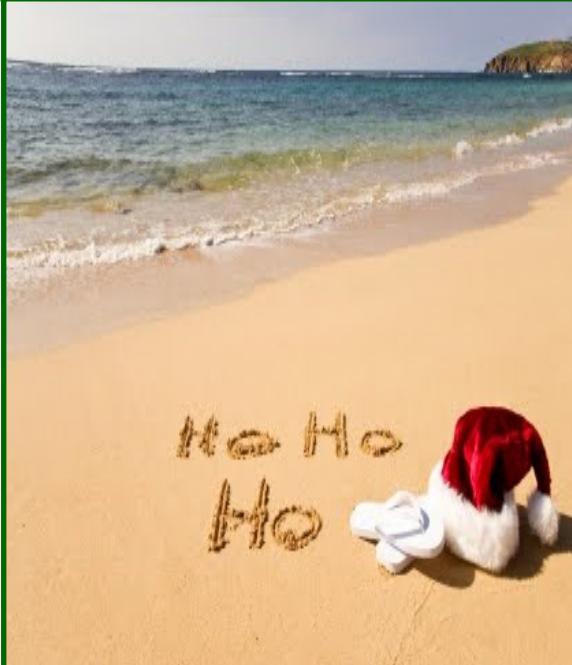


## SPRING SUMMER NEWSLETTER 2017

**With the election finally behind us and the days becoming longer and warmer its time to check out some of the news and comments that have circulating**

*Blackburne Group*



Blackburne Group LP closes for the summer holidays on the 22nd of December at 2pm and reopens on Thursday the 11th of January 2018 at 8.00am.

### AIRBNB—Usually a tax case on its own

If you use Airbnb to provide short-term accommodation in your house in which you also live, the IRD's "mixed-use asset (holiday home)" rules don't apply and guests are not classed as boarders. Except when you list a whole house which is vacant for 62 days each year, mixed-use asset rules do apply and calculations differ from those for homes where the hosts also live.

### CLAIMABLE EXPENSES

Anything you spend as an Airbnb service provider may be claimed as an expense. For shared expenses, like power and Internet, claims need to be fair and reasonable.

You can claim some home utilities, rates, insurance, and interest – and all food and other consumables that guests use. You can also claim depreciation on chattels and appliances used by guests only. You can claim some depreciation on other shared chattels and appliances, like claiming a portion of utilities.

If you spend money to keep your property attractive for guests, you can claim some of those costs.

You'll have to apportion expenses and, to do that, you need to know:

- The floor area used exclusively by Airbnb guests (say, 25m<sup>2</sup>)
- The shared area used by you and Airbnb guests (say, 90m<sup>2</sup>)
- Total of guests plus you and your family

Your apportionment calculation then is:

Guest floor area + (total shared floor area x [one divided by total guests plus family] x percentage of year you have guests). Then you divide that product by total floor area, and the resulting figure is the apportionment percentage you use for expenses.

If your room or home was unavailable for part of the year, your calculations must reflect that.

Unlike residential rent, GST applies to Airbnb. You must register for and file GST if your turnover is \$60,000 or more in the past 12 months, or will be \$60,000 or more in the next 12 months.

There's a lot to this, so we recommend that you get professional advice.

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## MUST I PAY TAX ON HOLIDAY HOME INCOME?

### THAT DEPENDS

If you rent out your holiday home sometimes, you may have to pay tax on that income.

The IRD says you have a “mixed-use” holiday home if, during the tax year, you use it for:

- Private use, and
- Income-earning use, and
- It’s unoccupied for 62 days or more.

It is still private use if you receive rent from family members, or from non-family members who pay less than 80 percent of market rates. The property becomes “income-earning” if you get rent from non-family members at 80 percent or more of market rates.

You can keep the property outside the tax system if it’s privately owned, and your income-earning revenue is less than \$4000 a year. But then you can’t claim any of your related expenses. You can also remain outside the tax system if you make a loss, and your gross income from income-earning use is less than two percent of the property’s rateable value.

If an expense relates to income-earning use and private use, you need to apportion it using this formula:

$$\frac{\text{Expenses} \times \text{income-earning days}}{\text{Income earning days} + \text{private use days}}$$

If you make a loss from your mixed-use holiday home, and your gross income from income-earning use is less than two percent of the rateable value, you can’t claim the loss in the current year. You must carry it forward to offset against income from your holiday home in a future tax year.

## better control coming over hazardous substances

Fifty years ago, farmers and others sprayed toxic chemicals onto weeds in blissful ignorance of the need for Personal Protective Equipment.

How things have changed! Today, regulations govern the handling and use of all hazardous substances. And, like many other safety matters, those regulations are being constantly reviewed.

If work brings you or your staff into contact with hazardous substances, from 1 December you’ll have to follow the new hazardous substance rules under the Health and Safety at Work Act. The Environmental Protection Authority (EPA) will also have a new enforcement responsibility in relation to importers and manufacturers.

### WHAT YOU WILL NEED TO DO DIFFERENTLY

You will still work with the EPA to apply for new hazardous substances approvals. The EPA will still manage applications for new approvals – whether for new substances, or for particular persons – but the safety rules move from the EPA into the Health and Safety at Work Act that will be implemented by WorkSafe.

WorkSafe will then decide if the requirements in the HSW HS regulations will manage the risks to people in workplaces.

Under the new regulations, fewer substances will require certified handlers. However, handlers will get more training, better information and be subject to more robust competency requirements.

### ***Disclaimer***

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.

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#### **Why test for alcohol & drugs?**

- Ensure a safe workplace and employees are not exposed to risk
- Comply with industry standards
- Reduce the risk of an impaired performance.

#### **Who can you test?**

- Employees, job candidates and contractors if it is a condition of their appointment and in the employment agreement or workplace policies.
- Employees & contractors in “safety sensitive roles”

Drug testing may be reasonably done to protect the safety of employees or the general public. E.g. If the employees work directly impacts the safety of others (other employees or the public)

#### **Grounds for testing**

- Pre-employment or engaging contractor and prior internal transfer
- Testing as required by clients, customers and regulatory bodies
- Reasonable cause to suspect
- Post accident/incident or near-miss
- Random testing

#### **Pre-employment and prior-transfer**

- Advertise need for alcohol and drug testing
- Best practice to wait until test results completed before offering employment
- Prior transfer to safety sensitive position.

If you test for drug and alcohol without reasonable cause, even a positive test will not be enough for you to take action.

#### **Your policy for testing should include**

- Grounds for alcohol and drug testing
- Who will be subject to testing
- Process for alcohol and drug testing
- Cut-off levels for alcohol and (NZTA or agreed level between zero and NZTA) and drugs (Joint Australian/NZ Standard)
- Process for rehabilitation including EAP referral
- Disciplinary process for serious misconduct