

A photograph of a stack of smooth, dark grey stones on a beach. The stones are stacked in a pyramid shape, with the largest at the bottom and the smallest at the top. The background is a soft-focus view of the ocean and sky at sunset, with warm, golden light reflecting off the water. A semi-transparent dark grey rectangle is overlaid on the top half of the image, containing the title text.

Autumn 2022 Newsletter

Chartered Accountants and
Business Advisors Auckland

Alliott NZ Ltd

Message from Greg and Vanessa

Congratulations Juliette!

We kick off this edition with great news about our client, [Juliette Hogan](#), who picked up the Supreme Business Excellence Award, Excellence In Customer Service Delivery Award and Excellence In Marketing Award at last month's Westpac Auckland Business Awards.

Many congratulations from all the team at Alliotts – thoroughly deserved!

Read the full announcement [here »](#)

In this newsletter:

- Tax rule changes for NZ residential investment property
- Employment update
- The Great Resignation
- Inflation and our cost of living

Also just a very quick reminder about our 2022 year-end tax planning checklist. The standard year-end for NZ occurred at the end of March. There are actions you can take to maximise tax deductions and we've created a checklist of tax deductions available for you to consider [here »](#)

Please [contact](#) our team or email enquiries@alliott.co.nz to discuss these and any other topics with us.

Greg Millar & Vanessa Williams

Changes to Tax Rules for New Zealand Residential Investment Property

Legislation has recently been enacted in New Zealand pertaining to changes in interest deductibility and Brightline Rules for residential investment properties. The changes are also retrospective.

In summary these new tax rules are as follows:

Residential investment properties bought on or after 27 March 2021 now need to be held for 10 years, otherwise any gain is taxable. This is a change from the previous Brightline rules which required a minimum 5-year hold.

There is now a limitation of interest deductibility for residential rental properties. This is as follows:

- For Residential rental property purchased on or after 27 March 2021, interest cannot be claimed as an expense from 1 October 2021, and
- For Residential rental property purchased before 27 March 2021, interest deductions are limited to 75% of the interest paid from 1 October 2021. This will continue to decrease over a four year period, so by 1 April 2025 the interest deduction is nil.

There is an exemption to the above rules for new builds. They are eligible for a full interest deduction for up to 20 years provided the code of compliance certificate was issued on or after 27 March 2020. New builds are also only subject to a 5-year Brightline hold period.

Commercial investment properties are not subject to the above rules.

NZ Employment Update

Despite claims in the media there is no mandate muddle

Despite the fuss made by the National and Act parties, people who lost their jobs for refusing a vaccine do not have any legal recourse to get their jobs back with many mandates soon to be removed.

This is just plain electioneering. As soon as the employment relationship is terminated, any obligation that the employer has to the employee doesn't exist. However, it is different for those still working out notice periods. There are still good faith obligations between the parties and obviously any substantive justification for the dismissal no longer exists in theory, once the mandates are no longer applicable.

Our Prime Minister has said that although the mandates would be dropped next month, they were still needed in some circumstances – and it's “up to employers to decide”.

Has the Government position on mandates in your business changed?

According to the NZ Herald, last year many companies also brought in mandates to require workers and customers visiting their offices to be vaccinated even though this wasn't a government requirement. Those companies are now advised to review their work health and safety risk assessment to take into account the current public health advice and any other changes in the workplace.

Michael Wood, Minister for Workplace Relations and Safety, said its guidance was centred on public health advice which suggested that requiring vaccination in the workplace should only be permitted if it was deemed an employee was at higher risk of catching and spreading Covid-19 while at work, than they would otherwise be in the community.

"Employers may still be able to maintain vaccination requirements where they continue to be supported by a workplace health and safety risk assessment, but the reason will need to be specific to their role and set of circumstances." Wood anticipated this would significantly reduce the use of vaccine requirements in most settings and the circumstances were likely to be more limited than they have in the past now that Omicron has entered the community.

"Employers should regularly review their workplace health and safety risk assessments and there are a number of public health factors outlined in the guidance that is recommended they consider as part of this process." He said employers should keep in mind that normal employment law and processes continued to apply. Wood said vaccination continued to be strongly recommended as one of the key public health measures and provides significant benefits.

"I recommend that employers undertake an updated work health and safety risk assessment before proceeding with any employment processes they may have already in place. "It is also important to remember that the majority of New Zealand workplaces have not had a vaccination requirement in place and have managed well over this period.

Advice on the Government's WorkSafe website said employer vaccination requirements should be used carefully and were not a suitable first response for managing Covid-19 in most workplaces. "Employers should undertake a risk assessment to determine their level of risk and consider the extent to which other controls can manage that risk." It states that the public health justification for requiring vaccination is stronger when the risk of contracting Covid-19 at work is higher than it is in the community.

Employers should assess if there was a greater risk of the worker being exposed to new variants at work than in the community, whether the worker interacts with people who are at a greater risk of severe illness should they contract Covid-19 and if the worker regularly interacted with people who were less likely to be vaccinated.

Employers should also consider if the person works in a confined indoor space that involved close and sustained interactions with others. WorkSafe said employers should consider using other controls first such as supporting workers to stay home when sick, requiring mask use in some indoor settings, improved ventilation, physical distancing, testing and basic hygiene practices.

"WorkSafe considers that few workplaces will be able to justify an employer vaccination requirement for health and safety or public health reasons. For those who can, this would likely be only for specific roles."

Employment case

Don't expect any common sense from the ERA

The Employment Relations Authority (ERA) ruled Sahil Talwar was justifiably dismissed from McDonalds yet still awarded him \$1,000 for disadvantage.

Allegations included a complaint Talwar had made an inappropriate comment to a workmate when she was bending down to pick up something and that he had drawn inappropriate images viewed by other employees.

Talwar denied he made any comment to the woman and maintained his drawing was not inappropriate. Accusations of refusing instructions and poor timekeeping were also discussed. A final warning was issued and then six weeks later removed from his file. Mr Talwar then allegedly went to India to look after his sick Mother and disappeared for six weeks. In reality he had gone to Canada to seek residency. When he failed to come back to work his employment was terminated.

The ERA ruled that the warning made his employment less secure during the six weeks and that he had experienced disadvantage as a consequence.

HR Contracting comments

1. The only thing that made Mr Talwar's employment less secure was his own conduct towards other staff and his cavalier attitude to timekeeping.
2. Mr Talwar is not even in the country anymore and seemingly has no desire to come back. He had also lied to his employer about his whereabouts and intentions. Why should he be paid anything?
3. Whilst there was no process in respect of the abandonment that resulted in Mr Talwar's resignation an application of a little common sense here should have seen Talwar get nothing. S 103A of the ERA 2000 allows for reasonable errors in process if the outcome is unaffected. This man needed to be fired yet the Member did not apply 103A.
4. In fact, let's go a step further. If Members were empowered to dismiss trivial or vexatious matters such as this, we would save a ton of money and people like Mr Talwar would get what they deserve – nothing.

Final word

Ross Henderson is a full HR services provider so can meet your needs in any HR area, and not just in employment law or recruitment and assessment.

If you need assistance with any of these or any other HR or employment relations matters, please call Ross at HR Contracting on 02 7294 0301.

Recommended Reading

[The Great Resignation: Avoiding a resignation tsunami](#)

It is important that employers take steps now to ensure that the experience of work they offer their people ticks the right boxes. The alternative is juggling a recruitment drive in a market plagued by labour shortages. [Read more »](#)

[ANZ: Inflation costs us all but some more than others](#)

It's no secret the cost of living in New Zealand has increased sharply in the past 12 months with inflation now over twice the 2% midpoint of the Reserve Bank of New Zealand's 1-3% inflation target range. [Read more »](#)

Interested in finding more employment and staffing information? Why not catch up on the multitude of videos we've created to help grow your business and succeed. Visit our YouTube channel [here](#) or catch our videos on [Facebook](#).

Wishing all our readers a safe and Happy Easter!

Take your business to the next level with help from our experienced team of Chartered Accountants and Business Advisors in Auckland.

Contact the team at Allriott NZ on 09 520 9200.

<https://www.allriott.co.nz/>

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