



2021 Newsletter

If you would like to discuss any of these matters and how they affect you, please do not hesitate to contact us.

This newsletter is intended for general information only and should not be used as an alternative for detailed professional advice.

COVID19 Assistance

The ongoing effect of COVID19 will continue to be felt in the business community for some time. If you have been or become significantly impacted by the effect of COVID19, please call us to discuss your options and what assistance is out there for you.

	Alert Level 1	Alert Level 2	Alert Level 3	Alert Level 4
Resurgence support payment		Yes	Yes	Yes
Wage Subsidy			Yes	Yes
Leave Support Scheme	Yes	Yes	Yes	Yes
Short-term Absence Payments	Yes	Yes	Yes	Yes
Small business Cashflow (loan) Scheme	Yes	Yes	Yes	Yes
Business Debt Hibernation	Yes	Yes	Yes	Yes

- [Resurgence Support Payment](#) : A Resurgence Support Payment may be activated if the alert level increases from Level 1 for one week or more. Businesses and organisations will be eligible if they experience a 30% drop in revenue over a seven day period after an alert level increase and meet other eligibility criteria
- [Wage Subsidy Scheme](#): Businesses and the self-employed will be eligible if they experience a 40% drop in revenue over a consecutive 14-day period between 28 February 2021 and 21 March 2021, compared to a typical 14-day period between 4 January 2021 and 14 February 2021.
- [Short-Term Absence Payment](#) : A COVID-19 Short-Term Absence Payment is available at all Alert Levels to employers to pay workers who follow public health guidance and are staying home while waiting for a COVID-19 test result. It is also available to eligible self-employed workers. To be eligible, workers need to be unable to work from home and need to miss work while waiting for the test results.
- [Leave Support Scheme](#) : If you, or your staff, have been told by a health official to self-isolate and cannot work from home, you can apply for the COVID-19 Leave Support Scheme. This support will be paid as a lump sum covering two weeks (you can reapply if required).
- [Small business cash flow loan scheme](#): Government will provide loans to small businesses, including sole traders and the self-employed, impacted by COVID-19 to support their cash flow needs. Applications have been extended and are now open until 31 December 2023. You can apply through MyIR.
- [Business debt hibernation](#): Business debt hibernation is a Government initiative created in response to COVID-19. It helps companies, trusts, and other business entities affected by COVID-19 to manage their debts. Applications are open until 31 October 2021.

Tax Rate Increase – Top Tier 39%

From 1 April 2021, the individual top tax rate will be 39% for those earning over \$180,000. This will also flow through to RWT rates, KiwiSaver ESCT rates etc.

The change also brought about the ability by IRD to request more information, both historical and going forward, from Trusts to make sure that the Trust is not being used to avoid this new rate.



Minimum Wage Increase

From 1 April 2021, the adult minimum wage will increase from \$18.90 to \$20.00 per hour. Also set to increase at the same time, are the minimum wage rates for both starting-out and training employees. These will increase from \$15.12 to \$16.00 per hour. As an employer, you will need to review staff wage rates, including those on a visa, to ensure compliance with employment (and immigration) law.

Increasing sick leave entitlement

There is also currently a Bill before parliament which will entitle eligible employees to up to 10 days sick leave per year. The Bill will come into effect two months after it is passed as law. The maximum amount of accrued unused sick leave remains at 20 days.

Paid Parental Leave

Paid Parental Leave will now be able to be managed on MyIR. You can view and update your paid parental leave information, including your contact and bank account details and change of circumstances.

Brightline Test

The IRD are now reviewing public land transfer records and are getting in touch with those who have bought and sold a property within the Brightline test timeframes.



If you bought a house 1 October 2015 to 28 March 2018, the original two year bright-line rule applies to you, if you purchased it from 29 March 2018 onwards the 5-year rule applies.

So, if you sell (or transfer to a related entity) a residential property that is not your main home, you need to consider that you may have to pay income tax on any gains so **give us a call before** signing any contracts to find out.

All existing property tax rules still apply so, even if the bright-line rule does not apply in your situation, that does not necessarily mean you don't have a tax liability on gains from the sale of your property. If you are looking to purchase or sell a property, please contact us to discuss any potential tax implications.

Changes for Landlords

From 12 August 2020, rent increases are limited to once every 12 months. For both fixed-term and periodic tenancies landlords can only increase rent after the first 12 months of the tenancy and provided the increase is not within 12 months of the last increase. Landlords must give the correct notice and meet certain conditions.

From 11 February 2021, multiple changes to tenancy legislation will take effect.

- Landlords will not be able to end a periodic tenancy without cause.
- Fixed-term tenancies will convert to periodic tenancies at the end of the fixed term unless the parties agree otherwise.
- Tenants can ask to make changes to the property and landlords must not decline if the change is minor. Landlords must respond to a tenant's request to make a change within 21 days.
- Prohibitions on rental bidding – a rental price must be listed.
- Tenants can request to install fibre broadband, and landlords must agree if it can be installed at no cost to them.
- All requests to assign a tenancy must be considered. Landlords cannot decline unreasonably.
- Landlord records – Not providing a tenancy agreement in writing is an unlawful act and landlords will need to retain and provide new types of information.

Trust Act changes

From January 2021, the change to the Trust Act came into force. These changes are meant to make trust law more efficient and accessible, lower administration costs and make it easier to resolve disputes.

1. Review the trust: talk with us and your lawyer to review the reason and need for the trust. It may no longer be fit for purpose.
2. Revisit your succession planning: The new legislation has extended the maximum lifespan of trusts by 45 years, to 125 years.
3. Be prepared for beneficiary requests: The new law means most trust beneficiaries will be able to request financial information relating to a trust. This may be a concern for some trust settlors and has generated a lot of discussion from commentators.
4. Know your responsibilities as a trustee, which include:
 - a. Knowing the terms of the trust
 - b. Acting according to the terms of the trust
 - c. Acting honestly and in good faith
 - d. Holding trust property
 - e. Acting for the benefit of the beneficiaries or the permitted purpose
 - f. Exercising trustee powers for a proper purpose

Insurance

Have you reviewed your business and personal insurances lately? When was the last time you spoke with your insurance broker about your circumstances and situation? Make sure you have the right insurance for your stage of life and your circumstances.

***Please remember to give us a call if you have any questions,
we are here to help you***