

Payroll NEWS

IR 339

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Welcome to Payroll News

In this issue we tell you about making electronic payments and how to tax holiday pay.

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

Making electronic payments to Inland Revenue

Making electronic payments using a PC banking software package, online banking or by direct credit are a convenient and easy way to pay on time without any worry. To ensure your payment is successfully credited to the correct account and period, please supply us with sufficient payment details.

If you are a customer of ANZ, WestpacTrust or Kiwibank, you can make payment using their dedicated "tax payment" service for online banking. This method ensures that the correct payment details are provided to us.

If you are making an electronic payment on the payment due date, you will need to check with your bank what the last time is for making a payment to ensure it is processed on the same day. Each bank's close of business hours for making electronic payments may differ. Payments made after these hours will be processed on the next business day.

Payment reference details

Current banking technology only allows for one set of payment reference details to be included for an electronic payment. Therefore, separate transactions must be made for each different tax type to ensure your payment is correctly processed.

The payment reference details for an electronic payment must be included in the following three fields:

Field	Comments	Example
Particulars	This is the IRD number of the person or organisation the payment is for. This must be left-aligned.	98765431
Payee code	The payee code must be 000 space TAX space followed by the relevant three character tax-type code.	000 TAX PAY
Reference	This is the return period end date which the payment is for. This must be left-aligned with no spaces or dashes between characters.	31102002

If you are paying only one type of deduction, please use the separate tax type from the following list:

- CSE** – Child support
- DED** – Employer deductions
- FBA** – Fringe benefit tax, annual payment
- FBI** – Fringe benefit tax, income year payment
- FBT** – Fringe benefit tax, quarterly payment
- PAY** – PAYE
- SLE** – Student loan
- SSC** – Specified superannuation contributions.

For payments with a combination of **PAY, CSE, SLE** or **SSC** the tax type code is **DED**.

For more information on other ways to pay your tax to Inland Revenue, please see our booklet *Making payments (IR 584)*. You can read this on our website at www.ird.govt.nz or order a copy by phoning INFOexpress on **0800 257 773**.

Order of employees' names on schedules

We've been asked how employees' names are ordered on employer monthly schedules. The order you listed your employees' names on the first employer monthly schedule you filed determines the order these names are shown in future preprinted schedules. If new employees start and you add them to your preprinted schedules, they will appear at the end of the list on future schedules.

Taxing holiday pay

It'll soon be the holiday season and you might be starting to think about paying holiday pay to your employees. If you're not sure how much PAYE to deduct from holiday pay, follow these three simple steps. If you are paying three weeks' holiday pay to an employee:

1. Divide the amount to pay by three to get a weekly amount.
2. Calculate the PAYE on this weekly amount using the weekly PAYE tables.
3. Multiply the week's PAYE by three to get the total PAYE to deduct from the gross holiday pay.

Holiday pay and child support deductions

If you make child support deductions from an employee, you need to deduct it from their holiday pay as well, at the usual rate.

Example

An employer normally deducts \$50 child support per fortnight from an employee's wages. If the employer is paying three weeks' holiday pay in advance in December to cover the Christmas break, together with a fortnight's wages, they need to deduct a total of \$125 in child support—\$50 for the normal fortnightly pay, plus \$75 from the three weeks' holiday pay.

When you fill in the child support portion on your *Employer monthly schedule (IR 348)* please complete the child support code box with an "A" to show that it is a deduction in advance.

For January, the child support deductions will be less than the amount expected (based on the deduction notice applying). You need to use the code "D" to show that the shortfall has been deducted in the previous month.

If any of your employees have questions about child support please phone us on **0800 221 221**.

To find out more about calculating PAYE on holiday pay, read page 12 of your 2003 tax tables or phone us on **0800 377 772**. If you have questions about child support and holiday pay, please phone us on **0800 220 222**.

If you want more information about the rules for holiday pay and how to calculate it, phone the Department of Labour's Employment Relations Infoline on **0800 800 863**, or visit their website at www.ers.dol.govt.nz

Getting it right – employer monthly schedule and family assistance payments

We have introduced a new service for salary and wage earners who receive fortnightly family assistance payments from Inland Revenue, to help keep their family income estimates as up-to-date and accurate as possible, and help them avoid an end-of-year family assistance bill.

How we will use the Employer monthly schedule (IR 348) information

From October 2002, we will regularly update the family assistance entitlement for salary and wage earners, based on their family income.

These income updates will be based on salary and wage information we receive each month from employer monthly schedules.

Some of your employees may be in this category and they may be contacted by us about their family assistance income estimate, and the fact that information we have received from their employer(s) indicates they will earn more than they've estimated.

You, as the employer, do not need to do anything.

If your employee disagrees with our income estimate they should contact us on our family assistance freephone number **0800 227 773**.

We will discuss their income estimate with them, and if there are any discrepancies with the employer monthly schedule information that incorrectly reflects their income we will take corrective action on the family income estimate.

Note

Family assistance

Family assistance is financial help (either fortnightly payments or a lump sum at the end of the tax year) for working families who have children living with them aged 18 years and under. A number of criteria determine the amount of family assistance a family is entitled to, depending on how many children they have and how much they earn. Families who choose fortnightly payments need to estimate their annual family income as accurately as possible to ensure they are not overpaid.



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