



New Zealand
Payroll Practitioners
Association

Developing and Supporting
Payroll Professionals

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IRD: Starting and Ending Employment





Defining what is Salary or Wages

Under the Income Tax Act 2007 salary and wages is defined as:

RD5 Salary or wages

Meaning

Salary or wages—

(a) means a payment of salary, wages, or allowances made to a person in connection with their employment; and

(b) includes—

(i) a bonus, commission, gratuity, overtime pay, or other pay of any kind; and

(ii) a payment described in subsections (2) to (8); and

(iii) an accident compensation earnings-related payment; and

(c) does not include—

(i) an amount of exempt income:

(ii) **an extra pay:**

(iii) **a schedular payment:**

(iv) an amount of income described in section RD 3(3) and (4):

(v) **an employer's superannuation contribution other than a contribution referred to in subsection (9):**

(vi) a payment excluded by regulations made under this Act; and