

Christmas Tax Issues 2015

Are you or your staff taking a work vehicle away over the Christmas period?

This triggers a liability to pay Fringe benefit tax.

There is a way you can mitigate the tax cost but you will need to know about the records you need to keep before you go away.

We understand that FBT is on the IRD's radar so it is important that you get this right. If you are not sure what records you need to keep please give us a call.

Calculating holiday pay entitlements is tricky

- This year there are two public holidays that fall on a Saturday which has implications for everyone.
- If your staff do not usually work on a Saturday you should treat the following Monday as a public holiday.
- If your Staff do usually work on a Saturday and they work the public holidays then they need to be paid time and a half plus a day in lieu.

We are happy to help you with your calculations and clarify the rules if you need some assistance

If you let out your family home over summer, we need to know about it because you may need to record the income in your tax return

**Are you planning a Christmas Party or giving presents to staff?
Have you thought about the tax consequences?**

- You may only be able to claim 50% of the costs of the Christmas party
- Once you take into account the tax consequences, the overall cost of giving a gift will vary depending of the type of gift:
 - o You may only be able to claim 50% of the cost; or
 - o You may be able to claim 100% of the cost, but depending on the value it may also trigger a liability for Fringe Benefit Tax; or
 - o If it is a cash bonus, it will be subject to PAYE

If you want to know more about the tax rules before you spread the Christmas cheer, please give us a call.