

# Footprint



Footes Limited Chartered Accountants, 30 Church Street, Timaru, New Zealand



## **A reminder – Make use of Footes Ltd's web site...**

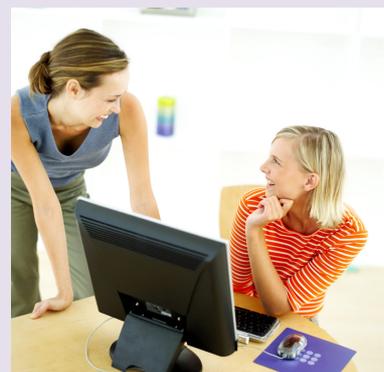
With our web site we wanted to provide you with access to a variety of tools and services to make better use of your time. You can find us at [www.footes.co.nz](http://www.footes.co.nz).

One of the services available to you on our web site is 'Key Dates': so we can keep you up to date on important dates and deadlines. There is also a 'Tax Facts' section for quick reference to facts on tax.

**In addition, our web site offers you interactive services.**

Remember, you can arrange an appointment with one of our staff right from our web site. With the easy to follow instructions, you can effortlessly request a time to meet, which if available, would be confirmed by return email. We also have available a secure client area that once you have registered for a login will enable you to view and download any documents that we have uploaded for you. It also makes the transferring of your data easier as this area has the facility for you to send us your data by uploading it to us through our website rather than having to copy it on to a CD or flash drive and delivering to us.

If you have any questions or comments or would like to register for a secure client area, please don't hesitate to contact us on (03) 687 2036.



## Employment changes – and how they are measuring up....

**Trial Periods** were opened up so that all employers have the option to use trial periods of up to 90 days.

*Intention: To stimulate business confidence to hire new staff and encourage more job opportunities for disadvantaged job seekers.*

Trial periods are now being used by both small and large firms across a range of industries, positions, and skill levels. Employers reported trial periods have reduced the potential cost of dismissals without adding additional costs. Of employers who used trial periods with new hires, 27% had dismissed at least one employee during or at the end of the trial period. It seems while trial periods have not changed the nature of employer/employee relationships, employers see them as a way to help manage risk when trialling new staff. Interviews with employers who had dismissed staff indicated they followed correct procedures and were more comfortable there would be no comebacks.

**Changes to the Holidays Act** meant employees can apply to cash in up to one week's annual holidays and also to transfer public holidays to another working day. Employers were provided with an additional method to calculate payments for types of leave and holidays - Average Daily Pay. It's also easier for employers to ask for proof of sickness or injury.

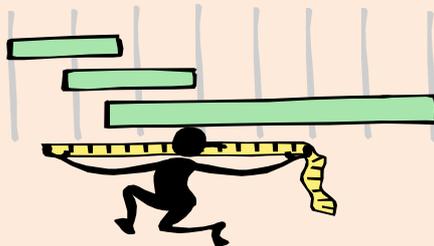
*Intention: To make it easier for businesses and employees to understand and apply the Act in a wider range of employment arrangements, increasing choice and flexibility.*

While the Holidays Act changes have increased flexibility and choices for some employers and employees, it seems overall the changes have neither increased ease of use nor decreased costs. There is still a lack of understanding of how the law works. Some employers find the Holidays Act provisions difficult to apply in some arrangements, such as for people with variable work hours or shifts. Compliance costs for businesses in calculating entitlements and payments haven't really changed.

## Latest changes to GST

A raft of amendments to GST came through in June, clarifying grey areas and closing loopholes from some of the major changes of the last few years. In broad brush, these include:

- a new wash-up rule in the GST apportionment rules applies when use of an asset changes to 100% taxable or 100% non-taxable use when usage has previously been split between private and commercial use. Depending on the change, there may be output tax to pay back.
- residential units in retirement villages or rest homes where occupants live independently now come under GST-exempt supplies.
- the backdating effect of the tax residency rules has been removed for GST purposes.
- the definition of 'hire purchase agreement' now includes any contract with an option to purchase.
- where an employee is engaged by a third party to be a director or board member, and required to remit fees from the third party to their employer, there is a new flow-through rule which means the employer will be treated as supplying services to the third party.
- Non-profit bodies can claim all GST input deductions other than those relating to the making of exempt supplies.



*The team at Footes would like to wish  
all their clients a safe and happy Christmas break and look forward to  
seeing you in the new year.*

*We will be closed for the Christmas break from  
12 noon on Tuesday 23<sup>rd</sup> December 2014 and re-opening at 8.30 am on  
Wednesday 14 January 2015.*