

# Around the Office

## Commercial Newsletter

August 2011



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### 2012 Year Tax Rates



#### Individuals:

Up to \$14,000	10.5 %
From \$14,001 to \$48,000	17.5 %
From \$48,001 to \$70,000	30.0 %
\$70,001 and over	33.0 %

**Companies:** 28.0%

**Trusts:** 33.0%

### Employment Agreements



From 1 July 2011, employers are required to retain a signed copy of the employment agreement or the current signed terms and conditions of employment. The employer must retain the "intended agreement" even if the employee has not signed it. Employees are entitled to a copy on request.

Every employee must have a written employment agreement. This can be either an individual agreement or a collective agreement. (Collective employment agreements are negotiated in good faith between an employer and a registered union on behalf of their members. Employers must not unduly influence employees to join or not join a union).

### Changes to the Holidays Act 2003



The changes to the law are effective from **1 April 2011** and include:

#### **Cashing up to a maximum of one week of annual holidays**

This can only be at the employees request and must be in writing. Employees cannot cash up annual holiday entitlements which arose before 1 April 2011.

#### **Transferring the observance of public holidays**

Employers and employees will be able to agree to transfer the observance of public holidays to another working day in order to meet the needs of the business or the employee.

#### **Taking alternative holidays**

If any employee works on a public holiday, they are entitled to be paid time and a half for the hours they work and if it is an otherwise working day for the employee they are also entitled to another paid day off. This recognises that the employee has missed out on a day of national significance and enables them to take a day off at another time.

#### **Asking for proof of sickness or injury**

Employers will no longer have to have reasonable grounds to suspect that sick leave is not genuine before requesting proof of sickness or injury within three consecutive days of an employee taking sick leave. The employer must inform the employee as early as possible that the proof is required and agree to meet any reasonable expenses in getting this proof.

#### **Clarification of entitlements during a closedown period**

Employers can require employees to take annual holidays during a close-down period, providing they give at least 14 days notice.

#### **Penalties for non-compliance**

The amendment increases the maximum penalties for non-compliance with the Holidays Act 2003 to \$10,000 for individuals and \$20,000 for companies and corporate bodies.

#### **Minimum Wage**

A reminder that from 1 April 2011 the adult minimum wage is \$13.00 per hour and the new entrant and training rate is \$10.40 per hour.



### Student Loans

If you (or your children) have a Student Loan the threshold for repaying the loan is an annual income of over \$19,084 for the 1 April 2011 to 31 March 2012 tax year. This means that if you expect to earn more than this you will need to start repaying your loan, even if you are still studying.

#### **Repayments if you are Overseas...**

### **Repayment holiday**

If you are on a repayment holiday you will not have to make any repayments while you are away for up to three years. Repayment holidays do not stop interest on your loan though, so it is still a good idea to make voluntary payments to keep on top of things.

### **When your repayment holiday ends**

If you are not on a repayment holiday, you will need to make repayments twice a year. These will be based on the size of your loan balance and will be due in two equal instalments on 30 September and 31 March.

<b>If your loan balance is...</b>	<b>The yearly amount you need to pay is...</b>
Under \$1,000	Your whole loan balance.
Over \$1,000 and up to \$15,000	\$1,000
Over \$15,000.01 and up to \$30,000	\$2,000
Over \$30,000	\$3,000

## **ACC Update**



### **Experience Rating**

On 1 April 2011, ACC introduced experience rating - a system of modifying a business's ACC work levy based on its claims history. Historically, the work levy has been based on injury rates across industry categories. A business has paid the same work levy as others operating in the same industry, despite differences in their safety record.

Experience rating rewards those business owners with safer workplaces, and encourages a focus on improving workplace safety and making New Zealand businesses better places to work.

### **How does experience rating work?**

Experience rating takes into account a business's ACC claims history when setting its levies.

Under the experience rating framework, employers who have lower-than-average injury rates, with better-than-average rehabilitation or return to work rates, may receive a discount on their ACC work levy. Those with worse-than-average claims experience may receive a loading on their levy.

Experience rating helps make levies fairer because what a business pays will more accurately reflect the safety performance in the workplace. It also encourages a focus on:

- Injury prevention in the workplace.
- Helping injured employees return to work as safely and quickly as possible.

### **Experience rating calculation**

*Graham, Peter, Haydn, Paul, Allison, Avis, Christie, Danie, Diane Brown, Diane Leslie, Hannah, Janine, Jayne, Jill, Jing Yi, Kathleen, Linda, Nancy, Rachel, Rebecca, Sarah*

Experience rating is applied in two different methods based on your levies:

- Experience rating programme
- No-claims discount programme.

### **No-Claims Discount Programme – for businesses who have paid an annual levy of less than \$10,000**

Businesses (including self-employed people) who have paid an annual levy of less than \$10,000 for all, or part, of the experience period receive a no claims discount or a high claims loading of up to 10% on the current portion of their levy.

The levy adjustments for these businesses are:

- A 10% discount if no weekly compensation days paid have been made over the experience period.
- A 10% loading (increase) if the business has generated more than 70 weekly compensation days paid or any fatal claim.
- No change for a business generating between one and 70 weekly compensation days paid.

### **Experience Rating Programme – for businesses who have paid an annual levy of \$10,000 or more**

Based on their claims history, businesses who paid \$10,000 or more in levies for each of the three years in the experience period could receive a discount or loading of up to 50% on the current portion of their work account levy.

ACC compares the number of weekly compensation days that injuries in the workplace have generated; all claims with medical costs of \$500 or more; or any fatal claim.

This information is compared to other businesses in their Industry Levy Risk Group (LRG) - a group of businesses operating in the same or similar industries, with similar injury risk profiles.

If a business's performance compares favourably with others in its LRG its levy may be discounted. A loading may be applied to the work levy for employer's who do not compare favourably.

### **Christchurch Earthquake - Adverse Event**

The Minister for ACC has formally declared the Christchurch earthquake of 22 February 2011 as an adverse event. No claims resulting from the earthquake will affect an employers experience rating for the levy year starting on 1 April 2011.

Claims resulting from the earthquake will be excluded from experience rating for the levy year starting on 1 April 2012 (and the years that follow).

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