

Welcome to Payroll News

In this issue we tell you about due dates over the holiday period and what to do when employing seasonal or casual employees over the holiday period.

Please pass this newsletter on to the person who deals with the payroll in your business.

Due dates over the holiday period

If you pay your deductions to us twice a month, your PAYE forms and deductions for the period 16 December 2002 to 31 December 2002 are due to us by 15 January 2003, instead of 5 January 2003. This means you don't have to rush to get your PAYE forms completed before the Christmas break.

But, if you pay your deductions to us monthly, your PAYE forms and deductions for the period 1 to 31 December 2002 are due (as usual) on 20 January 2003.

Note

The due dates for your PAYE forms and deductions due in December will remain the same—see below.

- **Monthly payers** – PAYE deducted between 1 and 30 November 2002 is due by 20 December 2002.
- **Twice-monthly payers** – PAYE deducted between 16 and 30 November 2002 is due by 5 December 2002. PAYE deducted between 1 and 15 December 2002 is due by 20 December 2002.

Employing seasonal or casual workers

At this time of year some of you may be employing seasonal workers such as fruit pickers or shearers, or casual workers such as in the entertainment and hospitality industry. If you intend to employ seasonal or casual workers, you need to make sure all new employees complete a *Tax code declaration (IR 330)* form. You will also need to make sure that when these employees start and finish working for you, you show the start and/or finish date for each employee on the relevant *Employer monthly schedule (IR 348)*.

However, there are just a few more points to be aware of...

Seasonal workers

A casual agricultural worker is a person engaged in casual seasonal agricultural work on a day-to-day basis, for up to three months. The person must be employed for the exclusive purpose of doing seasonal agricultural, horticultural, orchard, tobacco farming, market gardening or nursery work, or other seasonal work of a similar nature.

- The tax code for casual agricultural workers is CAE, and they select this code on the IR 330. Deduct tax through the PAYE system at a flat rate. The current rate is 22.2 cents in the dollar (this includes ACC earner levy).
- If they do not complete an IR 330 fully, eg not providing their IRD number, you must deduct PAYE at the no-declaration rate of 46.2 cents in the dollar (this includes ACC earner levy).
- You must have employment records for all these employees.

Casual workers

- Your employee's tax code tells you which rate to use when deducting PAYE from their wages. If you employ casual staff, they may make the mistake of using the wrong tax code. If it is their second job, remind them to use the secondary tax code.
- Similar to seasonal workers, if your employee doesn't complete an IR 330 fully, eg not providing their IRD number, you must deduct PAYE at the no-declaration rate of 46.2 cents in the dollar (which includes ACC earner levy).
- You must have employment records for all these employees.

Note

Agricultural contractors, shearing contractors and musicians (hired on a casual basis) are not employees subject to PAYE deductions. Withholding tax should be deducted from payments made to these workers at the rate listed in the PAYE deduction tables and on the back of the *Tax code declaration (IR 330)*. However, if these workers supply you with a *Certificate of exemption (IR 331)* you can make payments to them without deducting withholding tax.

For further information on this please call us toll-free on 0800 377 772.

New rules for financial relief

Changes to the way we approach debt recovery were introduced on 1 December 2002 to provide financial relief for people who cannot pay their taxes on time. The effectiveness of the changes relies on people contacting us as early as possible if they think they will have trouble paying their tax or are already in debt to the department.

Financial relief

Paying your tax by the due date is still the best option. However, we realise that at times, some people may be unable to make their payments on time. The new rules give us a clearer and more flexible process and a range of options for people to pay amounts due. We take their individual circumstances into account in reaching a decision, and the form of relief granted depends on the applicant's financial situation.

The options for payment are:

- payment in full
- an instalment arrangement where you repay an agreed amount over time
- writing off an agreed amount if we determine that full payment would cause you serious hardship
- a combination of an instalment arrangement and a serious hardship write-off.

Applying for financial relief

You may apply for financial relief either in writing or by phone. We will discuss your current circumstances and help you determine the best option for dealing with the amount due. We will look at your current situation, your payment history and your ability to meet future obligations. We may need further information from you to determine your best options.

Late payment penalties

If you do not pay your tax in full and on time, we will charge you late payment penalties and interest. If you contact us requesting financial relief, in some instances we may require further information from you. We may ask you to phone us with this information, complete a form or file a return. You will be given a specific timeframe to provide the information that we need. During this time we will not charge you any further late payment penalties. However, if financial relief is not granted the late payment penalties that were not applied will then be charged as if financial relief had not been requested. If we enter into an instalment arrangement with you to repay the amount over time, we will not charge you further late payment penalties. Use-of-money interest, however, continues to accrue and remains payable until the outstanding amount is paid in full.



Bryre Patchell
National Manager
BusinessDirect

Happy holidays to
all our readers



To celebrate the 50th issue of *Payroll News*, we've decided to provide a fresh look by changing the presentation of this newsletter.

The first new-look *Payroll News* will be the February 2003 edition.

Payroll News index

Please find enclosed the latest index of articles covered in *Payroll News* up to December 2002.

The index is also available online at www.ird.govt.nz

If you have any feedback about the index, please write to:

The Editor
Payroll News
Inland Revenue
PO Box 2198
Wellington

FBT newsletter

Up till now we've included information about FBT in *Payroll News*. However, *Payroll News* isn't always seen by the person who deals with FBT, so we've decided to trial a separate FBT newsletter. *FBT News* is for the person who deals with FBT in your business and will cover tax changes, due date reminders, return completion handy hints and topical issues in relation to FBT. We plan to produce this newsletter quarterly and will include a copy with your FBT returns.

Copies of each edition will be available on our website. You'll also be able to subscribe to receive FBTnews electronically. We'll provide details on how to do this in the first issue, due out shortly with the FBT return for the quarter ending 31 December 2002.