



NEWSLETTER DECEMBER 2024

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Draft Item on Bright-line Relief Provisions Applicable to Transfers of Residential Land Between associated Persons

Inland Revenue has released draft "question we've been asked" (QWBA) "How do the brightline rollover relief provisions apply to transfers of residential land between associated persons?". The draft QWBA explains how the bright-line test and rollover relief provisions apply to transfers of residential land between associated persons on or after 1 July 2024.

The answer in the draft QWBA is as follows: Under the bright-line test, any amount a person derives from the disposal of residential land that they sold within 2 years of their 'bright-line start date' is income unless one of the exclusions to the brightline test applies. The rollover relief provisions allow a transfer between certain persons to effectively be ignored for the purposes of the bright-line test. If rollover relief applies, for the purposes of the bright-line test:

- the transfer is treated as a disposal and acquisition for an amount equal to the transferor's cost
- the transferee's bright-line start date for the land is the transferor's bright-line start date, and
- the transferor's use of the residential land is attributed to the transferee in determining whether the main home exclusion applies.

Rollover relief can apply to transfers between associated persons within one of two broad categories.

The first category deals with transfers of residential land between persons associated under any of the associated person tests contained in sections of the Income Tax Act, such as close relatives, related entities with common shareholders, trusts and their beneficiaries or settlors, and partners in a partnership. The persons must meet the associated person tests both at the date of the transfer and for at least 2 years before that date.

The second category deals with transfers of residential land to a trustee of a trust in which all the beneficiaries (other than the transferor in their capacity as a beneficiary) are either:

- associated with the transferor at the date of transfer and for at least 2 years before that date, or
- a charitable organisation.

Rollover relief can apply to transfers of residential land only once in a 2-year period.

UPCOMING TAX DATES

20 December 2024

November 2024 PAYE Payment Due

15 January 2025

Provisional Tax payment due

GST return & payment due for Period ending
30 November 2024

20 January 2025

December 2024 PAYE Payment Due

28 January 2025

GST return & payment due for Period ending
31 December 2024

07 February 2025

Income Tax payment due if you have a March
balance date & no extension of time

20 February 2025

January 2025 PAYE Payment Due

Christmas Closedown

*Our office will close at 5pm on Thursday 19th of
December 2024*

*And will re-open at 8am on Monday 13th of
January 2025*



From everyone at Venter & Hull, we wish you and your families a safe and happy Christmas season and look forward to seeing you in the New Year.

Quick Guide to Key Employment Basics

Managing your team involves understanding your legal obligations. Here's a simple rundown of the key employment responsibilities under New Zealand law.

Back to basics

Under New Zealand law, employers must:

- Give all employees a written employment agreement/contract.
- Pay employees at least the minimum wage for all the hours they work.
- Pay employees in cash (money) unless they have agreed to a form of direct credit.
- Not deduct money out of employees' wages unless the law allows it (such as for student loan payments) or an employee gives written authorisation.

Sick leave

Your team members are entitled to 10 days of sick leave per year if they:

1. have been continuously employed by you for six months, or
2. over a six-month period, have worked at least an average of 10 hours a week with no less than one hour worked in every week or no less than 40 hours worked every month.

If an employee gets sick before starting their holiday, businesses must allow affected days to be taken as sick leave. If they get sick while on holiday, employers can decide whether or not to grant sick days.

IMPORTANT: In June, the government announced plans to move to a pro-rata system for sick leave and an accrual system for annual leave as part of changes to the Holidays Act 2003. This is not yet law.

Bereavement leave

Employees are entitled to three days of bereavement leave every 12 months, as long as they have worked for their employer continuously for six months and meet the same hourly criteria as above. This leave covers the death of an **immediate** family member or if an employee or their partner has a miscarriage or stillbirth. Bereavement leave of one day is permitted if the employer accepts that the employee otherwise has a close association with the deceased or particular responsibilities for matters associated with the death.

Last but not least

- All New Zealand employers must provide a workplace that is healthy, safe, and free from discrimination and bullying.
- Staff must be allowed to join a union if they want to, free from any pressure.
- Employees can resign at any time by notifying you they will be leaving and working out the notice period set out in their contracts.

If you're unclear on your legal responsibilities on employment matters, reach out to us to clarify your situation.

Managing staff isn't just about what happens at work; it's also about managing holidays.

As an employer, you're responsible for keeping accurate up-to-date records about much-deserved time off.

1. Annual holiday entitlement does not expire; staff are entitled to their holidays until they take them. Only one week's leave per year may be cashed up and only with your consent.
2. Businesses need to be reasonable in considering requests; you can't unreasonably refuse an employee who wants to take annual leave.
3. However, employers can decline unpaid leave requests or advance holiday requests.
4. You can only require an employee to take a holiday if you can't agree on when leave should be taken. In this event, staff need 14 days' notice.
5. A business can't make an employee take their annual holiday in advance, except when the company has an annual closedown.

What to know about public holidays

Employees in New Zealand get 12 public holidays a year. But what happens if your business needs to stay open on a national holiday?

When employees work **all or part** of a public holiday, businesses must:

- pay staff at least time and a half for the hours they work, and
- if the day is one they would normally have worked, give them an alternative holiday/a day in lieu.

You can only require a team member to work on a public holiday if it falls on a day they would usually be working and their employment agreement requires them to work the public holiday.