

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses



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REMINDERS

Remember that if a due date falls on a weekend or public holiday, we can receive your return and payment on the next working day without a penalty being applied. But for provincial anniversary dates, this only applies if you're in the province celebrating the holiday, and only if you usually make tax payments over-the-counter at Westpac.

We have key dates to help you meet your obligations. ird.govt.nz/index/key-dates

If you have any suggestions for topics you'd like covered in this newsletter, Email BusinessTax.Update@ird.govt.nz

Final stage of our business transformation

This week we've gone live with the first release of the final stage of our business transformation. We have a series of on-demand webinars that help you understand some of the key things that have changed.

To view these webinars visit ird.govt.nz/bt-webinars

You can also find more information about the changes here:

- Paid parental leave - ird.govt.nz/ppl-changes
- Unclaimed money (Note: some changes are dependent on legislation which is expected to pass soon) - ird.govt.nz/unclaimed-money-changes
- New Zealand foreign trusts - ird.govt.nz/foreign-trust-changes

Looking ahead to the next changes, our latest webinar covers the changes coming in April, including:

- legislative changes
- the move to the new payday filing format (version 2)

You can also find information about the new payday filing format here: ird.govt.nz/payday-filing-version-2

In-work tax credit (IWTC)

From 1 April 2021, customers will still get in-work tax credit payments for up to 2 weeks when they take an unpaid break from work. The unpaid break could be when they move from one job to the next, are on unpaid leave or leave their job.

Customers will need to let us know if their employment situation changes so that we can make sure they receive the correct entitlement.

For more information about the change visit ird.govt.nz/in-work

The minimum wage is increasing on 1 April 2021. Are you ready?

As a business owner or manager, you need to be ready for the increase in minimum wage rates from Thursday, 1 April 2021.

The adult minimum wage will go up, from \$18.90 to \$20.00 gross per hour, and the starting-out and training minimum wage will go up from \$15.12 to \$16.00 gross per hour.

Employment New Zealand has information to help you prepare.

If you have employees on the minimum wage, you should send them a letter or email (variation of employment contract) advising them of the new wage.

Talk to whoever runs your payroll system: your payroll provider, accountant, lawyer, and HR or finance people to make sure they are ready to implement the change.

If your system is manual or computer-based you should check and confirm the settings will be adjusted for the new rates.

If any of your employees are on starting-out or training wages, check when they will be eligible to move onto the adult rate.

Check that any affected employment agreements (contracts) are updated.

Consider potential impacts due to internal wage relativity (eg how employees are paid compared to each other) and external benchmarking (eg how your pay rates compare to others in your industry or sector).

Apply increased costs to your budgets, to help you plan for the effect of higher wage and holiday pay liabilities.

For more information

Please visit: [employment.govt.nz](https://www.employment.govt.nz) - use search word **Minimum wage**