



FLEXIBLE WORKING HOURS

Last November a new law requiring employers to give serious consideration to employees requesting flexible working hours was passed and will come into effect on the 1st July 2008.

This law establishes a new employment right, which allows any employee with responsibilities to care for children, dependent or disabled adults or whanau to seek to vary their hours or place of work. This means a person can ask for a change to their start and finish times, adjust their work hours, work compressed hours, seek to work from home, or any other flexible arrangements that will enable them to better meet the demands of paid employment and their caring responsibilities.

While a lot of employers already offer some form of flexible working arrangements once again this government has decided to take away the employers right to say how their business will be run, and ensure that the same benefits due to valuable employees is available to those "not so good workers" and further burden them with more costs.

Any employee who has worked for 6 months for the same employer and is responsible for caring for another person (of any age) can make a request under the act and employers now have a statutory duty to consider any such request seriously and to seek to accommodate it.

An employer can only refuse a request on the following grounds:

- the employee is not eligible to make a request the usual reason for this is
- the employer doesn't consider the employee is caring for another person
- the employee has not worked for the employer for the previous 6 months
- 12 months have not passed since an earlier request, or

because it cannot be reasonably accommodated on one or more of the grounds specified in the Act, or

- for both an eligibility reason and on one or other of the grounds specified.

If the employee considers their employer has not properly or fairly considered the application for flexible working arrangements, an employee may lodge a complaint with the Employment Relations Authority, but as per usual there are no provisions for the good old employer.

An employer who does not respond to an employees request in the way the Act provides can be fined up to \$2000.00. The Authority can also order up to 8 weeks pay by way of compensation.

Like most new legislation passed by this government the "detail" of this new law is still not clear, but as it will affect all employers you need to ensure you are aware of your obligations.



Two lions escaped from Toronga Park Zoo and headed off in different directions.

One was caught a few hours later and returned to its cage.

However, it was six months before the other lion was recaptured.

"How come you were free so long?" asked the first lion.

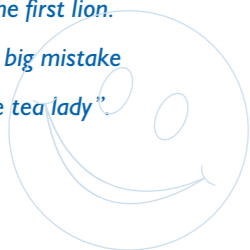
Replied the second

"no problem, I crossed the harbour bridge after dark and holed up in an empty room I found in some government building.

It was packed with advisers and advisers to advisers. Every time I got hungry I just nipped out and ate one. I could have stayed there for years"

"How come you got caught?" questioned the first lion.

"Oh I made a big mistake by eating the tea lady"



Making More Possible

better BUSINESS

FEBRUARY 2008

DEAR FRIENDS 2008 IS NOW WELL ESTABLISHED. WE HAVE ALREADY EXPERIENCED 8% OF THIS YEAR !

So where do you want to be by Christmas 2008? (*this is another sneaky planning plea!*) What sort of year do you want to have had? Do you see yourself going overseas for a well earned break? Perhaps the car needs to be upgraded (*without any new debt!*) What about just having more leisure time (*with your family and / or to pursue leisure activities?*)

Here is one way to do it!

Sit down at a clear desk with no outside distractions or telephones and with a clean sheet of paper and a pen!

Then write yourself a letter! Date it 31 December 2008 and start it; 'Dear (*your Christian name*) what a great year it has been! This year I have achieved (*your hopes and dreams for 2008!*) Then put the letter in an envelope and address it to yourself and give it to us. We will post it to you on 31 December 2008.

Watch the results !

Doom and gloom seem to be rearing their ugly heads again! The sharemarket is lower and looks like dropping further – the financial crisis in the world's banking system – house prices have suddenly stopped rising – an election year both here and in the US is upon us.

Yet, opportunities have and will continue to come to you. Be aware that it is up to you whether you take advantage of them or not!

On March 10th we will be holding our first seminar of the year. The presenter will be Mark Holton, who runs a very successful business on the central coast of New South Wales. These days however he is almost fully committed to presenting seminars for MYOB.

You will be entertained, learn heaps and also have a great time !

Don, Cheryl, Sally, Jeanette, Heather, Anna, Richard, Lee & Sarbjit

ARTICLES

SALE OF PRIVATE HOMES TO LAQC'S TO GENERATE TAX DEDUCTIONS

PAY YOUR PROVISIONAL TAX AND GST AT THE SAME TIME!

YEAR END TAX PLANNING

DID YOU KNOW

FLEXIBLE WORKING HOURS



REVENUE ALERT!

SALE OF PRIVATE HOMES TO LAQC'S TO GENERATE TAX DEDUCTIONS

The IRD have advised that they are concerned about the increasing situations where individuals sell their homes to an LAQC and then rent to themselves at market rates. This enables them to get a deduction for costs that they otherwise would not be entitled to. The IRD have now advised that this type of arrangement is contrary to tax policy and may be a tax avoidance arrangement.

The IRD is investigating a number of these cases and will continue to do so. Tax payers that have entered into such arrangements should be on notice that if the IRD believe the arrangement to be tax avoidance, past income tax returns will be reassessed and LAQC losses denied. This could result in substantial tax liabilities to the shareholders.

PAY YOUR PROVISIONAL TAX AND GST AT THE SAME TIME!

The IRD is making changes as to how we pay our provisional tax. For tax payers with standard balance dates the changes will apply from 1 April 2008. This applies to all taxpayers who come within the provisional tax regime.

THE NEW CHANGES

Align provisional tax payment dates with GST payment dates and introduce the GST Ratio Option for calculating provisional tax instalments.

STAYING WITHIN THE THREE PAYMENT SYSTEM FOR PROVISIONAL TAX

If you decide to remain with the existing system, using the uplift or estimate method, your Provisional tax dates will change. The three payment dates will fall on the 28th day of the 5th, 9th and 13th month of your income year. The exceptions to these dates are when your provisional tax dates would fall in December or April. In this case payments are due 15th January and 7th May respectively. These dates are designed to allow extra time for Christmas and Easter.

For example, a tax payer with a March balance date will pay provisional tax on 28 August 15 January and 7 May.

COMPANIES TRUSTS & SOLE TRADERS

1 or 2 monthly GST

Taxpayers who are GST registered can elect to pay Provisional tax at the same time as their GST payments using the **GST Ratio Option**. This method allows tax payers to base their provisional tax payments on a percentage of their GST taxable supplies. This option is not available to partnerships or to taxpayers who are not registered for GST. The ratio is calculated by dividing your Residual Income Tax (RIT) for the preceding tax year by your GST taxable supplies for that year.

$$\text{i.e. } \frac{\text{RIT for previous year}}{\text{Total GST Taxable supplies for previous year}}$$

Once the ratio is worked out you then multiply this by your GST taxable supplies for the current period you are preparing to determine the relevant provisional tax payable. Taxpayers who file GST returns every two months will then pay provisional tax on the due date of each GST return for the year, that is for a March balance date two monthly registered payer, on the 28th June, 28th August, 28th October, 15th January, 28th February and 7th May GST returns. The amount actually payable will be calculated based on the taxable supplies made in that period. Taxpayers who file GST returns monthly will make a provisional tax payment, under the ratio method, on the same dates above for two monthly GST filers.

This method can be useful for businesses that have high degrees of seasonality so they can align their tax payments with their cashflows. If you use the Ratio Option Use of Money Interest (UOMI) will not apply to underpayments or overpayments of tax unless the tax is paid late. The downside is that you have to pay both GST and Provisional tax on the same day.

The Ratio Option is not available to taxpayers who have RIT greater than \$150,000 or less than \$2500. In order to use the GST ratio option an election needs to be made with the IRD before the start of your income year.

6 monthly GST

These tax payers only pay their provisional tax twice a year on the same day they pay GST. The GST Ratio option is not available to taxpayers that file GST returns six monthly meaning they have to use the existing uplift and estimate methods. The amount of provisional tax payable under the uplift method is calculated based on last years RIT with the normal uplift divided by 2.

These options may benefit some business owners. If you are interested in changing, or would like to learn more about it, please contact us before 1 April 2008.

YEAR END TAX PLANNING

With the reduction in Company tax rates to 30% for the 2008/2009 tax year, now is the time to consider if there are any legitimate opportunities to defer revenue to the 2008/2009 year or bring forward any expenditure to the 2007/2008 year.

Some areas to consider are planning to pay out employee bonuses within 63 days of balance date to ensure that they are tax deductible, purchasing new plant and equipment to enable a depreciation deduction in the 2007/2008 year and writing off any bad debts prior to balance date.

Taxpayers should consider whether it is beneficial to delay any R & D expenditure so that they can take advantage of the R & D tax credits available from the 2008/2009 tax year.

If you would like to discuss possible savings & opportunities please contact us.

DID YOU KNOW

That IRD staff can ring **0800DAYOFF**, give their details and can have a day off without having to explain themselves and the taxpayer not only picks up the wages cost but also the cost of the call.

Inflation has meant that an extra 150,000 people are now in the middle and top tax bracket, and much of the Governments revenue windfall has included extra tax gathered from those on the 39% tax bracket.