

# The Informer

February 2009

## Features

- **New Zealand Employment Law**
- **Minimum family tax credit increase**
- **Minimum wages rate**
- **Business tax relief package**
- **FBT rate change**
- **Use of money interest rates**
- **ACC – topping up employees' weekly compensation**
- **ACC – earners' account levy**

## New Zealand Employment Law

### New Employment Law – Trial Period

From 1 March 2009, the Employment Relations Act 2000 will provide for a 90 day trial period. This only applies to organisations that employ no more than 19 people and only applies to those employed on or after 1 March 2009.

The trial period means an employer and an employee can enter into an agreement for a specified trial period of up to, but no more than 90 days. During this trial period the employer can dismiss the employee without the employee being able to take a personal grievance on the grounds of unfair dismissal. The trial period is voluntary and needs to be entered into in good faith and the employer and the employee need to agree to the trial period in writing.

An employee under the trial period can still bring a personal grievance or legal proceedings if unacceptable behaviour exists such as sexual or racial harassment or discrimination.

All employers are still able to have a trial period regardless of the number of employees and the trial period can be for more or less than 90 days.

However, if you have more than 19 employees and an employee is dismissed during the trial period they may be entitled to bring a personal grievance claim in respect of the dismissal

## Minimum family tax credit increase

The minimum family tax credit is a payment that guarantees a family's after-tax income. From 1 April 2009 the annual after-tax income increases from \$18,460 to \$20,540. This ensures these families will have a minimum income of \$395 per week after tax.

Families can receive the minimum family tax credit where 30 hours each week are worked as a couple, or 20 hours each week as a sole parent and family support is received.

## Minimum wages rate

From 1 April 2009 the minimum wage rate will increase from \$12.00 an hour to \$12.50 an hour.

The trainee and new entrants' minimum wages will increase from \$9.60 an hour to \$10.00 an hour.



## Business tax relief package

The Government recently announced a business tax relief package aimed at assisting small and medium sized businesses. The initiatives are expected to make it easier for these businesses to manage their cash flows and to meet their tax obligations. Some of the initiatives will also benefit larger businesses.

Changes include:

- removing the 5% provisional tax uplift rates for the 2008/09 and 2009/10 years. This will reduce the amount of provisional tax payments businesses will need to make
- increasing the GST payments basis threshold from \$1.3 to \$2 million
- increasing the GST 2 monthly filing threshold from \$250,000 to \$500,000
- increasing the compulsory GST registration threshold from \$40,000 to \$60,000
- increasing the threshold for PAYE once-a-month filing from \$100,000 to \$500,000

The changes will come into effect from 1 April 2009.

## FBT rate changed

The rate to calculate fringe benefit tax on low interest, employment related loans will decrease from 10.9% to 8.05% from 1 January 2009.

## Use of money interest rates

Inland Revenue Department use of money interest rates for unpaid and overpaid tax will decrease from 1 March 2009. The rate for unpaid tax will decrease from 14.24% to 9.73% and the rate for overpaid tax will decrease from 6.66% to 4.23%.

## ACC – topping up employees' weekly compensation

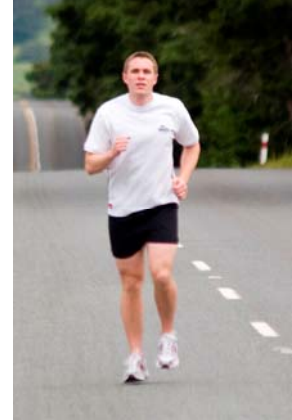
When an employee receives weekly compensation from ACC, for tax purposes, this becomes their main source of income. Therefore, if an employer is paying the 20% top-up, this should be taxed at the secondary tax rate. This is important, otherwise employees may be subject to a surprise tax bill at the end of their financial year.

## ACC – earners' account levy

This levy is paid by all employees and self-employed to cover their non-work and non-motor vehicle injuries. From 1 April 2009 this levy will increase from \$1.40 to \$1.70 (GST inclusive) per \$100 of liable earnings. For an employee on an average salary of \$47,000, this equates to an increase of \$141 per annum, from \$658 to \$799.

## Our people

We are pleased to advise Daryl Small has recently been promoted to manager, joining the other members of our management team.



### Directors

Ean Brown  
Chantal Gilmore

### Managers

Angeline Waetford  
Barbara Collinson  
Bryan Taylor  
Daryl Small  
Dianne Campbell  
Gayle Anderson  
Greg Atkins  
Phillipa Taylor  
Sally Adams  
Trevor Osbaldiston

## Contact information

### Telephone

09 470 1800

### Email

accounting@gilmorebrown.co.nz

### Freephone

0800 FOR GBL

### Website

www.gilmorebrown.co.nz

### Facsimile

09 470 1833