



April 2017 Tax Changes

ACC Earner Levy – The Earner Levy Rate for the 2018 tax year will remain at **\$1.39** for every **\$100** of liable earnings.

ACC Earner Levy Maximum Liable Earning – The maximum liable earnings for the ACC Earner levy will increase from **\$122,063** to **\$124,053** for all pay periods ending on or after the 1st of April. Any income above **\$124,053** will not be subject to the ACC Earner Levy.

Student Loans – The annual Student Loan repayment threshold has increased to **\$19,136**. This is the level above which Student Loan deductions will be taken. The student loan deduction rate remains at **12%**. The repayment threshold is broken down into a pay period amount as follows:

If you're paid...	Your repayment threshold is...
Weekly	\$368
Fortnightly	\$736
Four-Weekly	\$1,472
Monthly	\$1,594.66

Tax Code Change – The commissioner has clarified the tax treatment of holiday pay on termination for people on the **Non-Resident Seasonal Workers Income (NSW)** tax code. Details can be obtained from the IRD website. Taxing of holiday pay on termination for employees with a tax code of '**NSW**' should not have the extra pay tax rules applied, but continue to be taxed at a flat rate of **10.5%**.

New Minimum Wage Rates

- The adult minimum wage rate will increase from **\$15.25** to **\$15.75** (*before tax*) an hour.
- The Starting-Out Wage and Training Minimum Wage will also increase from **\$12.20** to **\$12.60** (*before tax*) an hour.

Please note: you will need to change the pay rate for any employees concerned as Datacom does not automatically change the rate.

OTHER LEGISLATIVE CHANGES

- **Schedular Payment Changes**
- **Benefits from Employee Share Schemes (ESS)**

A detailed guide has been published on our website. Visit us following the link below:
<http://www.datacompayroll.co.nz/Insights/Legislation-Updates>.

Changes to Schedular Payments

Payments by a labour hire business to contractors performing services for its clients must be treated as schedular payments from 1 April 2017. All independent contractors may optionally enter into schedular payment arrangements with their payer should their payer agree.

From 1 April 2017, changes to the schedular payments regime come into effect. Schedular payments are payments received for certain activities such as directors' fees, or labour only contracts in the construction industry.

Payments made by labour hire businesses to any person (*e.g. individual, partnership or company*) performing work for a client of the labour hire business will now be classified as schedular payments and so these payments must be taxed at withholding tax rates, and payments and tax reported on the **Employer Monthly Schedule**.

A labour hire business, as the name suggests, is a business where one of the main activities is arranging for a person to perform work for its clients, or clients of another person. Other possible terms for labour hire businesses are on-hire businesses, employment agencies, contract management or recruitment services.

If you are involved in one of these businesses it is important that any contractors you may be currently paying through your debtors/creditors system are instead added to your payroll system so that the correct tax can be deducted and the amounts reported to Inland Revenue.

Inland Revenue have granted an extension to 1 July 2017 to make these changes if businesses are not ready, but fortunately in Datacom's payroll systems, the changes are very straightforward. All that is required is to set up these contractors up in the payroll with a tax code of **WT**. If tax is being deducted then the rate will need to be set also. Payments made to these contractors will automatically appear correctly on the **Employer Monthly Schedule**.

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Changes to Schedular Payments

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The contractor will need to fill out a new tax rate notification for contractors (IR330C), on which they will need to provide their tax details and the rate of withholding (should they choose a different rate to the default).

In addition to the compulsory entering into the schedular payments regime for contractors of labour hire businesses, any independent contractor can, from 1 April elect to receive schedular payments if their payer agrees. This agreement must be in writing and it is suggested that it include the name of the payer and payee, the agreement to enter into a schedular payment arrangement, the period the agreement applies to, the date of the agreement and a signature of the parties.

Inland Revenue have produced a helpful information sheet (IR1029) for contractors which outlines the changes. For more information on how to set up contractors in your Datacom Payroll please contact the Datacom HelpDesk on **0800 72 97 97** or speak with your EasiPay consultant for assistance.



The Datacom team has made our transition to their EasiPay system as easy as they possibly could. I was extremely impressed with how well the project was carried out and I have received only positive feedback from our employees since our GO-Live date.



- Kate Rankin, CFO, Pacific Edge

Easy Payroll Transition with EasiPay

Pacific Edge is a cancer diagnostics company specialising in the discovery, realisation, and commercialisation of innovative diagnostic tests that make meaningful contributions to the detection and management of cancer.

With its current focus on bladder cancer, so far Pacific Edge has developed three new tests, branded as Cxbladder, that are now commercially available in New Zealand, Australia and the USA. Pacific Edge has offices in Dunedin, New Zealand, and Hershey, Pennsylvania, USA. The company also has a commercial partner in Australia.

THE CHALLENGE

While its products and new product development is transformational, Pacific Edge's payroll system was obsolete, clunky and accessible only by a single office computer. Unable to cope with the company's expansion and technological needs, a cloud-based system was required, one that would end the time wasted trying to breathe new life into a dying computer, and one that would allow staff members to access Pacific Edge's payroll information and make online leave requests from anywhere, at any time.

THE DATACOM DIFFERENCE

Pacific Edge decided Datacom's EasiPay would not only solve its problems but also that the outsourcing of all processing work to experts would free up work time that could be better spent on other matters.

From an initial contact in August 2015, clear communication from both sides ensured its new system - featuring several customer-specific quirks - was operating smoothly within six months. EasiPay now provides the company's staff with quick access to clear and accurate information while providing managers with a complete picture of individual leave balances.

As a result, its Finance and HR teams have had their workload significantly reduced and it has removed the necessity of spending at least half a day every fortnight on payroll work and answering staff queries.



The last payroll upgrade you'll ever need.



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We'll discuss what will suit your needs - big or small.

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