

Embracing self-leadership: **YOUR PATH TO SUCCESS IN LIFE**

Sadly many people are on the hamster wheel of life, letting life happen for them and forgetting how much power and influence they can have over their life.

Here's a brief guide to understanding and practicing self-leadership at work.

1 Understanding Self-Leadership:

At its core, self-leadership is about self-awareness, self-motivation, and self-direction. It empowers individuals to recognise their strengths, weaknesses, and emotions, enabling them to navigate challenges and capitalise on opportunities effectively.

2 Setting Clear Goals:

Self-leadership begins with setting clear, achievable goals. These goals act as a roadmap, providing direction and purpose to your work. Break down larger objectives into smaller, manageable tasks, making it easier to stay focused and motivated.

3 Taking Initiative:

Rather than waiting for instructions, self-leaders take initiative. They proactively identify tasks that need attention and tackle them without being asked. This proactive approach demonstrates a strong work ethic and a genuine commitment to the organisation's success.

4 Cultivating Resilience:

Mental & emotional fitness is key to self-leadership. Challenges and setbacks are inevitable, but how you respond to them defines your success. Embrace failures as learning opportunities, adapt to change, and maintain a positive attitude despite adversity.

5 Continuous Learning:

Self-leaders are perpetual learners. They invest time in acquiring new skills and knowledge, staying updated with industry trends. Continuous learning enhances your expertise and boosts your confidence and adaptability.

6 Effective Communication:

Mastering the art of communication is vital. Clearly convey your ideas, actively listen to others, and provide constructive feedback. Good communication fosters collaboration, reduces misunderstandings, and strengthens working relationships.

7 Time Management:

Self-leaders prioritise tasks, manage their time efficiently, and meet deadlines. Effective time management ensures that important tasks are completed promptly, enhancing productivity and reducing stress.

8 Building Relationships:

Nurturing positive relationships is fundamental. A supportive work environment fosters collaboration, trust, and teamwork, creating a conducive atmosphere for self-leadership to thrive.

9 Celebrating Successes:

Acknowledge and celebrate your achievements, no matter how small they might seem. Recognising your successes boosts your morale and motivation, encouraging you to set higher goals and achieve even more. Say "Go Me" more often!

Embracing self-leadership empowers individuals to take control of their professional journeys. Anyone can become a self-leader by setting clear goals, taking initiative, cultivating resilience, and honing communication skills. In the ever-changing landscape of workplaces, self-leadership is not just a valuable trait but a crucial tool for personal and organisational success.

Source: www.mentalfitnesscompany.com

“Self Leadership is actively developing a confident sense of who you are, taking ownership of what you do, and being intentional about where you are going in life.”

“There are no secrets to Success. It is the result of preparation, HARD WORK, and learning from failure.”
– Colin Powell

IN THIS
ISSUE

How Kiwi companies in Australia can avoid the 'double tax' trap
Inheritances and relationship property Tags track your valuables Strings of emails
Donations – rebate not permitted Backdated lump sum payments Paid parental leave
Bright-line main home exclusions Tax Calendar

How Kiwi companies in Australia can avoid the **'DOUBLE TAX' TRAP**

New Zealand companies setting up in Australia should plan their structures carefully to avoid a hefty double tax on profits.

Careful planning is required when a New Zealand company physically establishes a business presence in Australia, particularly to ensure most of the profits are not given to the taxman.

The dilemma of double tax
Some New Zealand companies end up paying over 53% tax on profits earned in Australia once those profits are distributed through to the New Zealand ultimate shareholders.

Double tax arises because Australian corporate tax paid does not create imputation credits. Although an Australian company can usually distribute tax-paid profits to its New Zealand parent without further taxes, the New Zealand shareholders pay full tax on unimputed dividends they receive.

The issue is accentuated in a group that earns most of its profits from its Australian business and distributes those profits through to its ultimate New Zealand shareholders.

To overcome double tax, less conventional structures can be considered such that the Australian income is derived directly by the ultimate New Zealand shareholders, rather via dividends from the New Zealand parent.

The double tax is relieved where the shareholders can credit the Australian tax against their New Zealand tax on the



Australian profits.

Possibly consider an Australian limited partnership (ALP) with an Australian corporate general partner and New Zealand individual(s) or a trust as the limited partner(s)¹.

A New Zealand limited partnership or a New Zealand look-through company, with a registered branch operation in Australia, are other alternatives to consider.

Sound transfer pricing policies
Where the New Zealand parent is supplying products, intellectual property, loans and/or management services to its Australian subsidiary, the transfer pricing policies can have a substantial impact on the incidence of double tax.

When the Australian company commences with few employees and is leveraging the business systems, brands and expertise of its wider New Zealand group, it would initially be expected to earn only modest profit margins (or perhaps losses). If the parent creates most value in the Australian business and controls decision-making on risks, it

would be expected to earn most of the Australian profits.

If the Australian subsidiary is likely to incur start-up losses, consider whether, at arm's length, the parent should be supporting its subsidiary through discounting the supply of products, royalties or management fees for an initial period.

Capital gains

Part of the set-up planning is designing an appropriate exit strategy that, in particular, mitigates Australian taxes on capital gains. As mentioned, double tax on profits is a key disadvantage of using an Australian corporate structure.

However, a New Zealand shareholder can divest its shares in an Australian company without capital gains tax, provided the Australian subsidiary does not own substantive Australian real property assets. If an entity is selling its Australian business assets, it may be subject to Australian capital gains tax on its Australian assets.

There are limited exemptions for small businesses. For example, if the total value of Australian assets does not exceed A\$6 million, a 50% discount on any capital gain can be claimed on active assets.

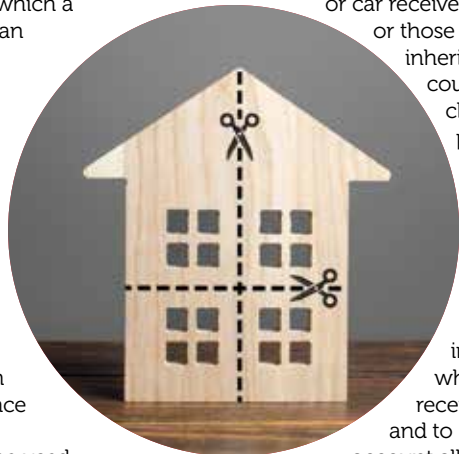
Resident director requirement

As a final point, note that if setting up an Australian company, at least one director must reside in Australia. A New Zealand resident director cannot satisfy that requirement. There is no Australian resident director requirement if registering a branch operation.

Source: www.lovedayconsulting.co.nz

Inheritances and relationship property

Any funds or assets which a person receives as an inheritance could be classed as relationship ("matrimonial") assets in the event of their relationship ending (either by their death or by break-up) if the funds or assets are mingled with other relationship property or used by both parties in the relationship. As an example, a cash sum received as an inheritance and used to reduce a mortgage over the home used by the couple could then be classed as relationship property. A holiday property



or car received as an inheritance, or those items from a cash inheritance, if used by the couple/family, could be classed as relationship property.

To assist in keeping inheritance property separate from relationship property it may be advisable to consider opening a separate bank account in your sole name in which to lodge funds received from inheritances, and to channel through that account all interest, dividends, repayments, and new purchases from any investments you have received as an

inheritance. Funds from the account can be taken out and used to purchase items used by the couple/family which then can become relationship property, but the original investments or cash if preserved in your sole name and run through the sole account, are more easily identifiable as separate property in the case of any break-up where the couple cannot agree on the division of property.

These notes are general only, and you may wish to take more specific advice from your own legal adviser.

Payment to a joint bank account

Please note that if funds are paid into a joint account, the other joint account holder usually has the right to make withdrawals from the account.

Source: www.doglaw.co.nz

Tags track your valuables

Apple AirTags and their Android equivalents have been in the news lately, especially as they've been used to track down missing luggage.



For a businessperson, they can be incredibly useful for keeping track of important belongings, which you can't afford to lose if you have an important meeting out of town. All you need to do is pair the tag with your phone and place the tag with your luggage, car keys, wallet or other valuable item. The tag emits a Bluetooth signal that can be detected by an app and shown on a map. The whole process is anonymous and encrypted. Tags have been used to not only find lost and stolen belongings, but also to keep track of pets, and even by journalists to track where recycled plastics end up.

They cost about \$50 each.

Strings of emails

One of the advantages emails have over conventional letter writing is to be able to string together correspondence backwards and forwards in one document.

If that string is broken, it might be necessary to refer to earlier correspondence to find out what was said. Maintaining the string avoids the need to go back and look at earlier correspondence.

If your firm doesn't have a policy on this, the string can easily be broken by someone who doesn't take the care to continue it. Consider whether your business ought to have a policy on when it is OK not to continue the string.



Donations – rebate not permitted

Sometimes a charity will organise tickets for a show to raise funds. Your payments for the tickets are not donations for tax purposes. The reason for this is you can get a donation rebate only if your payment doesn't provide you with any significant benefit.

Backdated lump sum payments

An alternate tax treatment is proposed for the taxation of backdated lump sum ACC or MSD payments. Under the proposals, backdated ACC lump sums would be taxed at the recipient's average tax rate for the four years prior to receipt of the payment, whereas for backdated MSD lump sums, the tax deducted by MSD would be assumed as the final amount of tax owed. Another welcome change.



“Coming together is the beginning, keeping together is progress, Working together is success.”
– Henry Ford

Paid parental leave

The Parental Leave and Employment Protection Act 1987 provides minimum entitlements, rights, and protections for employees during pregnancy and while they're on parental leave. Self-employed people may also be able to access parental leave entitlements as well depending on their situation and eligibility.

New parents who are employed may be legally entitled to parental leave to care for their newborn child, or for an adopted child under the age of six. There is also the option for parents to share and/or transfer some, or all their parental leave entitlement to their spouse or partner.

In some cases, other people who are not a child's parents may also be eligible for parental leave, e.g., if another family member took over the primary care and responsibility of a child.

Employer's Primary Legal Obligations

The primary obligation of an employer where an employee is eligible and takes parental leave is that they must keep the employee's position open for them duration of their parental leave.

There are very limited exceptions where an employer does not have to do keep an employee's position open for them. These are either because:

The employee's position is a key one in the employer's business, and it is not possible to secure a temporary replacement

The employee's position becomes redundant because of a genuine change management process.

If the employer determines that an employee's job is a key position and cannot be kept open, or there is a redundancy situation, then that won't affect an employee receiving parental leave payments – provided they meet the eligibility criteria for payment. In addition, there is a 26 week 'period of preference' at the end of their parental leave that applies for both situations. This means that at any time during this 26-week period, if the employer has a position that is like the employee's position, or one becomes available then they must offer it to the employee first before anyone else.

Forms of Parental Leave

The main forms of parental leave are:

Primary Carer's Leave: The primary carer of a child under six is entitled to unpaid leave for up to 26 weeks if they've worked for either the

six or twelve-month qualifying period, which are explained in the next section below.

Extended Leave: This only applies where the 'twelve-month qualifying period' is met. If so, then it provides that employees with a further 26 weeks of Extended Leave following the taking of the initial 26 weeks Primary Carer's Leave. For completeness, the maximum amount of parental leave whether Primary Carer's Leave and/or Extended Leave that a employee can take off is 52 weeks.

Qualifying Periods – Eligibility Criteria for Parental Leave

Primary Carer's Leave (the six-month test)

An employee meets the 'six-month test' for parental leave if they will have been employed by the same employer for at least an average of ten hours a week in the six months just before the due date of the child, or the date they or their partner becomes the primary carer of the child under six permanently.

Extended Leave (the twelve-month test)

An employee meets the 'twelve-month test' for parental leave if they will have been employed by the same employer for at least an average of ten hours a week in the twelve months just before the due date of the child, or the date they or their partner becomes the permanent primary carer of the child under six.

Sharing Parental Leave

Two parents can share Primary Carer's Leave or Extended Leave. However, they must both meet either the six- or twelve-month eligibility criteria to get 26 or 52 weeks of parental leave, respectively. The eligibility criteria are explained above.

Other Types of Parental Leave

Special Leave: Before a pregnant employee takes Primary Carer Leave, they can take up to total of 10 days' unpaid special leave for reasons connected to their pregnancy, e.g., for medical appointments.

Partners Leave: Allows the partner of a pregnant person either one- or two-weeks unpaid leave, which can be taken on or around the expected date of a child, or assumption of care.

Negotiated Carer's Leave: This allows employees to negotiate parental leave if they are not otherwise eligible for it.

Source: www.topflight.co.nz



“Sometimes
thing fall apart, so
that better things can
fall together.”
– Marilyn Munroe

BRIGHT-LINE main home exclusion

The recent tax bill implementing the highly publicised budget announcement imposing a 39% trustee tax rate contained a less heralded but welcome amendment to the bright-line main home exclusion.

The amendment will apply to residential properties acquired between 29 March 2018 and 27 March 2021 which are subject to a 5 year bright-line period.

Currently, the main home exclusion in section CZ 40 applies where a property has been used as a person's main home for more than 50% of the bright-line period. The bright-line period generally starts on the settlement date for the purchase of a property and ends on the date a binding agreement is entered into for its disposal. For off the plans purchases, the bright-line start date is the date a binding agreement is entered into for the purchase.

“Used” in the context of the main home exclusion means the person is residing in the property as their main home.

Purchasers who bought “off the plans” or bought bare land and built their new home and subsequently sold within the 5 year bright-line period have often struggled to satisfy the 50% requirement where there has been a significant delay between the bright-line start date and the move in date following completion of the build.

Under the proposed amendment, the period during which the main home is being constructed will be ignored when applying the 50% use test. Construction encompasses work to build the home including the design phase. This means that the bright-line period for the main home exclusion effectively starts when construction is completed which officials suggest will

generally be when CCC is issued.

The following example illustrates the benefit of the change.

Becky entered into an agreement to purchase an apartment off the plans on 1 October 2020. Construction is completed in May 2023 and she moves in on 31 May 2023. During the construction period her circumstances change and by settlement she no longer wants to live in the apartment long term. She intends to reside in the apartment as her main home for 6 months to satisfy the requirements of her first home grant and may then look to sell the apartment. The current market value is \$200,000 more than she paid for it.

Under the existing rules, Becky will be taxed under the bright-line rule if she enters into an agreement to sell the apartment before 1 October 2025. The main home exclusion won't apply as more than 50% of the 5 year bright-line period had already passed before she started residing in the apartment (1 October 2020 to 31 May 2023).

If the amendment is passed, Becky's bright-line period for main home purposes begins in May 2023 when construction is completed so if she resides in the apartment for 6 months and then sells, the main home exclusion will apply so she won't be taxed on any gain on sale.

The amendment is to come into force on 27 March 2021 which means that once enacted, clients who have derived bright-line income from residential land sales which settled after 27 March 2021 and which would now qualify for the main home exclusion, can treat those sales as non-taxable. If brightline income has already been returned then clients should be able to apply for an amended assessment once the bill is enacted. *Source: NSATax*

Administration

Darrin Rogers – General Manager

Alan Hay – Executive Officer

Heather Menzies – Conference and Administration Manager

Contact

NZ CA Limited
P O Box 132, Napier
Telephone (06) 835 5299
Email: info@nzca.com
Website: www.nzca.com

Directors

Natalie Milne (Chair) – YRW Ltd
Joe Morgan – gfa Chartered Accountants
Carl Cachopa – RSM NZ
Paul Dickey – Vazey Child
Karen Draper – Wallace Diack

Members of NZ CA Limited

Accountants Hawkes Bay - Napier	(06) 843-4868
Accounting HQ - Rotorua	(07) 348-7066
BM Accounting Limited - Havelock North	(06) 876-7159
- Waipukurau	(06) 857-8901
Brophy Knight Limited - Ashburton	(03) 308-5104
Brown Glassford and Co Ltd - Christchurch	(03) 365-0881
BW Miller Dean - Wellington	(04) 910-3340
Candy Gillespie - Matamata	(07) 888-7089
GCOL Chartered Accountants - Lower Hutt	(04) 939-1975
gfa Chartered Accountants - Te Awamutu	(07) 872-6444
Harris Taylor - Hawera	(06) 278-5058
ICL Chartered Accountants - Alexandra	(03) 440-0100
Martin Wakefield - Timaru	(03) 687-7122
- Christchurch	(03) 343-4012
Matheson Rae - Christchurch	(03) 343-3692
McDonald Vague - Auckland	(09) 303-0506
McIntyre Dick & Partners - Invercargill	(03) 211-0801
McKenzie & Co - Oamaru	(03) 434-7944
nsaTax Limited - Auckland	(09) 309-6505
RSM New Zealand - Auckland	(09) 271-4527
- Auckland North	(09) 414-6262
- Auckland Central	(09) 367-1656
Southey Sayer - Masterton	(06) 370-0811
Strettons - Taupo	(07) 376-1700
Sudburys Limited - Whangarei	(09) 430-4888
Vazey Child Limited - Hamilton	(07) 838-2169
Wallace Diack - Blenheim	(03) 578-7389
Whitelaw Weber Limited - Kerikeri	(09) 407-7117
- Kaikohe	(09) 401-0991
- Kaitia	(09) 408-1220
YRW Limited - Tauranga	(07) 578-0069

Changes in Particulars

Please remember to let us know of any changes in:

- Physical address • E-mail address • Phone and/or fax numbers
- Shareholdings • Directorships • Trustees

Or anything else that may be relevant.

Disclaimer

All the information published in Trial Balance is true and accurate to the best of the author's knowledge however it should not be a substitute for professional advice. No liability is assumed by the authors or publisher for any losses suffered by any person relying directly or indirectly on this newsletter. Views expressed are the author's own.

Articles appearing in Trial Balance may not be reproduced without prior approval from the editor and credit being given to the source.

Tax calendar

January 15 2024

Second instalment of 2024 provisional tax (March balance date except for those who pay provisional tax twice a year)

Pay GST for period ended 30 November 2023

April 7 2024

Terminal tax for 2023 (March, April, May and June balance dates). For all clients except those who have lost their extension of time privilege.