



DECEMBER 2016

The Principals and Staff of Graham & Dobson thank you for your continued support during 2016. We wish you a safe, happy and relaxing festive season.

The offices of Graham & Dobson will be closed from 4.00pm on Friday, 23 December and will reopen on Wednesday, 11 January 2017 at 8.00am.

SNIPPETS

EMPLOYING STAFF OVER THE HOLIDAY PERIOD

FOOD AND ACCOMMODATION IN EXCHANGE FOR WORKING

If you intend to have people working for you over the Summer in exchange for food and accommodation you need to be aware that providing such 'gain or rewards' has tax implications. Although working in exchange for food and/or accommodation may be called 'volunteer work', food and accommodation for work is a 'gain or reward' benefit so receiving either or both of these means the person is in paid employment.

Therefore you will need to:

-)] Register as an employer (unless previously registered)
-)] Check if your potential employee has a work permit – only citizens and permanent residents of New Zealand and Australia may work in this country without one.
-)] Have the employee complete an IR330
-)] Work out the market value of accommodation and/or food provided
-)] Deduct PAYE from the gross amount
-)] Keep appropriate records of employee income and deductions
-)] Pay your employees' deductions to the IRD, along with your employer returns, on the due date.

*Merry
Christmas*

FULL TIME STUDENTS WITH STUDENT LOANS

If full time students contemplating employment think they will earn under the annual repayment threshold (\$19,084 for the 2017 tax year), they may be able to get an exemption from making student loan repayments on the salary or wages paid to them. Application for an exemption certificate can be made through their myIR Secure Online Services Account. A copy of this exemption certificate must be given to each Employer.

KIWISAVER FOR TEMPORARY EMPLOYEES

Employers are not required to enroll temporary employees in Kiwisaver. Temporary employees are those employed for 28 days or less, or are employed to work 'as and when' required without a specific end date for 28 days or less. However, if an employee is already a member and gives you a 'KS2 Kiwisaver Deduction' Form you must deduct Kiwisaver and pay the compulsory 3% Employer Contributions

CASUAL EMPLOYEES

A casual employee is defined as an employee employed on an 'as and when required' basis for one or more, usually short term, engagements to help out when things get busy or to fill in for a sick employee. There can be no expectation of ongoing employment or re-deployment. If an employee is part of a roster on a long term basis or, for example, works every Monday, the employee is not a casual employee and will instead be a permanent employee working on a part time basis.



As a final point, all employees are required to have a written employment regardless of the type of employment relationship in existence.

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PAYING STAFF OVER THE HOLIDAYS

When there is a public holiday on a day your employee usually works, they are entitled to a paid day off – no matter how long they have worked for you. This applies to casual or temporary employees currently working on 'as required' employment agreements.

Employers can only require employees to work a public holiday if this is written in their employment agreements. If your employee agrees to work on a public holiday you must:

- Pay the employee time and half for all the time worked
- Allow them to have another paid day off later

DAYS IN LIEU

An employee is entitled to a full day off in lieu for working a public holiday – no matter how many hours they worked that day. Employees do not get a day in lieu if:

-) They only ever work public holidays
-) They would not normally have worked that day
-) They were on call but did not work – the general rule being that this is only provided being on call did not stop them doing what they wanted with their day.

Comment:

It is recommended your business' circumstances around working public holidays and days in lieu be recorded in an Employment Agreement.

MONDAYISATION

When a public holiday falls on a Saturday or Sunday, employees who do not normally work then get the following Monday or in this case Tuesday! as their paid public holiday – this is called Mondayisation.

The public holidays for the upcoming 2016/2017 break are as follows:

Christmas Day	Sunday, 25 December 2016 - Observed Tuesday, 27 December
Boxing Day	Monday, 26 December 2016 - Observed that day
New Year's Day	Sunday, 1 January 2017 - Observed Tuesday, 3 January
Day After NY	Monday, 2 January 2017 - Observed that day

IS YOUR BUSINESS CYBER SAFE?

Technology and change is prevalent across all areas, right through from the supply chain to the customer – complex computer cloud based systems allow all areas of an organisation to be truly digital.



competitors.

Although this can have many benefits, an increased digital presence, combined with the expansion of mobile technology, is exposing businesses to risks, particularly where there has been the rapid introduction of new technologies to keep pace with

Whilst organisations are aware of cyber security and privacy threats, a recent survey found that New Zealand businesses' investment in cyber security measures are lagging behind that of comparable economies. Just 20.5% of Kiwi businesses surveyed have aligned cyber security spending with business revenue, compared to an overwhelming 63% of global business enterprises.

South Korea, the EU, Hong Kong and Singapore have all introduced comprehensive new data protection regulations. By comparison, New Zealand has a lack of mandatory reporting obligations for data breaches, which means our businesses may be unprepared to operate in global markets. Although security measures and policies are not currently compulsory here, companies looking to expand cannot afford to neglect the issue and it is of paramount importance that thought is given to implementing IT security strategies; a security failure could result in catastrophic damage to the business on a reputational level which severely damages customer relationships.

In the event of a data breach, the business is no longer seen as a victim, but rather as an organisation who has not taken sufficient care over data provided to them.

It is therefore recommended that businesses increase their investment into more advanced tools for the detection of potential cyber attacks and put in place policies to swiftly respond to any security breach.

Some simple tips to avoid potential damage are:

-) **Limit your exposure to malware by not operating your system as an administrator. Operating as an administrator allows every programme you run to have unlimited access to your computer!**
-) **Update your software, patches and updates as soon as they come out – and not just Windows but all third party products. The quicker you can apply patches following their release, the less likely you will be exposed to hackers**
-) **Remove software that you don't need**
-) **Install a reputable anti-malware solution and use its advanced features properly installed and configured**
-) **Backup your system – the ultimate protection against a malware infection is your ability to completely restore your system from a backup. As a rule of thumb, data should not be considered backed up until there are three copies, two of which are backups of the first, and one of those backups must be off-site.**

FARMHOUSE EXPENSES

The Inland Revenue have long permitted a straightforward concession allowing a flat 25% deduction for farmhouse expenses, as well as 100% deductions for interest and rates. The concession is not legislated and dates back to the 1960s, when farm ownership and operating structures were generally less complicated than they are today.



However, the IRD has recently announced that the concession is to be withdrawn from the start of the 2017-18 year. It will be replaced by a new approach that is intended to more accurately capture the business versus private costs relating to maintaining the farmhouse.

Under the proposed methodology, farming businesses will generally need to apportion farmhouse expenses between business and private use on a just and reasonable basis – time and space will generally be the appropriate method, consistent with other type of businesses.

Where expenses are incurred on the farm as a whole, the farmhouse expenses will first need to be determined based on the cost of the farmhouse (including curtilage and improvements) relative to the cost of the farm, before the apportionment between private and business use of the farmhouse is calculated.

The IRD have however recognised that there will be occasions where this will be impractical to calculate. They have addressed this by proposing that, where the cost of the farmhouse is less than 20% of the total cost of the farm, farmers can follow an alternative method by deducting 15% of all farmhouse expenses, as well as continuing to claim 100% of the interest costs relating to the farmhouse.

This should make the compliance and record keeping process more straightforward for these entities.

STAFF INDUCTIONS

- UNDER-RATED AND UNDERUTILISED

When hiring any new employee, most businesses want that new staff member to 'hit the ground running' and more often than not, due to work demands, the induction process is ad hoc, under-rated and underprepared. With an inadequate induction comes the risk that the new employee is not thoroughly informed about all responsibilities of the role and how things are done within the business, including crucial health and safety procedures.

Sadly, some businesses are prepared to spend significant time, energy and recruitment fees finding the right person, but little time ensuring that this person is

assisted to succeed in their role by using one of the most cost effective methods of employment management available.

Undertaking a robust induction process can be a means of avoiding performance related issues or behaviour conduct later on, as often these issues could have been addressed earlier if expectations had been clearly established at the outset of the employment relationship. Induction does not have to be a formal process – however, if it is carried out it does need to be properly planned and consistently delivered to ensure that all new employees receive the same information and are treated fairly. Considering what needs to be documented to deliver a consistent message regarding the business' guidelines, policies and procedures may bring to light the fact that some protocols are taken for granted - that staff 'just know'! If there are protocols that are specific and important to your business, be it defining appropriate social media use at work or adhering to the dress code, they need to be formally communicated. Key matters to include in an induction checklist would be:

-) An introduction to the business and its organisational structure
-) Depending on the size of business, the physical layout of the premises/site
-) Health and safety policies and procedures
-) The business' rules/guidelines and procedures
-) Relevant people policies, such as wages payment and training delivery
-) Employee benefits and facilities
-) Arrangements for your new employee's involvement in their team/area.

The formalities can be completed in one day but since induction is your opportunity to set out clear parameters and requirements it is worthwhile to have 'check-ins' over a couple of months while the employee is getting established in their role. These do not need to be in-depth sessions but they establish a relationship of communication and are invaluable in establishing what is going well, or not well and therefore what support might be needed.



Newsletters are available by e-mail - please go to our website www.grahamdobson.co.nz click on the "Our latest newsletter: view or subscribe" icon and complete the registration screen.

A Thoughtful Christmas Gift



Jim asked his friend, Tony, whether he had bought his wife anything for Christmas.

'Yes,' came the answer from Tony who was a bit of a chauvinist, 'I've bought her a belt and a bag.'

'That was very kind of you,' Jim added, 'I hope she appreciated the thought.'

Tony smiled as he replied, 'So do I, and hopefully the vacuum cleaner will work better now.'

