

Winter Newsletter - July 2021



Bright-line test changes

Extension of the bright-line test to 10 years

The bright-line test means if you sell a residential property within a set period after acquiring it you will be required to pay income tax on any profit made through an increase in property value.

Generally, the bright-line property rule does not apply to properties acquired before 1 October 2015, your main home, inherited property, or if you're the executor or administrator of a deceased estate.

If you sell a residential property you have owned for less than 10 years you may have to pay income tax. It also applies to New Zealand tax residents who buy overseas residential properties.



The bright-line property rule

The bright-line property rule looks at whether the property was acquired:

- ⇒ on or after 27 March 2021, and sold within a 10-year period
- ⇒ between 29 March 2018 and 26 March 2021, and sold within a 5-year period
- ⇒ between 1 October 2015 and 28 March 2018, and sold within a 2-year period

Please note that the government has indicated that new builds will continue to be subject to a 5 year bright-line period.

Before this can be legislated, what is considered a 'new build' is still to be consulted on. The Government intends for the legislation to be retrospective so that new builds acquired on or after 27 March 2021 will continue to be subject to a 5-year bright-line period.

Phone us to discuss if you have any queries.



Residential Rental Property interest changes

The Government intends (still waiting for legislation to be passed) to remove the ability to deduct interest from 1 October 2021 for loans used to acquire residential property (unless it's a newly built property) on or after 27 March 2021. Interest deductions will be allowed for property acquired before 27 March 2021, but will be phased-out over 4 income years.

ACC Changes from Logan

Once your business has been running for more than three years, ACC will have a good picture of what your claims history looks like.

If your business Work levy is \$10,000 or more for three years in a row, you'll be part of the Experience Rating programme. If it's less than \$10,000 your business will be in the No Claims Discount programme.

If you're the majority shareholder of more than one business, ACC will group your businesses together.

The new system measures against a businesses actual claims over 3 years on a weighted average. Basically trying to promote an incentive for businesses to actively reduce claim days. As opposed to the old, where you only had to be slightly less shonkey than the guy down the road to get the discount.

Through the Experience Rating Programme you could get up to 50% off your Work Levy or up to 75% added. Loading increments are in units of 10%



For more information contact

Logan on 07 376 0092, extn 833

Payroll update from Kath 07 376 0092 extn 812 / 027 237 6675

There have been significant changes to legislation in recent months, probably the most important changes are those that affect your bottom line as a business, including payroll expenses.

As from 1st April minimum wage has increased to \$20 per hour

As from 24th July, minimum Sick Leave will increase from 5 to 10 days per year. This will add another 2% onto your payroll expenses. Employees will be entitled to the increase on their anniversary, but the maximum number of days that an employee can accrue will remain at 20 days.

Bereavement Leave will now include the right to take paid time off work in the unfortunate event of a miscarriage or stillbirth. This applies to not only the expectant mother, but also to their partner.

As well as the above changes already in place, there are **proposed** changes, which if passed by the Government, will mean further impact on your Payroll expenses:

New Public Holiday (Matariki) – possibly in 2022, no Bill in Parliament as yet, Bereavement & Domestic Violence Leave from day one of employment commencement, Sick Leave from day one of employment commencement, Parent-Teacher Interview leave of 4 hours per year.

Now may be a good time to consider the implications of the above, both with the new legislation, and also any future changes that will affect you, your employees and your business.

If you'd like to discuss anything payroll related, please feel free to call us for a chat.

If you haven't already registered for the Employment NZ newsletter, or you need any further information on any aspect of your responsibilities as an employer, please go to www.employment.govt.nz.

We've noticed increasing payroll costs over the past 12-18 months. In some cases we've recently seen, these cost increases run into 6 figures. This is affecting your bottom line!

If you'd like us to review your payroll costs contact Craig on 027 556 6675



Payroll



Quad bike maintenance a non-negotiable

Checking tyre pressure on quad bikes should be a fundamental health and safety process, says WorkSafe New Zealand.

Harm resulting from quad bikes continues to be a serious issue in New Zealand. There have been 75 fatalities across the country since 2006. A further 614 people have been seriously injured.

The reminder comes after a fatality on Tui Glen Farms in Wharepungua in the Waikato in January 2020.

An experienced employee was fatally injured when the quad bike they were riding with their dog rolled on a steeply sloping area of the farm. The victim was found pinned underneath the bike.

A WorkSafe investigation found that the quad bike provided to the staff member had incorrectly inflated tyres with significant variations of over-inflation of tyre pressures. It also found that the staff member had not been trained and instructed on how to check and maintain tyre pressure.

This is a timely reminder that all maintenance **must** be undertaken regularly on machines and vehicles and training provided to **all** employees who use the gear! If the employee is not fully trained, then they should not be operating the gear unsupervised.



Handy Xero Support Tip

If you're a user within your xero file, xero provide free assistance via their 'help' icon. The question mark at the top right of the xero dashboard ribbon.

Click on this question mark, then type in the query, hit enter and then click on the appropriate response below that is the most relevant response.

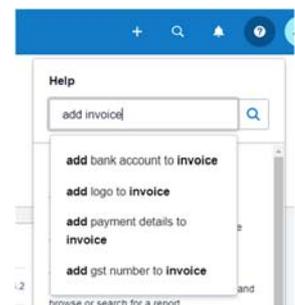
This will then take you to xero central support. Scroll down and look at the various answers provided—hopefully which will answer your query. If it doesn't and you're still stuck—you can at any time click on the bottom of the screen

“Contact Xero Support”



Type your query in here and you'll get a response from xero.

We are here and always happy to assist, but try the xero help as a first step.



We have a new Phone System!

We've updated our phone system and the Taupo team are getting used to using this. To make it easier for you to contact the person you're after, below is a list of the team members names and their phone extension number.

With the demise of the copper lines, we no longer have a fax number.

Taupo Office 07 376 0092

Anita Bron ext 817

Craig Munro ext 807, Mobile: 027 556 6675

Diana Waldrom ext 811

Dru Yerex ext 809

Emma Elmiger ext 813

Joanne Dunn ext 822

Jolene Rodley ext 810

Logan Hammersley ext 833

Mark Blackburne ext 821, Mobile: 021 288 6662

Monica Natta ext 814

Natalie Alexander ext 820

Paula Amrein ext 830

Sarah Barnett ext 800

Sonya Elmiger ext 835, Mobile: 027 373 0910

Payroll

Kath Clarke ext 812, Mobile: 027 237 6675

Whangarei Office 09 974 8800

Kristy Kewene 027 556 6674

Dawn Dent

Yvonne Courtney



 **Be kind**  **Unite against COVID-19**

Covid19 Update

For the latest updates on financial support for businesses visit;

www.business.govt.nz



Craig's Fishing Report

The winter runs are now underway in the Lake Taupo tributaries. The earlier winter runs tend to produce larger rainbow trout compared to fish arriving with the later spring runs. This is evident by the number of trout in the 4lb -6lb range being encountered at the moment, with even a few in the 7-8lb range. These are hard fighting fish, so using a heavier tippet of 8lb is recommended, and even tippet strength of 10lb being required in tight situations to stop fish.

The very low lake level means rivers are clearing quickly after rain, so anglers need a more careful approach than traditionally required at this time of year. Fluorocarbon tippets, keeping indicator size down, and euro nymphing methods are all proving helpful in these conditions.

The Waipa fish trap data for last season showed the general size and condition of trout were at a nearly 20 year peak. Combined with the results we are seeing this winter, the Taupo fishery looks in good shape.



Staff Changes in the Taupo office

We welcome Natalie Alexander to the team as a manager.

Natalie commenced with us during April and comes from an accounting practice in Auckland, but is originally from Hamilton. Natalie will be looking after Nicola's clients during her maternity leave absence.



We farewelled Paul O'Donnell during May and Vicki Rose at the end of June.

We are currently looking for a senior and an intermediate accounting team member, but as you're probably aware in your businesses - there's a shortage of suitable applicants!

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.