



## DECEMBER 2021

**The Principals and Staff of Graham & Dobson thank you for your continued support during 2021.**

**We wish you a holiday filled with fun and laughter with family and friends. Here's to a bright New Year and farewell to 2021.**

**The offices of Graham & Dobson will be closed from 4.00pm on Thursday, 23 December and will re-open on Monday, 10 January 2022 at 8.30am.**

### SNIPPETS

#### CHALLENGES AND OPPORTUNITIES IN A TURBULENT JOB MARKET

Almost two years into a global health crisis not many could have imagined a fading connection to the workplace would result in a surge in resignations in many countries. With record numbers of employees reported to be resigning during 2021 in countries like the USA and Britain, recent trends suggest New Zealand may be heading down a similar path. Several factors are at play in this turbulent job market.

Firstly, as the economy 'works' its way out of the pandemic with labour shortages impacting on many industries, employees believe they are now in the driver's seat when negotiating their working conditions. The Government has also instituted a raft of employment law changes designed to uphold enhanced minimum terms and conditions of employment such as 10 days sick leave entitlement.

Hence expectations are motivating negotiations for better pay and perks to achieve financial security while also seeking better work life balance to prioritise family. Workplaces that fail to identify the changing landscape of employee expectations risk facing high employee turnover. Resignations and higher turnover have a direct impact on productivity and retention of staff will be about offering opportunities for training and flexibility between work and personal life and interests.

#### STATUTORY RECORDS FOR COMPANY CLIENTS MOVING TO A CLOUD-BASED SYSTEM

If your business operates through a company structure and Graham & Dobson are responsible for maintaining the statutory records for your company, we are in the process of changing the way we keep these records to an online cloud-based system. This cloud-based programme is owned by CCH, a company that we have been dealing with for over 50 years. CCH provide technical support services and advice to lawyers and accountants.

One change you will notice going forward is you will receive an email from Graham & Dobson once a year prior to us filing the company annual return with the Companies Office. The email requests you to open a link and view the company extract to check that the company director, shareholder information and addresses showing on the Companies Office website are current and correct.

Importantly, this email is genuine! Click on the link and check the information in the company extract. If it is all correct no further action is required. If something is incorrect contact the person at Graham & Dobson who is named in the email.

If you have any questions or concerns about any email we have sent you, please phone us first to check it is genuine before proceeding to open any link.



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## IS YOUR FARMING BUSINESS PREPARED FOR POSITIVE COVID 19 ON FARM SCENARIO?

It is becoming relevant to have a plan to ensure your farm business can continue to operate if you, an employee, or family member, contracts COVID-19. Under Ministry of Health COVID isolation directions, you may be required to leave the farm quickly. However, there is a contingency plan available on [beeflambnz.com](http://beeflambnz.com) to assist you in collating a detailed checklist unique to your property of the immediate requirements to continue operations on the farm.

The checklist covers three sections:

- About the farm: who does what.
- Systems: irrigation how to, stock movements.
- Communications: could the management of the farm be handled via laptop or smartphone.

Yes, it is yet another document to be formulated. However, making sure staff are aware of the risks and the consequences around COVID-19 in the workplace, are key management considerations to cover what would happen in the situation that a COVID-19 positive case or close contact be located at your farm. In that case the completed checklist would assist the Ministry of Health in deciding the best place for you and those around you to isolate and having the right information could help you or your staff stay on the farm.

## AMAZING COVID REWARDS

As the world moves to a vaccine-based approach to managing COVID-19, there have been some interesting incentives to boost vaccination rates.

Across New Zealand, organisations including KFC, New Zealand Rugby and local burger and kebab outlets, have got onboard by giving away freebies to vaccinated individuals. However, Amazon's incentives top these freebies after they gave away 19 prizes including cars and \$100,000 pay-outs in an employee sweepstake worth nearly \$2m.

Some countries are going all out in a bid to get their population vaccinated.

Across the ditch, fully vaccinated Australians have the chance to win one of eight prize packs from Qantas, consisting of a year's worth of free flights, hotel stays, and fuel valued at \$85,450 each. In the USA, Minnesota has given



vaccinated teenagers the opportunity to win a \$100,000 college scholarship; New York City offers either \$100 or a free attraction ticket and Washington is offering teenagers Air-Pods to boost vaccination rates. Incentives for vaccinated individuals differ from country to country from a local Japanese Government offering a car as a prize and a Hong Kong property developer raffling off an apartment worth \$1.4m, to Romanians receiving a barbecued sausage and a Philippine town raffling off a cow.

## CHANGING EMPLOYMENT TERMS AND CONDITIONS (INCLUDING JOB DESCRIPTIONS)

Requirements within your business can change during COVID-19. However, regular employment law still applies to all employment relationships, regardless of the circumstances that employers and employees find themselves in. This includes:

- Having a written signed employment agreement for every employee and doing what that agreement requires.
- Keeping each written employment agreement up to date, including documenting any changes that affect rates of pay or hours worked.
- Meeting legislative and any relevant contractual requirements for changing employment arrangements.
- Complying with all minimum standards, legislation and the Employment Relations Act 2000.
- Acting in good faith which includes three important elements:
  - The parties must not act in a misleading or deceptive way.
  - The parties must be responsive, informative, and communicative in all circumstances.
  - The employer must provide sufficient information on changes affecting an employee's employment status and an opportunity for the affected employee to comment.

However, good faith is also wider than the above. It is more than just following the letter of the law. Rather, it is treating others fairly and using common sense.

During the COVID-19 response period, there may have been circumstances where consultation on changes would reasonably have been shortened if genuine rapid workplace adjustments to employment terms and conditions needed to be made. Under the COVID-19 Protection Framework now in force, normal good faith processes should be followed.

Therefore, if you as an employer want to vary an employee's current working arrangements, any changes need to be consulted on, and agreed to, by both you and the employee. Those agreed variations to the employment agreement must be recorded in writing even if the changes are temporary.

## IRD EMPLOYMENT INFORMATION CHANGES

If an employee is not included in your Employment Information and they have no cease date, or if they continually show as having nil earnings, the relationship will cease after three months. This will improve the accuracy of employee data, which is particularly important for the likes of compulsory child support deductions.

If the ceased employee is still employed but inactive (ie a seasonal worker or someone on extended ACC), you can update the automated cease date to the correct future date if known. You need to do so within 30 days of the employment cease date for the employee to remain active.

If the ceased employee appears in your Employment Information again 30 days or more after the cease date, the employee will be treated as a re-hired employee and a new employee/employer relationship will be created. There may be some implications for KiwiSaver, particularly for those who have previously opted out and wish to remain that way.

You will need to have a discussion with the employee. If they still wish to opt out of KiwiSaver you will need to resupply the KiwiSaver opt out request form. If the IRD do not receive an opt out form for the employee, they may contact the employee directly regarding their KiwiSaver contributions.

For employees who have previously made contributions to KiwiSaver, and continue to make contributions, no further details will be required.

If you use payroll software, you should check with your provider how best to report employee details for returning employees as they may have developed a specific process.

### **ROAD USER CHARGES (RUC) PAYMENTS MADE EASIER**

Waka Kotahi NZ Transport Agency has updated its system for payments as follows:

- Online – you are now able to buy six RUC licences at one time.
- Over the counter at a RUC agent.

You can set up direct debits for RUC licences purchased:

- By phone: 0800 00 28 28.
- By fax: 06 953 6406.
- By direct connects – mostly commercial transport operators.

A credit application will need to be completed. This is not available for agent purchases. Credit application forms to purchase RUC over the phone or by fax are available on 0800 00 28 28, or fax 06 953 6404.

### **WHERE IS THIS GOING?**

Late last year, legislation was introduced by the Government that increased the top personal marginal tax rate to 39% on income over \$180,000 from the start of the 2021/2022 income year. Three other changes were included in that legislation. It introduced:

- New information gathering powers for the purpose of tax policy development.
- A new requirement for most trusts that derive assessable income to prepare financial statements.
- Increases the information that trusts must disclose as part of the income tax return filing process.

This legislation was enacted under urgency and did not go through the usual consultation process. At the time, the Government signalled that if trusts are being used for the sole purpose of paying a lower tax rate “we will move on it”.

Fast forward one year and three things have happened. Firstly, Inland Revenue has initiated a research project in

which it is examining the lives of 400 New Zealand taxpayers’ worth in excess of \$20m to estimate their effective tax rate on economic income (which is broader than taxable income).

A range of information is being demanded under the new legislation referred to above, with requests separated into three tranches due in November 2021, January 2022 and May 2022, each delving further into the lives of these taxpayers to enable Inland Revenue to measure the “household’s” total income. The results of Inland Revenue’s research project will be released in an anonymous form in mid-2023.

Secondly, in October Inland Revenue released an Officials Issues Paper seeking feedback on what level of detail should be required within a trust’s financial statements pursuant to a future Order in Council. A draft Operational Statement was also released by Inland Revenue on the same day which proposes how the new information gathering powers will apply to trusts. Based on the draft Statement, the following types of information will need to be submitted each year:

- a statement of profit or loss and a statement of financial position;
- details of taxable and non-taxable distributions and who they have been paid to; and
- the nature and value of any settlements onto a trust, and who a settlement has been made by.

The third element to factor into this picture is that the increase in information to be provided is occurring at a time when Inland Revenue has implemented a new IT system that provides them with an unprecedented ability to analyse and manipulate data.

As the new information that is being gathered is analysed, it might reveal a segment of income being used for the necessities and luxuries of life that have not been taxed; which could open the door for a generational change to the basis on which income tax is levied.

### **DID YOU KNOW?**

When certain highly expensive pieces of jewellery are sold to buyers in different countries (eg a \$300,000 watch), often the company selling the watch will send someone to wear it on the plane over to said buyer’s country, since to import it would cost them a lot in taxes, but to pay for someone to wear it as their own watch costs significantly less.





## THE EARLY BIRD GETS A BARGAIN

It was just before Christmas and the magistrate was in a happy mood.

He asked the prisoner who was in the dock, “What are you charged with?”

The prisoner replied, “Doing my Christmas shopping too early.”

“That's no crime”, said the magistrate. “Just how early were you doing this shopping?”

“Before the shop opened”, answered the prisoner.

