

We are on the home stretch for 2020, and for COVID! Like everyone, the PH Team are looking forward to a holiday after all that 2020 has been. So, from all the team at Polson Higgs we would like to wish you and yours a very Merry Christmas and a happy New Year. Enjoy your holiday and we look forward to working with you in a “less eventful” 2021.

In this newsletter we are going to look at:

- Make Summer Unstoppable
- 39% Tax Rate
- Holiday Pay
- Xero insights
- Young Enterprise Scheme Winners
- Polson Higgs in the community
- Christmas hours
- New Webpage

Make Summer Unstoppable

The Make Summer Unstoppable campaign is a reminder to all of us to do the right things to keep each other safe over the Christmas season and summer holidays.

This summer will be our first (and hopefully last) under COVID-19 conditions, so it is important we look after ourselves and our whanau with four simple things:

- use the COVID Tracer app to scan QR codes
- turn on Bluetooth functionality so you will receive alerts if you are around another app user who has tested positive (you still need to scan the QR codes)
- stay home if you are sick
- wash your hands regularly

39% Tax Rate

The Government has introduced legislation for the new 39% personal tax rate on income above \$180,000. The new rate will apply from 1 April next year (the 2021-22 income year). The company rate of 28% and Trust 33% rates are unchanged.

The effect of this is that any personal income or benefits over \$180,000 (there are consequential changes to FBT, Employer Superannuation Contribution Tax etc.) received after 1 April 2021 will be taxed at the new rate of 39% up from the current of 33%.

This means that prior to 1 April 2021 we should review your Tax structure and planning, to ensure that it is the most efficient given the change in rates. In addition, you should also review any “retained earnings” within your current tax structure, as it may be more beneficial to release those earnings prior to the increase.

Regardless of the tax rate, the Polson Higgs Tax team can ensure that your affairs are structured in the most tax-efficient way, and that any tax risks are identified and minimised as far as possible. If you want to talk about your tax affairs or the 39% rate, then contact your Partner.

Holiday Pay

2020 has been a less than routine year with lockdown. You may have had staff on unpaid leave, annual leave, 80% or some combination. How do all these things affect annual leave rates, especially as we draw closer to the Christmas holidays and many staff are looking to take annual leave?

Michelle MacDonald, Polson Higgs' Payroll Division Manager suggests that when people are processing their Christmas annual leave that they review the annual leave rates. This will ensure that regardless of any changes to payroll around COVID-19, your employee is being paid the correct rate. She points out that lockdown “should not have affected anything” when it comes to annual leave rates but now would be a good time to ensure all is what it should be.

Under New Zealand law, annual leave is calculated as follows:

You must pay the higher of:

1. Normal hourly or daily pay, or if you cannot determine what the normal rate is, then:
2. The average pay of the last four weeks divided by the number of contracted hours worked, or days worked, depending on how annual leave is calculated, or:
3. The average of the last 52 weeks divided by the average of the number of contracted hours worked or days worked.

Over the lockdown period, most companies would have received the wage subsidy if they were eligible and would have paid this to their staff. But if an employee had to take more than one week of leave without pay the employer is within their rights to make an adjustment to the employee's annual leave entitlement. This would need to be communicated with the employee and it should be fair and reasonable to both parties.

If you have any questions around annual leave rates or need help with your payroll feel free to get in touch at info@ph.co.nz

Xero insights

In our last [newsletter](#) we talked about how business confidence was improving and the how it affected decisions. Following on from that you may be interested in a recent report by Xero [Pandemic Insights: Small Business Experience](#). It covers small businesses in the UK, Australia and New Zealand and has some very interesting comparisons on how they were affected. One of the key stats is that NZ had the lowest rate of job loss (5%) in small businesses compared to 12% in Australia and 7% in the UK.

If you want to know more about using Xero in your business, then contact the PH Xero team at info@ph.co.nz.



Young Enterprise Scheme Winners

Back in [June](#) we wrote about how proud we were to be a local sponsor of the Young Enterprise Scheme and how impressed we were with the quality of the presentations at the “Pitch Day” at our office. Well, we were not the only ones to be impressed, with the Bayfield team of Robert Donohue, Abby Green and Alex Livingstone going on to win the runner-up award at the New Zealand Secondary Schools Young Enterprise finals. As year 12 students this is a fantastic achievement for the team.

The trio entered the Young Enterprise Scheme earlier this year to produce and market an Iranian super-food called barberry as an acne treatment.

Polson Higgs in the community...

Recently Polson Higgs Partner, Henry van Dyk and Senior Accountant Charles Newberry met with Joanne Rowe, Chief Executive at Presbyterian Support Otago, to present money raised as part of fundraising efforts.

The money came from donations received from clients at a special function, the PH Social Club fundraising efforts, and the Partners. All up, over a \$1,000 was raised for Presbyterian Support Otago.

Jo explained that they have their work cut out for them with the organisation gearing up to help around 500 families in Otago over the Christmas holidays.



Christmas hours

Tim is hanging a “Gone Fishing” sign on his office door and the rest of the PH team are away on holiday as well. So, our office will be closed from 12:00pm on 23 December, reopening at 8:00am on 11 January 2021. Over the break if you require urgent assistance please contact Carole Adair, Partner on 027 315 6188.

New Webpage - we have added a new page to our website and are gathering different resources for you to use. Check out **Polson Higgs Covid-19**

If you have a question about anything, please do not hesitate to ask on covid19@ph.co.nz.

Stay safe and keep in touch.

Kind regards

Polson Higgs Team

PolsonHiggs

Business advisors



Better
business
together.

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