary caregiver receives will be apportioned according to their arrangement.

CHANGES TO PAID PARENTAL LEAVE

Paid Parental Leave extends from 18 weeks up to a maximum of 22 weeks for parents with babies born or expected on or after 1 July or children under the age of 6 years coming into their care on or after 1 July 2018.

'Keeping in touch' hours over the 22 weeks are also increasing from 40 hours to 52 hours as from 1 July this year.

Self-employed parents are eligible for Paid Parental Leave under the Parental Leave and Employment Protection Act 1987. Taxpayers who make a loss are entitled to receive payment for 10 hours a week at the minimum adult wage of \$16.50 per hour.

CRYPTOCURRENCY AND TAX

Over the last decade, the use of digital or virtual currencies, known as cryptocurrencies, has grown dramatically in popularity. A single Bitcoin is currently valued at over \$9,000NZD. Some New Zealand retailers have already begun accepting Bitcoin as a form of payment which has led to the Inland Revenue considering the tax treatment of the currency.

For tax purposes, cryptocurrency is treated as property, which means that foreign currency gain or loss provisions do not apply. However, if a New Zealand business accepts cryptocurrency as a form of payment, the amount is treated as taxable business income based on the value of the cryptocurrency at the time it is received.

Any gain on the sale of cryptocurrency is assessed by considering the original purpose for acquiring the currency. If the currency was acquired with the purpose of disposal, any proceeds made from selling the currency are taxable. IRD considers the nature of cryptocurrency means it is unlikely that a person would acquire it without the intention to sell or exchange it, meaning the majority of gains made on disposals would give rise to a tax liability.



If you invest or trade in cryptocurrencies, be sure to keep an eye out for further developments as the Inland Revenue refines its tax treatment of this.

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SWIFT ACCEPTANCE OF A HEATED RESIGNATION CAN AMOUNT TO UNJUSTIFIED DISMISSAL



The Employment Relations Authority recently found an employer to have unjustifiably dismissed an employee by swiftly accepting an employee's resignation which had been sent by email using inflammatory language. The relationship between employer and the employee had become strained and in the midst of the employee's frustration he sent an emotional email to his employer saying he would like to finish his employment by the end of the day!

The employer responded to the email within an hour communicating an acceptance of the employee's resignation on the basis that it was without notice.

The Authority considered that the employer's acceptance of the resignation so quickly appeared opportunistic in all the circumstances and further enquiry by the employer as to whether or not the employee really intended to resign should have been made. Thus the prompt acceptance of the resignation amounted to an unjustified dismissal.

Comment:

It can be difficult to tell the intentions of the parties involved when words are expressed in the heat of the moment at a time of high emotion. The duty of good faith under S4 of the Employment Relations Act requires both parties to the employment relationship to be responsive, constructive and communicative. Therefore, an immediate acceptance of such a resignation risks not complying with that obligation and a suitable "cooling-off period" with further investigation into any "hasty" resignation would be best practice.

KEY MESSAGES FOR EMPLOYERS

With payroll and IRD reporting compliance mooted to be changing in the future, it is timely to consider that it is the employer's legal duty to make sure their employee's holiday and leave entitlements as set out in the Holidays Act 2003 – along with payments for these entitlements – are correct.

Employers are free to choose employees' work days or hours, consistent with the law, that best suit their business. However, employers should also recognise that complicated pay and/or variable or unpredictable work arrangements are likely to increase time and compliance cost by requiring individual judgements to be made on the specifics for each employee such as:

- Agreeing on what genuinely constitutes a working week for annual leave purposes

- Determining what is an otherwise working day when a day in lieu is used as a holiday.
- Determining what portion of annual leave is already taken when holidays are requested
- Calculating relevant daily pay for sick leave.

Certain situations will also require contractual agreements with the employee which vary greatly from the "norm" and therefore taking a "set and forget" or a "one size fits all" approach to payroll carries a high risk of non-compliance.

Payroll software can make managing employees' holiday and leave provisions easier but there are also limits to what any payroll software can achieve – in many circumstances, judgement calls must be made by the employer and input into the payroll system each time holidays and other leave are taken.

Missing data, inaccurate entries, and repeated changes in an employee's working patterns and wrongly configured payroll systems can all contribute to providing incorrect information leading to not giving an employee the correct holiday entitlement and pay. Graham & Dobson wages/HR section can be of assistance if you have any queries.

INTEREST-FREE ADVANCES TO ASSIST WITH HOME INSULATION

A major bank has recently announced a \$100 million initiative which will give home loan customers access to interest-free advances to help insulate their houses.

The ANZ loans, available from this month to home loan customers, will be repayable over a maximum of four years for a maximum of \$5,000 per house for up to two houses. A \$5,000 interest-free home insulation loan would cost a homeowner approximately \$100 per month to pay off over 48 months.



The insulation deal will be available to home owners and landlords who use registered builders and certified insulation installers. Previously introduced rules requiring rentals to have certain insulation installed by mid-2019 have recently been beefed up by the current Government with the Healthy Homes Law, which made changes to ensure that all rentals meet minimum heating and insulation standards.

Comment:

The "ballpark" estimate for insulating a 100 square metre home is between \$3,500 and \$5,900, according to the insulation calculator on Expol – www.expol.co.nz. Check it out.

COMPANIES OFFICE WEBSITE ACCESS

In a move to strengthen the security of its websites, the Ministry of Business, Innovation and Employment (MBIE) has changed the configuration of the Companies Office website. From 7th June, access to the website was blocked for older versions of web browsers, so to continue, users must upgrade their browsers to the latest version or update the configuration in your browser to enable TLS1.2.

WELLBEING IN THE WORKPLACE

A recent survey by AON suggested that promoting good health and wellness within the workplace should be a goal of all employers with 96% of employer respondents recognising a connection between health and work performance. Perhaps one of the most popular trends already seeing widespread adoption is the introduction of standing desks as, for office based employees, the majority of the day spent sitting at a desk results in lengthy periods of sedentary activity which can be detrimental to an employee’s health. Thus standing desks ease this effect by reducing the amount of time a person is sitting down.

It has been estimated that we should eat approximately a third of our day’s food at work. Therefore, employers in many industries, such as forestry, have been aware for some time that nutrition is a key component in the fostering of safe workplace behaviour of their employees. In many cases as part of tailgate health & safety meetings, a qualified nutritionist gives healthy eating advice to workers on site, some companies even going so far as to provide substantial ‘breakfast’ tuckboxes.

Not many New Zealand enterprises would go for the more quirky initiatives such as implementing an “on the hour flash walk”. This “flash walk” has been said to generate collective positive energy, as well as providing a break for sustained periods of sitting. Additional physical and psychological benefits are thought to contribute to decreased healthcare costs for employers in the long run.

Any suggestion of sleeping on the job would also be hard to sell to most employers. However, tech giants like Google and Uber are paving the way for workplace naps,

introducing in-company sleep pods and resting rooms. Why? Because studies have proven that even a 20 minute power nap can reduce stress and greatly improve productivity. For companies that are not sold on the idea of employees napping at work, investing in sleep education programmes could be a beneficial alternative to combatting the decrease in safety and productivity caused by sleep deprivation.



TOWN AND AROUND



As part of our sponsorship of the Gisborne East Coast Hill Country Farmer of the Year competition, Graham & Dobson cater the BBQ meat at each year’s event. David Quinn, June Hall and Kaye Cockburn from our staff, captured by Rebecca Williams’ photo, take a short break from the grill.

Livestock Valuation – National Average Market (Herd) Values 2015 - 2018

Type	Class	2015	2016	2017	2018	\$ Change	% Change
Sheep	Ewe Hoggets	88	92	109	123	14	12.8%
	Ram & Wether Hoggets	83	84	103	119	16	15.5%
	2th Ewes	126	133	150	179	29	19.3%
	M/A Ewes	113	117	131	160	29	22.1%
	5 & 6yr Ewes	90	96	110	142	32	29.1%
	M/A Wethers	73	68	86	109	23	26.7%
	Breeding Rams	253	304	349	289	-60	-17.2%
Beef Cattle	Rising 1yr Heifers	607	726	824	735	-89	-10.8%
	Rising 2yr Heifers	940	1079	1171	1137	-34	-2.9%
	M/A Cows	1171	1273	1431	1497	66	4.6%
	Rising 1yr Steers	706	842	986	922	-64	-6.5%
	Rising 2yr Steers	1104	1229	1325	1283	-42	-3.2%
	Rising 3yr Steers	1376	1468	1614	1608	-6	-0.4%
	Breeding bulls	2,293	2,571	3,095	3,004	-91	-2.9%
Red Deer	Rising 1yr Hinds	169	223	303	380	77	25.4%
	Rising 2yr Hinds	333	397	473	511	38	8.0%
	M/A Hinds	375	438	526	572	46	8.7%
	Rising 1yr stags	215	263	343	396	53	15.5%
	Rising 2yr stags	434	543	595	627	32	5.4%
	Breeding stags	1478	1775	1861	2055	194	10.4%

Seeing Eye To Eye!



Two friends are walking their dogs – a Dalmatian and a Chihuahua – when they smell something delicious coming from a nearby cafe.

The guy with the Dalmatian says “Let’s get something to eat from here.”

The guy with the Chihuahua observes “We can’t go in there, dogs are not allowed.”

“Just follow my lead”, says the first guy as he dons a pairs of sunglasses and walks into the restaurant.

“Sorry”, says the owner, “no pets allowed.”

The guy with the Dalmatian protests “But this is my seeing-eye dog, they are using them now”.

The owner says “Oh, OK then” and lets him in.

The guy with the Chihuahua, puts on his dark glasses to repeat the process and gets the same response from the cafe owner: “Sorry pal, no pets allowed.”

“But this is my seeing-eye dog” says the second guy.

“A Chihuahua?” asks the incredulous owner.

“A Chihuahua!!” says the guy. “They gave me a Chihuahua!”