



**Inland Revenue**  
Te Tari Taake

**Presentation to: New Zealand Payroll Practitioners Association**

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# Overview

## Compliance focus

- Registration & basic compliance
- Filing & payment
- Cross border workers
- Third party providers
- Schedular payments

## Technical matters

- Extra pays
- Remediation payments
- Salary sacrifice

# Compliance Focus

## Six areas of focus:

- Registration and basic compliance
- Filing and payment obligations
- Cross border workers
- Third party providers
- Scheduling payments
- Allowances, benefits & FBT

# Registration & basic compliance

## Incorrect tax codes, rates and/or calculations

- IRD number / name mismatch – file the customer details with us or complete in the software
- Add end dates for when employment ceases – flow-on impacts for social policy
- Kiwisaver for an employee under 18 – no auto-enrolment and no deductions
- Address validation / formatting

## Employer Information validation [upfront]

## Proactive notification of Tax File Numbers

## Content refresh

- Website
- Redundancy factsheet

# Filing & payment

**EI information has been important to delivering COVID support initiatives**

## **Unfiled EI's and nil EI's**

Challenge is where there's no requirement to file (i.e. no wages paid)

## **Failure to file & failure to pay**

Prosecution of most egregious cases

## **COVID-19 support application matching**

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# Cross border workers

## NZ-based worker for overseas employer

Is there a NZ presence?

## Overseas worker for a NZ employer

If employee is not resident in NZ then no need to include on EI's

## Policy changes included in the Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023

Updated content for IR56 filers from 1 April 2023

Further changes from 1 April 2024

# Cross border workers

## RSE workers

### Flying in and Flying out (FIFO)

Amounts taxable in country of source

Income Tax will need to consider availability of credits from other jurisdiction

# Third party providers

**Continue to work with developers and regularly review payroll software**

**Establish and strengthen intermediary relationships**

**Trusted advisor model**



# Schedular payments

**Issues with 'employers' not registering for EMP or deducting WT from payments**

**IR reviewing Certificate of Exemption, Tailored Tax Rates and Tailored Tax Codes processes**

Possible third party validation process

**CIR prescribed rates**

# Extra pay

**Where the employer calculates, legislation says last 4-weeks is used to gross up to an annualised figure (s RD 17 of the ITA 2007)**

**The only alternative option is that the employee chooses an applicable rate under s RD 10(2) of the ITA 2007**

# Salary sacrifice

## **Sacrifice of pay to receive a benefit**

If benefit is subject to FBT then unlikely to be an issue

## **For Kiwisaver, must be agreed between the employer and employee**

Amount sacrificed must be paid to either Kiwisaver or a complying superannuation fund

Amount counts as an employer contribution and has ESCT deducted

Generally for a fixed period of time – needs to be reviewed regularly

# Questions



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Thank you



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