



Have a safe and relaxing Christmas, and an abundant New Year!

We are closing our doors on Thursday, 23 December at 12.30pm and will reopen in the New Year on Monday, 10 January 2022. Thank you for all your support this year – we appreciate you!

Whether you are wanting to avoid paperwork mishaps and breaches of the Holidays Act 2003, or looking to refine your onboarding experience, we have got you covered in our final issue for 2021.

Entertainment

When you are entertaining clients or colleagues, some entertainment expenses are tax deductible while others are not. It can be tricky working out what's deductible as a business expense and what is not.

The basic idea is that an expense is business related if you spend the money to help your business earn income. Most business-related expenses are fully deductible. If the expense does not help your business earn gross income, it's private and you can't claim it as a tax deduction.

Generally speaking, if there is an element of private enjoyment, the expenses (in addition to the food and drink) associated with events where you entertain clients and/or staff will only be 50% deductible. For instance, this would include the hire of crockery, glasses, waiting staff and music.

Gifts

The rule of thumb with gifts is that if they consist of food or drink, you can only claim 50% of the expense as a tax deduction. If you are giving out gift baskets or hampers and some of the contents are food or drink, but not all, the food or drink items are 50% deductible, but the other gift items are 100% deductible. When you come to claim the tax deduction, you will need to apportion the expense between the 100% deductible items and the 50% deductible items.

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Ho Ho Ho! Knowing what's deductible

Do your plans for the festive season include functions to celebrate with clients and the team? What about gifts? If they do, here are some tips on the tax implications.



Gifts to clients

If your Christmas giving includes gifts to clients, remember that some gifts will be fully deductible while others will be only 50% deductible. Use these examples as a guide.

50% Deductible

- Bottle of wine or six pack of beer
- Meal voucher
- Basket of gourmet food
- Box of chocolates/biscuits
- Christmas ham

100% Deductible

- Book or gift voucher
- Tickets to a rugby game (but not corporate box entertaining)
- Movie tickets
- Presents (not food or drink)



Functions and Events

Some entertainment expenses are fully deductible, but some are not. Use these examples as a guide.

50% Deductible

- clients in the office
- Christmas drinks for team members or clients in the pub
- Hire of a launch to entertain clients
- Restaurants providing food and drinks to team members at a social function in their restaurant
- Staff Christmas party on or off the business premises
- Function hosted in a marquee at the races (or in a corporate box at the rugby). Includes the cost of tickets and any food and drink provided
- A weekend away for the team at holiday accommodation in New Zealand. Includes any food and drink provided

100% Deductible

- Donating food to a Christmas party in a children's hospital
- Providing morning and afternoon tea for your team
- Providing entertainment, including food and drink at your promotional stand for the Cracker Christmas Festival

0% Deductible

- Taking your family (who do not work with you in your business) out for dinner to thank them for being patient while you worked long hours and paying for this using the business credit card.



Five steps to seamless hiring in 2022

So you've found the right person for the job, now what? Here are the next five steps you need to take.

Step 1: Make an offer

- Check the candidate can legally work in New Zealand.
- Explain the 90-day trial period, if you're going to use one (only small businesses can).
- Discuss the role, conditions, and benefits (hours, location, salary, training, fringe benefits, holidays, etc.).

Step 2: Sign the employment agreement

- Give the candidate a written employment agreement that's specific to their employee type and includes all the agreed conditions.
- Provide them with a written role description.
- If you're using the 90-day trial period, tell them about it again and write it into the agreement.
- Make sure they've signed the agreement before they start work.

Step 3: Get prepared for their first day

- Make sure systems, processes, tools, and stationery are ready to go (more on onboarding in our article below).
- Plan out their first day and an induction process.
- Add them to any insurance policies you might have.
- If this is your first employee, you'll need to register as an employer with Inland Revenue.

Step 4: Complete any remaining paperwork

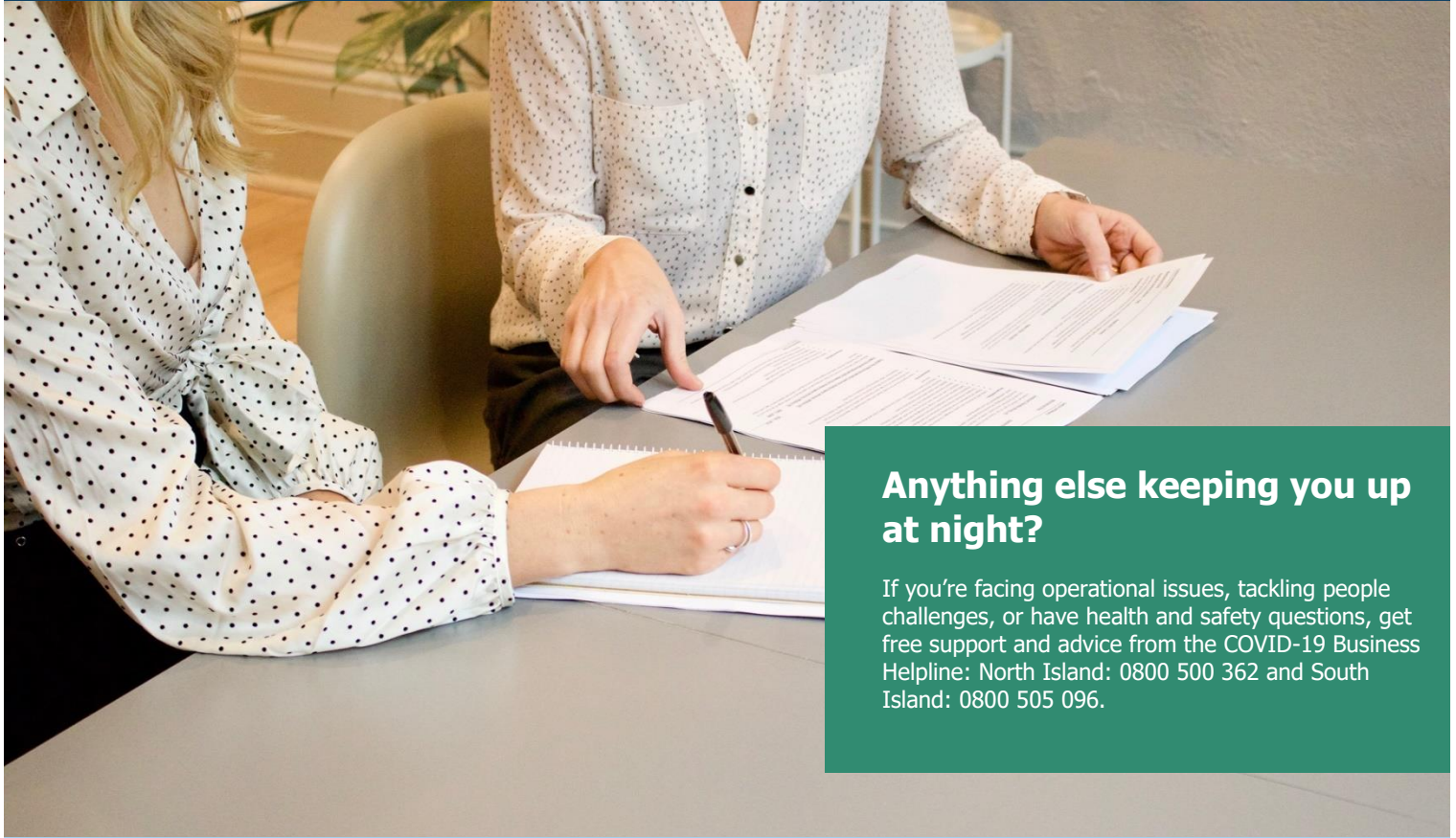
- Enrol your employee in KiwiSaver (IR346K), if they're eligible.
- Have them complete a tax code declaration (IR330).
- Keep a wage record showing how much you pay them.
- Set up a holiday and leave record.

Step 5: Get them settled in

- Explain your workplace's health and safety procedures.
- Show your new staff member how your systems and processes work.
- Introduce them to the rest of the team.
- Get their emergency contact details and give them yours.

Drawing up a new staff contract this summer?

Comply with the law to stay out of hot water



Anything else keeping you up at night?

If you're facing operational issues, tackling people challenges, or have health and safety questions, get free support and advice from the COVID-19 Business Helpline: North Island: 0800 500 362 and South Island: 0800 505 096.

Heading into the Christmas rush, it can be easy to miss something in your new staff members' contracts. To ensure your employees are treated fairly and according to the law, follow these three key rules.

1. All employees must have a signed employment agreement before they start work.

- Give new employees time (three to five days) to read, understand and ask questions before they sign the contract.
- The contract must include certain clauses, including the type of employment (fixed-term, casual, or permanent), duties, pay, and other benefits, the place and hours of work, how problems can be resolved, etc.
- Use templates in [New Zealand Workforce Manager](#) or an [Employment Agreement Builder](#) to help you put together a legal employment contract. It covers what you must do by law and sets out common mistakes made by employers and how to avoid them. It takes about 30 minutes to complete, and you can save it part way through.

2. All employees have minimum rights that are set out in law, including:

- Minimum wage: Employees must be paid at least the minimum wage; the current adult minimum rate is \$20 per hour.
- Public holidays: Unless written in the contract, employees don't have to work on public holidays. If they work on a public holiday, they must be paid time and a half, plus if it is a normal workday for them, they also get an alternative day off.
- Health and safety: Employers must provide appropriate training and information for workers so that they can work safely.

3. Employee work hours must follow the legal rules.

- Work activities paid for by the employer also include before and/or after-hours tasks, such as team meetings, opening and closing the business, cleaning and tidying up, on-the-job training, and product familiarisation.
- It is illegal for employers to offer employees zero work hours and expect employees to be available without reasonable compensation.
- Work hours must include proper rest and meal breaks. For example, an employer who works an eight-hour shift gets two paid rest breaks and one unpaid meal break.

Onboarding: how to do it right in 2022

Keeping staff can be just as tricky as finding them. So, how do you ensure newcomers feel informed and welcomed from the get-go? Create a memorable welcome pack as part of your onboarding experience. This could include:

Welcome letter. This is your chance to communicate your culture, what employees like about working for you, and what the company's goals are.

All the paperwork. Include a list of team members (roles and responsibilities), health and safety requirements, equipment, systems, etc.

Employee handbook. Give them an overview of your dress code, work hours, vehicle allocation, health and safety procedures, etc.

Ongoing training. Staff will be more likely to stay if they can see you're investing in their career development. Showcase the professional development and training opportunities available.

Mentorship. Matching new employees with an established member of staff helps create an instant bond and gives them one point of contact for questions or concerns.

Personal Q&A. It's important to get to know your new staff member so ask them to fill out a brief questionnaire about themselves. It could inspire their 2022 Christmas gift!

Onboarding survey. How did their first day go? Did they leave feeling confident in their new role? A quick survey makes your new hire feel heard plus you'll gain feedback on your onboarding process.

Five things all employers should consider in early December

Taking time out over the summer? You can have an 'annual closedown' for your whole business or part of it but give employees at least 14 days' notice in writing. You can ask staff to take their existing annual leave. If they don't have leave left, they can take leave without pay or you can both agree to them taking annual leave in advance.

Need employees to work the public holidays? The only way you can make employees work on a public holiday is if it falls on a day they normally work, and the requirement to work on the public holiday must be included in their employment agreement.

Know how much you need to pay them? If the public holiday falls on the day they would normally work, you pay them time and a half and give them a paid day off. If the holiday doesn't fall on a day they normally work, you pay them time and a half.

Employees asking to cash up? Staff can cash up up to one week of their minimum four weeks' annual holidays in any entitlement year if you're okay with it. If not, you must decline in writing (but you don't have to give a reason).

Need to modify an employment agreement? There are rules to follow, so head to [Employment New Zealand](#) or [New Zealand Workforce Manager](#).



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