

Preparing for the Christmas break

The Christmas run-up can be frantic for small business owners. It's important to think about business basics like paying taxes and staff over the festive season.



Claiming Christmas expenses

Staff parties

Throwing a staff party can be a great way to see out the year and celebrate successes, but there are tax considerations to think about.

You can claim some costs of a party or staff gifts, but they may be subject to [fringe benefit tax](#).

This is paid on benefits workers get as a result of their employment.

Half your holiday party expenses may be claimed in your GST and income tax returns if the expenses relate to your business. Expenses can include:

- food and drink
- entertainment
- venue hire

Business Gifts and Entertainment

Generally, you can claim the costs of gifts as a business expense, eg hampers or gift vouchers. But you may need to pay fringe benefit tax on these gifts. For full information on entertainment expense claims from the IRD - [CLICK HERE](#)

A meal out provided by the business is an entertainment expense and you can claim 50% as a business expense.

Giving to charity

You can deduct 100% of the cost of entertainment you provide to members of the public for charitable purposes. For example, if your business donates food to a party at a hospital.

Paying staff over the holidays

When there's a public holiday on a day your employee usually works, they're entitled to a paid day off — no matter how long they've worked for you.

You can only require employees to work a public holiday if it's written in their employment agreements. Also, if they agree to work, you must:

- pay them at least time and a half
- give them another paid day off later.

Mondayisation

When a public holiday falls on a Saturday or Sunday, employees who don't normally work then get the following Monday as their paid public holiday — this is called Mondayisation.

The public holidays for the upcoming Christmas break, are as follows:

Christmas Day — Wednesday 25 December 2019

Boxing Day — Thursday 26 December 2019

New Year's Day — Wednesday 1 January 2020

Day after New Year's Day — Thursday 2 January 2020

TIP

Any employee can ask to transfer a public holiday to another day.

You must consider requests unless you have a policy that prevents transferring public holidays.

Read Employment New Zealand's guide to transferring public holidays - [CLICK HERE](#)

TIP

Days in lieu

An employee is entitled to a full day off in lieu of working a public holiday — no matter how many hours they worked that day.

But they don't get a day in lieu if:

- they only ever work public holidays
- they wouldn't normally have worked that day
- they were on call but didn't work, and being on call didn't stop them doing what they wanted to with their day.

For more about public holiday entitlements on the [Employment New Zealand website](#).