

BIZTAX ALERT

Summer 2013

Mixed Use Assets - taking note

If you own a holiday home and rent this out commercially, there are new rules around how tax deductions are calculated. In order to accurately work out what these will be, there are some crucial points that we will require from you. You will still need to keep your normal records for income and expenses, but as well as that you will need to start recording the following information:

How is the asset used for each day of the year?

- Is it rented out?
- Are you using it for personal or private use?

Who used the asset?

- How many days was it in use?
- Who used it and what is their relationship to you?
- How much rent/hire cost did you charge to each person?

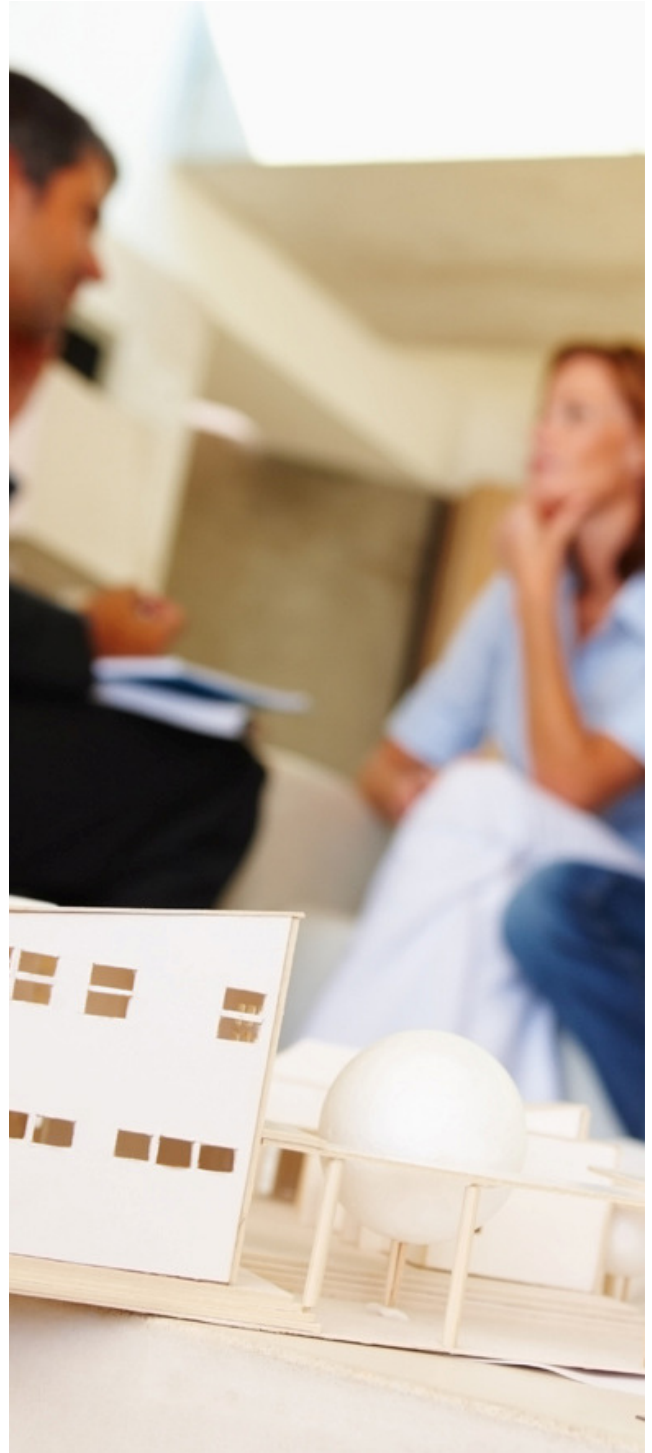
Were any repairs carried out?

- What was the reason for the repairs?
- Did you carry these out yourself?
- Did you stay at the bach while you undertook these repairs?

You will also need to make a note of the following -

- The cost of advertising the rental
- The cost of repairs and damages to the asset caused by tenants
- The cost of insuring the bach, any mortgage interest and rates

By keeping a note of the above information, we can assess what is and what isn't deductible for you when we start preparing your annual tax return. If you have any more questions about mixed use assets, feel free to give us a call. We have some handy tools which might help you keep track of usage.



Merry

Christmas

Christmas closing period

Our offices will close from midday on **Friday 20 December**,
until **Monday 13 January**.

We wish you a great Christmas and a successful 2014.

From the team at Business & Tax Centre

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Closing down for the holidays? Here's what you need to know...



A closedown period is when an employer closes business operations for a certain length of time, often doing so during off-peak times of the year.

Many businesses tend to do this over the Christmas break and many employees are happy to take this time to enjoy summer holidays with family. But there are some rules that employers need to be aware of before shutting up shop:

- There may only be one closedown period per year, although employers can shut down different business sectors at different times of the year
- Employers must give staff at least 14 days' notice of the closedown period
- Employers can require staff to use their annual holidays over this time. Public Holidays are still recognised during the closedown period and are treated as such

There are many benefits for employers during closedown periods, including less disruption to productivity and a reduction in labour and operating costs. If you are planning on closing down over Christmas, be sure to let your clients know. It's not only courteous but is a good way to touch base and wish them a Merry Christmas.

Accept responsibility for your life. Know that it is you who will get you where you want to go, no one else.

Les Brown

Avoid discrimination pitfalls on criminal convictions

When hiring new employees, you want to ensure you have someone you can trust, especially if there is money coming in and out of the business or the new employee may have access to important or confidential information. So is it okay to enquire about the applicant's history and more importantly, any criminal convictions? As an employer, you are allowed to ask these questions, but there are some guidelines to follow to avoid any potential pitfalls or discrimination allegations.

If you are concerned that the applicant may have a criminal conviction, you are allowed to enquire about it if you believe it may have an impact on the role. Ask the applicant directly in the interview process or ensure you get their consent to do so before obtaining the information from a third party.

Be sure to tell the applicant the reason for collecting the information and who will be holding it. It's important for them to know and understand why this is happening and who will know about it. Let them know who the information will be disclosed to, to avoid any unwanted surprises. Also, the applicant has the right to ask for access to this information at any time, so communicate this.

Always respect the privacy of each and every applicant and don't request information that is too personal or irrelevant to the job at hand. It's important to be as open and communicative as possible with the applicant throughout this process. That way, it's likely you will avoid any conflict or discrepancies along the way.



Cashing up annual leave - some things you may not know



What are the rules when it comes to annual leave?

Employees can make a request to employers to cash in annual holidays, opting instead to take a lump sum payment rather than time away from work, but there are a few rules that need to be taken into consideration.

The request must come from the employee and not the employer. Although the employee is entitled to leave, the employer can decline the request at its own discretion and does not need to give a reason for its decision. However, the fact that employers owe a duty of good faith to their employees suggests that an employer's response to a request should be reasonable.

In addition, there is a limit to the amount of leave that can be converted to payment. By law, the employee can only exchange a maximum of one week annual leave for cash payment per annum.

An employer is entitled to have a policy that it will not consider requests from employees in its business or in a particular section of its business.

I am thankful to all of those who said no to me, it's because of them that I am doing it myself
Albert Einstein

Health and Safety obligations with employees working from home

It is becoming quite common for employees to decide to work from home for part of the working week. So what are your obligations as an employer when someone from your team makes this decision to do so? As an employer, do you have any obligations at all? The answer is yes, you do.

The definition of place of work includes any place where a person is to work or is working for gain or reward and this includes the worker's own home if that is used for work. As an employer, it is your duty to take all the necessary steps to prevent harm to your employees when they are at work.

Be sure to check that your employee has adequate resources to perform his or her role and the home office is a safe environment.



This includes ensuring that the home is appropriately furnished and computer equipment is functional.

These elements are essential to maximising productivity but are also crucial when ensuring the health and safety of your team member.

Health and Safety requirements when working from home should be covered when setting out the terms of working from home. To find out if you're complying with Health and Safety requirements, come and see us.

Business Perspective

Croucher Brewing Co.

Many people dream it but not many follow through: to walk away from the corporate world and pursue a dream. But these guys did - to brew beer. Boutique brewing is having a renaissance at present. Post-recession, our taste buds are screaming out for something with more body and a little more love. New Zealanders as a whole are more concerned than ever about what we're putting into our bodies, be that organics, fresher ingredients or simply refreshments with better flavour. We certainly seem to care more about the story behind a brand and where it comes from.

Paul Croucher and Nigel Gregory were busy professionals when they decided to venture into the world of brewing. Sharing the same vision and the belief that tasty beer was going to really take off, they decided to create something for themselves, 'We always had faith in the vision, but it was probably much harder than we ever would have imagined.'

The ethos behind Croucher brewing is simply to make beautiful beer. Like the grapes used to make wine, hops take on the flavour from the area they're grown, so Crouchers source their hops from Motueka in New Zealand, Australia and as far away as the United States. Hops are selected based on the style and overall finish of the intended beer.



Both born and bred in Rotorua, Paul and Nigel agreed that it only seemed natural to establish the business there, 'We started with a 600 litre batch system that was truly cobbled together for almost nothing. It was ugly, but effective. Later we moved to a 1200 litre system and just recently invested in a 3000 litre brewing kit.'

The business itself hasn't faced many challenges but on a personal level, the guys have found the emotional rollercoaster draining. Having to throw out unsatisfactory batches of beer, missing out on awards and putting up with criticism has been exhausting, but the highs have been worth it. Croucher won gold for the best Champion Pilsner at the Australian International Beer Awards in 2012 - the largest annual beer competition in the world and in addition to that has begun exporting to Singapore and Canada.

Paul and Nigel's accountant has been a great help in the process. Recently they switched accounting firms to ensure a more strategic level of input. Generally most day to day accounts are handled in-house, but their accountant has stepped in to provide a higher level of advice and direction in an area where they are experts.

Where Crouchers are experts though is brewing beer. Along with a sound philosophy based on family and always enjoying what it is they do, they have hit the jackpot with timing when it comes to the surge in popularity for boutique brewing, 'Some of our best business decisions have coincided perfectly with a surge in demand from craft friendly bars around the country wanting something new and exciting.'

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.