

BUSINESS Advisor

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INTRODUCING THE **NEW Health & Safety at Work Act**



- DONT LOSE YOUR MOST VALUABLE TALENT
- HOW TO CONDUCT A GOAL-SETTING SESSION
- NEW GST PROPOSALS FOR DIGITAL PURCHASES
- TEN TACTICS AND TIPS TO SAVE TIME AND MONEY
- NEW TAX ON RESIDENTIAL PROPERTY
- NEW ZEALAND'S THIRTY YEAR INFRASTRUCTURE PLAN 2015

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Editor's Note

The past couple of months have been marked by global uncertainty as the Chinese economy slows down. Closer to home, the impact is felt especially in the dairy sector and our Reserve Bank Governor, Graeme Wheeler, is predicting further interest rate cuts.

This is likely to fuel the inflated housing market and new measures are expected to come into force from 1 October to reduce speculation in residential property. We discuss the proposed legislation on Pages 12 and 13. Once the legislation is passed, any key amendments will be covered in upcoming journals.

Our main theme for this issue is the new Health and Safety at Work (HSW) Act that has just been passed into law. This is the most significant workplace health & safety reform in New Zealand in over two decades. As mentioned in one of our tips scattered throughout the journal, regulations and guidelines will be published by WorkSafe NZ over the next six months or so, to clarify compliance details.


As always, this edition is filled with useful information to help you keep up to date, comply with the Law and run a successful business.

We continue to publish questions of general interest that come through our Q&A service. Please feel free to use this service at any time, as it is included as part of your subscription with no extra charge.

As FBA celebrates our 20th year of servicing the New Zealand business community, we wish to thank each and every one of you for your support over the years. Thanks also go to our staff and those who contribute to our publications and Q&A service.

If there are any topics you would like to see in upcoming publications or any other ideas you have for us to improve our service to you, please do contact our team.

Wishing you the best of business.



Paul Wilton
 Editor



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We remind our subscribers that a renewal will be automatically forwarded annually.

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The bright-line test applies only to the disposal of "residential land". Residential land includes land where the owner has an arrangement to build a dwelling on it as well as bare land that is capable of having a dwelling on it. Residential land does not include business premises or farmland, but two new adjustments are proposed to include serviced apartments within the definition of "residential land" and exclude all rest homes and retirement villages from the definition.

A disposal of property that is the main home of the owner will be excluded from the bright-line test when the property has been used predominantly, for most of the time that the person has owned the property, as their main home. When a person has two or more homes, their "main home" is the property with which they have the greatest connection. The main home exception can apply to properties held in trust; there are rules preventing trusts being used to obtain the exception for multiple properties. A person cannot use the main home exception if they have already used the exception twice in the previous two years.

Taxpayers are allowed deductions for property subject to the bright-line test according to ordinary tax rules.

Losses arising only as a result of the bright-line test are ring-fenced so they can only be used to offset gains on other land sales that are taxable under any of the land sale provisions. A person cannot recognise a loss under the bright-line test arising from a transfer of property to an associated person.

Anti-avoidance rules will prevent land-rich companies or trusts being used to circumvent the bright-line test.

The proposed bright-line test will apply to land for which an agreement for sale and purchase is entered into on or after 1 October 2015, and which is subsequently disposed of. When the land is acquired other than by way of sale, the proposed bright-line test will apply when registration of title occurs on or after 1 October 2015.

Extracted from: Taxation (Bright-line Test for Residential Land) Bill - Commentary on the Bill.

First published in August 2015 by Policy and Strategy, Inland Revenue

<http://taxpolicy.ird.govt.nz/sites/default/files/2015-commentary-bltrl.pdf>

Buying or selling a property owned by a Family Trust?

CHANGES IN TAX RULES YOU NEED TO KNOW ABOUT...

The Government's Taxation (Land Information and Offshore Persons Information) Bill is likely to be passed by the end of September. The commencement date is set to be 1 October 2015 so there will be very little time to adjust to the changes.

Trustees of family trusts need to be aware of these changes, as without the necessary tax information they may not be able to complete a property transaction!

If your settlement date is after 1 October 2015, trusts which are buying or selling property will be required to provide a Trust IRD number.

It will not be satisfactory for individual trustees to provide their own personal IRD numbers. The trust will need to supply its own IRD number. This could be problematic as



many trusts do not have an IRD number, and there may be delays in applying for one.

As 1 October approaches, if a Trust does not have an IRD number, trustees should apply to inland Revenue to obtain one. This way, you can avoid delays in your settlement proceeding, when the Bill becomes law.



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SERVICED APARTMENTS AND SHORT-TERM RENTALS
There is no GST on residential rental property. However, if you own an investment apartment with a management or service agreement in place, there may be GST implications to consider.