

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses



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REMINDERS

There will be no January 2021 issue of our Business Tax Update. We'll be back in February.

Remember that if a due date falls on a weekend or public holiday, we can receive your return and payment on the next working day without a penalty being applied. But for provincial anniversary dates, this only applies if you're in the province celebrating the holiday, and only if you usually make tax payments over-the-counter at Westpac.

We have key dates to help you meet your obligations. ird.govt.nz/index/key-dates

If you have any suggestions for topics you'd like covered in this newsletter, Email BusinessTax.Update@ird.govt.nz

Upcoming webinars

We've kicked off a new series of on-demand webinars about the final stage of our Business Transformation.

They will tell you about some of the changes you can expect to see in 2021. You don't need to register and they're available to watch at your convenience. You can keep an eye on the latest webinars at ird.govt.nz/webinars

Changes coming for Paid Parental Leave in March 2021

We're proposing a number of changes to paid parental leave. It will be more straightforward for New Zealand families to manage their paid parental leave in myIR.

Applying for paid parental leave

From March customers will be able to apply for paid parental leave in myIR. We'll be able to pre-populate information we already hold for customers, such as contact details, name of employer(s) and an estimate of average weekly income for employees. Regulation changes will be made so that from March employers will no longer need to verify income details for employees.

If you have **Paid parental leave application – IR880** forms or links to the form on our website, please remove these once the changes come into effect in March 2021.

For more information visit ird.govt.nz/ppl-changes

Haven't done your Companies tax return yet?

The due date for most companies to complete their IR4 was 7 July so it's time to get onto it if you haven't already filed. You can file online anytime, 24 hours a day, seven days a week. The easiest way to file your IR4 is in myIR. If you don't have an account register for one and file your return at ird.govt.nz

We know this year has been tough for a lot of businesses, but you still need to file a return. If you cannot pay your business taxes on time due to the impacts of COVID-19 we may be able to help. The best thing to do is to get in touch with us as soon as you can.

If you have not traded for more than 12 months, you need to let us know by completing a **Non-active company declaration – IR433**. You can do this in your myIR account: go to **I want to...More**. However if you traded at any time in the last year – even for just part of it, you still need to file an IR4.

Visit ird.govt.nz/IR4 for more information. Remember, file your Companies tax return today.

Five essential things employers need to know for the summer holiday period

(on behalf of Employment New Zealand)

Employers need to know their holiday legal employment rights and obligations – it's especially important as we enter the Christmas and New Year season. With a little bit of planning and preparation, you can avoid serious problems later. Employment New Zealand has simple answers to common questions that businesses have.

Can I close down my business over the holiday period and require staff to take annual leave?

You can have an "annual closedown" for your whole business or part of it, but you must comply with the legal rules that include:

- Employees must be given at least 14 days' notice in writing.
- Employees can be required to use their existing annual leave (annual holidays) to cover the closedown period. If they don't have sufficient leave, they can take leave without pay or you both can agree to them taking annual leave in advance.

I need my employee to work during the Christmas and New Year holidays. What do I need to do?

You can **only** make your employees work on a public holiday if two conditions are met:

- the public holiday falls on a day the employee would otherwise have worked **and**
- the requirement to work on the public holiday is noted in their employment agreement.

Unless these conditions are met, your employee does not have to agree to work during a public holiday.

How much do I need to pay them, if they work on a public holiday?

When the public holiday falls on the day an employee would normally work, they are entitled to be paid time and a half for all the hours actually worked, plus a paid day off at another time. If the holiday does not fall on a day they normally work, they are entitled to just pay of time and a half.

Do I have to allow my employees to cash-up their annual holidays?

Employees can request to cash-up up to one week of their minimum four weeks' annual holidays in any entitlement year, provided you agree. To decline their request you have to do this in writing, but you don't have to give a reason.

My business is really busy, can I cancel my employee's approved annual leave?

You cannot cancel your employee's approved annual leave, unless they agree to it. They may have already paid for all or part of the holiday or organised the holiday with the rest of their family. If you would like your employee to cancel their leave, you should approach them in good faith and make sure that there are no consequences if the employee declines to cancel their leave.

More information

For more information, visit [employment.govt.nz](https://www.employment.govt.nz) and search "Annual closedowns", "Public holidays" and "Cashing up annual holidays".