

MONEY **END OF YEAR UPDATE**

ISSUE **MATTERS**

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Staff safety at Christmas parties

The Christmas party is a joyous event, but it is also a work-sponsored function, and you have a duty of care to provide to your staff on the night.

When it comes to planning your Christmas work party, it is essential to take all practical steps to prevent any situation where inappropriate conduct can occur. Being a work-related function, you are responsible for the safety and wellbeing of the guests in attendance. You can be held liable if a workplace claim arises from any inappropriate conduct occurring such as sexual harassment, drug use or derogatory comments.

Before the big night consider the following:

Email your staff

Communicate to your staff via an internal email that this is a professional work-related event. If alcohol is being provided, you must clearly identify to employees their health and safety responsibilities in relation to consumption. Remind your staff of their obligation to uphold your business' code of conduct and that standard disciplinary procedures will apply to those individuals who breach the code. Give them clear examples of acceptable and unacceptable behaviour during the celebrations.

Ensure the venue safety

When choosing where you will host your Christmas party, you must make sure the venue has an adequate hazard management system which implements policies and evacuation plans. For instance, the venue must ensure safe service of alcohol and have clear exit signage in case of an emergency. Discuss with the venue provider about their relevant policies before purchasing the venue.

Nominate a supervisor

Whether it is you or a senior staff member, there should be a supervisor monitoring your employees during the party. In this way, the individual can identify and resolve any risks before they have the chance to escalate, such as restricting alcohol to an overly intoxicated employee and sending them home for the night.

Consider after-party risks

If you are supplying alcohol during the event, your employees may be intoxicated at the end of the night, so it is wise to pre-arrange travel arrangements from the Christmas party to ensure they travel home safely, such as a minibus or taxi. Make the start and end time of the Christmas party clear to all attendees and clarify that any 'after-party' events are not employer-endorsed.

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Clearing out your documents for the new year

The holiday period is the perfect time to declutter your documents but avoid throwing out those essentials you need to keep.



Since different rules apply to different documents, the length of time a business needs to retain them depends on what the documents are. The essential rules are as follows:

- Financial records must be kept for seven years after the transactions have been completed
- Tax records must be kept for a minimum of seven years
- Employment records must be kept six years from the date the detail is about
- Documentation of assets must be kept for seven years

There are circumstances where you must keep your documents for more than seven years or even indefinitely. Documents

relating to intellectual property rights like trademarks and copyright must be retained for as long as the rights to the intellectual property exist. Trust deeds must be kept indefinitely. Documents relating to legal action must be held for the period of litigation or permanently.

When re-organising your documents also consider that:

- Essential documents must be kept in a safe and secure location to avoid a risk of losing them to fire or theft.
- Confidentiality and privacy obligations may exist. Consider your storage location, potential access to the documents and the agreement with any third party storage provider.

System overhauls for secure data

A breach in your security systems or failure to backup could jeopardise your business' productivity and profitability. Every year you should take time to secure your data to prevent panic should your computer systems fail.

The effectiveness of backups rely on frequency and the technology used. For long-term solutions avoid using USB and external hard drives as they need to be regularly updated for new files, and can be lost or misused. Instead, consider switching to cloud storage. Cloud servers allow instant backups and sharing on multiple devices, and you only pay for what you use.

When you update your backups, also take stringent security measures to protect yourself against online threats. Viruses, worms and hackers are threats to your data. Conduct a security audit with an IT professional to understand the vulnerable parts of your IT infrastructure. You should encrypt sensitive data, limit employee access to specific files and download anti-virus systems to prevent a security breach.

Renewing your lease

Avoid leaving your business' future in the dark by understanding your rights when your lease is up for renewal.

A retail or commercial lease is a legally binding contract between a landlord and a tenant of a retail shop that allows the tenant to use the landlord's property in return for rental payments. The process of renewing or terminating your lease depends on your agreement with your landlord.

Renewing with an option

When you have an option, you can renew the lease on the same terms as the original. Your option is subject to conditions including that you have abided by the lease's terms and exercised your option by the deadline date. Your option should be applied in writing within the given timeframe. If you forget to provide notice and your landlord does not act, the lease will be renewed by implication, especially if the landlord has accepted rental payments after your option has expired.

After a renewal, your rent is likely to change from what it was. Check your lease agreement to see if agreeing on rent is necessary to renew the lease. Typically, once the tenant exercises their right to renewal they will be committed to the lease regardless of the rental price.

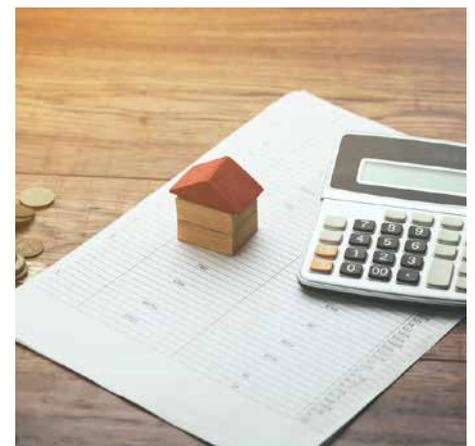
No option alternatives

If you do not have an option the landlord

is not bound to renew the lease. Your landlord is required to give you notice. In a periodic tenancy, where the agreement does not list an end date, a landlord must provide written notice to end their lease in either 90 days or 42 days', depending on the circumstances. In a fixed term lease, when the specific time frame of a lease has expired, the landlord cannot give notice early. If the landlord has not communicated with the tenant to leave and the tenant remains in the property the agreement turns to a periodic lease.

The role of guarantor in renewal

A guarantee from a guarantor will usually be required from the tenant to give your landlord security. If a tenant fails to provide this guarantee the landlord may be within their right to refuse to grant a renewal.



Tax implications of giving rewards at Christmas

The holiday season is an opportunity to reward your employees for their hard work and clients for their loyalty; however, it is essential to know of the tax implications involved.

Whether you are considering throwing a work Christmas party, giving gifts or holiday bonuses, knowing the tax implications for each will guide you towards an option that can benefit all parties.

Christmas parties

Employers plan a Christmas work party to boost morale and show appreciation for their staff's work. You can tax deduct 50% of the expenses, including food and drink, if you hold your party at work, an entertainment venue, a boat or corporate box at a recreational event. Accommodation in a holiday home, timeshare apartment or similar would also qualify for a 50% tax deduction so long as the accommodation is not incidental to business activities or employment duties. Fringe Benefits Tax (FBT) will not typically apply where it is a business-related entertainment expense which is only 50% deductible.

Gift Giving

When rewarding your staff or clients with gifts refer to the IRD guidelines to minimise tax implications. To avoid nasty FBT spend under \$300 per employee per quarter on gifts and ensure that the total value of all benefits does not exceed \$22,500 for the year. FBT will be payable if the employer provides the 50% deductible entertainment and the employee can choose where to enjoy the benefit, or the benefit is enjoyed outside of New Zealand. If you were to give a voucher to an employee you would have to pay FBT as the employee can spend the voucher how they like. If you are considering giving gifts to clients food and drink items in a hamper are 50% tax deductible while non-food and drink gifts like movie tickets, books or gift vouchers are fully tax deductible.

Holiday bonuses

Holiday bonuses are given to recognise an employee's performance. However, the tax implications involved may reduce the effectiveness of your reward. A holiday bonus is a one-off annual payment made in addition to an employee's salary.

Earlier this year the IRD allowed employers to choose how they can calculate tax that is paid on a lump sum to an employee before they take their leave. Employers can tax this payment as extra pay or as if they are paying the lump sum to the employee in their regular pay cycle. Refer to the IRD to calculate the PAYE sums. Your employees may also ask you to have lump sums like holiday bonuses taxed at a higher rate. They may elect this option if they have another job or untaxed income like rent.



Planning for the holiday rush

The holiday rush can be your most profitable time of the year so long as your small business is set up for success in the Christmas period.

For many businesses, Christmas time is their most stressful season because they do not adequately prepare for the increased customer demand that occurs at the end of each year. Being understaffed or running out of inventory during the holiday period can jeopardise a business' brand and customer service reputation in the long run.

Ensure you are ready for the increased customer demand by considering the following checklist:

Have sufficient staff

You will need to schedule more staff than usual to deal with the customer influx over the holiday period. Make sure your staff are aware of the expectations for increased

availability in advance. You might need to consider hiring temporary staff. When recruiting, look for candidates who are quick-learners, can cope under pressure and have flexible availability.

Get on top of leave

Nothing lowers morale more than forbidding leave at Christmas. Find a happy medium by giving leave on a 'first come, first serve' basis. Consider giving staff an option of working Christmas Eve or New Year's Eve to keep it fair and keep track of which staff members went on leave last year.

Adjust your opening times

Consider opening earlier and closing later to maximise your profits. If Christmas is your busy period, this is your chance to boost your profit margins for the year. It is also an opportunity to give some of your employees half days and increase their work-life balance.

Stock your inventory

When you have supplies or merchandise like branded shopping bags or business cards, place an order that is big enough to sustain you for the entire holiday season. If you run out of these supplies and there is a delay in production, you could find yourself in a tight spot.



New GST rules announced to create a level playing field

New rules for GST on low-value imported goods will create a level playing field with international and domestic retailers.

New Zealand's Minister for Revenue stated that a bill amending the act will be introduced this year, with the changes implemented from 1 October 2019.

The amendments will require offshore suppliers to register, collect and return New Zealand GST on goods valued at or below \$1000 that are supplied to consumers in New Zealand.

The rules will protect the 26,000 small businesses that employ more than 62,000 people in the retail sector. Small businesses

will no longer have to compete with foreign firms selling the same product into New Zealand's market without collecting GST. The new GST rules will protect New Zealand's domestic interests by promoting fairer business competition.

The new rules will improve the integrity of New Zealand's tax system and avoid losing a significant amount of tax revenue. The government intends to make offshore suppliers collect GST on low value goods at the moment of sale. In return, buyers of these goods will no longer pay Customs tariffs or border security and biosecurity fees. This will simplify compliance and administration costs at the border.

The rules have been endorsed by the Tax Working Group and share similarities with Australian and EU approaches.



Risks of work from home arrangements

Letting your employees work from home can boost productivity levels and job satisfaction, but it also opens your business up to new risks that must be covered by your insurance policy.

Many small businesses offer the option to work from home permanently or even a few days a week to attract quality employees to their team. However, in doing so, most employers fail to see their employees' homes are now an extension of their workplace and must comply with the same health and safety standards for insurance purposes.

Ensure your business is adequately covered by considering the following:

Your health and safety obligations

You have a duty of care to ensure your employees' homes comply with the same health and safety requirements set out in your workplace. You must take step so far as is reasonably practicable. Perform a hazard assessment test and implement strategies and provide your employee with information about how they can set up their workstation ergonomically.

Accident Compensation

Your liability for worker's compensation and future damages also extends to your employees who sustain a personal injury or

psychological injury while working from home. Employee's may also be entitled to compensation from disease by gradual process when working from home so ensure that air conditioning and ventilation systems are checked in your risk assessment.

Strategies for your business

Once you are aware of your obligations for those who work from home, it is vital you put strategies in place to protect your business and ensure the safety of your employees.

Insurance

Purchasing insurance is one way you can protect your business should an employee or customer injure themselves during business activities while working from home. You are automatically covered under the Accident Cover Corporation's (ACC) standard workplace covers as an employer who pays a mandatory work levy. Take out employers liability insurance to give you the extra protection that the ACC does not provide.

Work from home policy

Include a workplace health and safety checklist your employees should comply with when working from home. A code of conduct must also detail leave and absence reporting requirements, communication provisions for staff cooperation, contact availability, distinct working hours and a method for assessment of performance.

Important tax dates

November 28

Your GST return and payment are due for the taxable period ending October.

January 15

Provisional tax instalments due for people and organisations who file GST on a monthly or two-monthly basis, or aren't registered for GST, or use the ratio method.

January 21

Employer deductions form (EDF/IR345) form and payment due, and Employer monthly schedule (EMS/IR348) due for employers who deduct less than \$500,000 PAYE and ESCT per year.

Quarterly FBT return and payment due.