



Robin Whalley Associates

Summer 2019 Newsletter

Christmas Closedown

Our office will close on December 20th and reopen
in the new year on January 13th 2020

Thank you for your support this year!



New Trusts Act 2019: What you need to do

If you're protecting your family property in a trust, there may be changes you need to make before the new Trusts Act comes into force on January 30th, 2021.

The changes to the Trusts Act (the first in more than 60 years!) aim to make trust law more efficient and accessible, lower admin costs, simplify core trust principles and essential obligations for trustees, and make it easier to resolve disputes.

While it might seem an eternity away, 2021 will whip around quickly, so here's what you need to do.

- 1. Review your trust:** Meet with your accountant and/or lawyer to review arrangements for your trust. There might be opportunities to improve your tax structure, reduce your risk profile and better your family's financial situation.
- 2. Revisit your succession planning:** The new legislation has extended the maximum lifespan of trusts by 45 years, to 125 years.
- 3. Presumptions:** There will now be a presumption made that trustees will notify beneficiaries of basic trust information. Including the fact that they are a beneficiary of the trust. Trustees must now consider whether there are any factors that would allow them not to apply this presumption (such as whether the information is personally or commercially confidential, or whether the information will impact family relationships, in the case of family trusts). The **consideration of whether the presumption applies** should be made at regular intervals.
- 4. Be prepared for beneficiary requests:** The new law means most trust beneficiaries will be able to request financial reports on the state of the family trust and find out 'who gets what'. Be prepared for extra admin, costs and possibly damage control if you're having to avoid family issues around distribution of funds.

Know your mandatory responsibilities as a trustee:

- Knowing the terms of the trust
- Acting according to the terms of the trust
- Acting honestly and in good faith
- Holding trust property
- Acting for the benefit of the beneficiaries or the permitted purpose
- Exercising trustee powers for a proper purpose



Default duties: Default duties are obligations by which trustees must abide — unless the settlor decides otherwise when the trust is established. Default duties can be modified or excluded if this is how the settlor wants to set up a trust. This is an area we would highly recommend reviewing.

Find out more at this link: <https://nzlaw.co.nz/news/trusts-act-2019/>

"The expectations and risk of an independent trustee are nowadays akin to that of an independent director."

Getting holiday pay right

Do you have staff taking leave over Christmas? Are systems in place to make sure everyone gets what they're entitled to? Even if someone else handles your payroll, you are responsible for making sure holiday pay and leave payments are handled correctly.

Remember:

- Whether your staff work full-time, part-time, casual, on-call, or shift work, they're entitled to any benefits that come from working on public holidays.
- If your employee agrees to work on a public holiday that falls on a day they would normally work, they will need to be paid time and a half PLUS receive another paid day off later, otherwise known as a day in lieu. If an employee works on a public holiday, and it is not a day they would usually work, the employee is only entitled to the time and a half. The entitlement to time and a half has to be included in employment agreements.
- Employees can choose to take their day in lieu:
 - on a mutually agreeable date that is not a public holiday
 - on another day on which they would normally be working
 - for a whole working day, regardless of how much of the public holiday they actually worked.
- If your business is having a closedown period, employees are entitled to a paid public holiday if they would ordinarily work on the day of the public holiday.
- Make sure your payroll system:
 - is flexible enough to handle different working arrangements (e.g. changing employee work schedules)
 - records all relevant time worked and payments made
 - has accurate and up-to-date information.

If you realise an employee hasn't been paid the right amount, be up front and correct the mistake immediately.

Declare it all. Or risk everything.

Inland Revenue / November 2019

The IRD are continuing to focus on cash jobs ... Tradies who do undeclared cash jobs can be hit with tax penalties, or criminal convictions that could lead to prison – costing them their business and their income.



Doing jobs for cash or for your mates is OK - as long as you record them and declare the income in your annual tax return.

The IRD say that all cash jobs leave a trail and they have lots of ways to follow that trail.

If two tradies work together and one declares a job while the other doesn't, they can be dobbed in without realising it. If the IRD audit one person, it might indicate another business or contractor that needs to be audited. Also, there's always a chance of a random audit.

The IRD can see when tradies buy supplies, such as paint, carpet or timber, without a corresponding declared job. They can also access information held by other Government departments, banks, loyalty cards, casinos, and many other organisations to make sure all income is being declared.

The IRD say you can reduce your shortfall penalty by up to 100% and avoid prosecution if you make a full voluntary disclosure.

If you feel like you have missed something on your tax return, please contact us and we can talk it over.



Prevent burnout - 3 burnout symptoms and how to avoid them

Stress can seem like an inevitable consequence of a fast-paced work environment. However, when it reaches chronic levels, it can result in what the World Health Organization (WHO) describes as an “occupational hazard” known as burnout

Burnout is now occurring in many sectors. “There has always been burnout in certain industries, such as the caring professions or first responders – police or emergency medics – but I now see it moving into other industries, including professional services.” (Marcela Slepica, AccessEAP)

Workload, constant change and workers feeling misunderstood by senior managers are common complaints from the finance sector employees Slepica counsels.

Burnout isn't just tiredness.

The three dimensions of burnout

1. Depletion or exhaustion, even on waking.
2. Feeling distant or cynical: you are irritable or critical of co-workers, customers or clients. You feel disillusioned about your job and no longer care.
3. Reduced professional efficacy: you lack satisfaction from your achievements, and you can see your performance slipping.

Source: World Health Organization

Symptoms can include

Negative, cyclical thinking that leaves you believing there is nothing you can do to improve your situation.

Inability to focus, moments of indecision, loss of perspective.

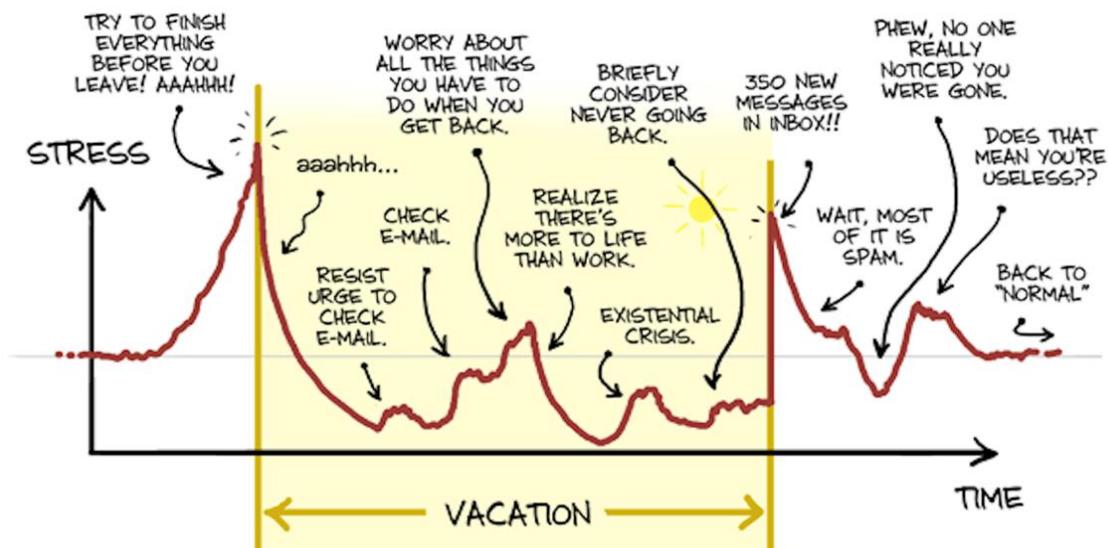
Feeling overwhelmed, out of control, may cry easily.

Physical complaints such as headaches, digestive problems or flare-ups of inflammatory conditions. Source: Mayo Clinic

Owners of small and medium-sized enterprises (SMEs) are an at-risk group when it comes to burnout.

Suggestions for people at risk of burnout. Step back from your situation to get some perspective. Ask if your work situation is going to change, or if there is no end in sight for your intense workload. Also, ask if there is a match between your values and your organisation's values. If not, it may be time to look at other options.

InTheBlack Dec 2019 - Full article here; <https://www.intheblack.com/articles/2019/12/01/prevent-burnout-3-symptoms-and-how-to-avoid-them>



Missing a provisional tax date payment



With the second provisional tax instalment coming up in January, we would like to remind you of the importance of **making your standard provisional tax payments on or before the due date.**

If your provisional tax instalments are made a day late you lose your "safe harbour" position and your terminal tax washup could attract interest until paid. Paying an instalment late can also attract late payment penalties and interest directly related to that payment.

Thinking of putting your house on Airbnb?

Any income received for letting out a property or a room through Airbnb is subject to income tax.

If the property is owned by an individual who is not required to file income tax returns, then engaging in this activity will require them to file an IR 3. If there are tax losses, then these can generally be offset against the individual's other income (for example, wages).

The mixed-use asset rules must be considered if the property is vacant for at least 62 days in the income year and it is used for both private and income-earning purposes.

GST issues arise if turnover from an Airbnb activity pushes the property owner over the threshold for GST registration (i.e. \$60,000 over a 12-month period).

If the property owner is GST registered in regards to another (unrelated) commercial activity, that person's Airbnb revenue becomes part of the person's GST activity and would usually result in the property itself coming within the GST net. Potential Airbnb hosts should therefore consider this risk when contemplating whether to enter the Airbnb arena.

Time Taken to Crack Passwords

Adding a number, symbol and capitalisation can make a huge difference to password security

bigmac: 0.077 seconds (not a dictionary word)

B1gMac: 14 seconds (seven characters)

B1gMac1: 14 minutes (eight characters)

B1gMac399: 39 days (nine characters)

B1gMacfries: 412 years (11 characters)

Bigmacandfries: 511 years (14 characters, but only letters)

B1gMac&fries: 344,000 years (12 characters – a mix of upper- and lower-case letters, numbers and symbols)

InTheBlack November 2019 issue

Source: PCI Security Standards Council



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.

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