

# Payroll News

Issue 82  
February 2006

## Welcome to *Payroll News*

In this issue we tell you about the 2007 tax tables, child support deduction notices that you may receive in March, and the new look deduction notices.

If you have an employer topic you'd like to see covered in this newsletter, please write to the Editor, *Payroll News*, PO Box 2198, Wellington or email us at [payroll.news@ird.govt.nz](mailto:payroll.news@ird.govt.nz) and we'll aim to cover the topic in a future edition.

## 2007 PAYE deduction tables

Your 2007 PAYE deduction tables will be sent to you in early March, unless you've told us that you don't want to receive them. We will send you either the 2007 *Weekly and fortnightly PAYE deduction tables (IR 340)* or the 2007 *Four-weekly and monthly PAYE deduction tables (IR 341)* or both.

The 2007 tax deduction tables contain changes to the student loan and ACC earner's levy deductions.

Please use these deduction tables for payments you make to your employees from 1 April 2006. If you currently view our tax deduction tables at [www.ird.govt.nz](http://www.ird.govt.nz) and have bookmarked these as a favourite, please remember to delete the 2006 bookmark and bookmark the 2007 edition from 1 April 2006.

If you prefer, you can calculate your employee's salary or wages at [www.ird.govt.nz](http://www.ird.govt.nz) > Work it out > PAYE > PAYE calculator 2007. The amount to deduct from holiday pay can be calculated at [www.ird.govt.nz](http://www.ird.govt.nz) > Work it out > PAYE > Calculate tax on holiday pay – 2007. Please remember to update your bookmarks for these calculators as well.

## Provisional tax due date

If you pay provisional tax and have a standard balance date of 31 March, in February we will send you a letter and payment slip advising you that your third instalment of 2006 provisional tax is due on Tuesday 7 March 2006.

You can make your provisional tax payment:

- electronically through your bank
- by sending us your cheque and payment slip in the reply envelope
- by taking the payment (cash or cheque) and payment slip into your nearest Westpac branch
- by paying through your tax pooling intermediary company.

## Payment due date for large employers

5 February falls on a Sunday and Monday 6 February is Waitangi Day. Your *Employer deductions (IR 345)* or *(IR 346)* form, payment and *Employer monthly schedule (IR 348)* for this period will be due on Tuesday 7 February.



## Child support deduction notices

If you make child support deductions on behalf of your employees, in March you may receive a child support deduction notice for employees whose deduction amounts change. If you don't receive a new notice please continue to deduct child support at the existing rate.

The new notice tells you when to start deducting the new amounts and how much to deduct.

Usually, we issue an individual notice for each employee you make deductions for. However, we sometimes send you deduction notices in the following formats:

- a consolidated deduction notice – in schedule form showing all additions and changes to child support payments for multiple employees on the same schedule
- both individual deduction notices and a consolidated deduction notice.

You may find it easier to process deduction notices if they are sent in one of the above formats. If you would like to change the format of your child support deduction notices please call us on 0800 220 222.

## Note:

It's important to use the variation codes to advise us of any deduction variations for your staff and to provide an end date for staff that have ceased employment with you. For more information on what variation code to use, please see our *Employer's guide (IR 335)*. You can get this from [www.ird.govt.nz](http://www.ird.govt.nz) or by calling 0800 257 773.

## Mileage rates

In September we reviewed the mileage rates that can be applied to reimburse an employee for the work-related use of their private motor vehicle. You can use one of the following options:

- the rates published by a reputable independent New Zealand source (eg New Zealand Automobile Association mileage rates) as long as they represent a reasonable estimate
- your own rate, as long as this represents a reasonable estimate of expenditure incurred by an employee
- actual rates (this is the amount your employee actually spent and provided receipts for)
- rates published by us in the February 1996 *Tax Information Bulletin* Vol 7, No 8 which can be found at [www.ird.govt.nz](http://www.ird.govt.nz) > Newsletters and bulletins > Tax Information Bulletin


For more information about mileage rates go to [www.ird.govt.nz](http://www.ird.govt.nz) > Businesses > Payroll for employers > Payments to employees > Allowances > Mileage rates for employee reimbursement and self-employed people.



## Improved deduction notice

A deduction notice is only issued to an employer in the final stage of recovering an employee tax debt. Employers are legally required to help recover overdue tax in these situations.

From March 2006 the format of our deduction notices will look like the example shown below.



### Notice to deduct amounts owed to Inland Revenue

ABC COMPANY LIMITED  
BOX 12-345  
AUCKLAND

**Employee name:** MISS ALICE SMITH  
**IRD number:** 12-345-678  
**Amount:** \$1,000.00

*If this employee has recently left, please call us on 0800 227 771 or send in the attached reply slip.*

**Amount to deduct**  
You are required to deduct an amount calculated weekly (by way of instalments), which is the lesser of:

- \$100.00, or
- 20% of the gross wages or salary including bonuses, holiday pay and overtime payable that week. You will need to calculate this amount.

If this employee is not paid weekly, you need to multiply the deduction amount to suit the pay period.

If the wages or salary payable in any week is less than \$100, the amount to deduct is \$10. If the employee asks you to deduct a higher amount, you must do this.

**Paying the deductions**  
Beginning from her next payday, these extra deductions are payable to Inland Revenue by the end of each calendar month. If a payday falls at the end of a calendar month, the extra deductions are due within five days of the date of the deduction. These deductions are in addition to, and need to be kept separate from, the usual PAYE deductions.

Please keep making the extra deductions until:

- you receive a notice from us asking you to stop making the deductions, or
- this employee stops working for you (let us know her finish date immediately), or
- the total amount owing has been paid.

**You can pay:**

- electronically - please include the following details with your payment:

Particulars	Code	Reference
12-345-678	ARR	

- by posting us a cheque (include the attached payment slip, or a photocopy, each time)
- in person, by cheque or cash at any Westpac branch (please use the payment slip).

Please call us on 0800 227 771 if you have any questions.

Thank you for your assistance.

*Martin de Graaf*  
Area Manager

**Legal authority** - This notice is issued under the authority of one or more of the Acts listed below. Please remember that if you do not make the deductions as required you may be prosecuted for committing an offence under one or more of: Section 157 Tax Administration Act 1994, Section 43 Goods and Services Act 1985, Section 46 Student Loan Scheme Act 1992, Section 12L Gaming Duties Act 1971.

22043
Page 2 of 3

IRD Number: 12-345-678

Payment made by: ABC COMPANY LIMITED

Amount paid \$

*Kathleen Clement*

Kathleen Clement  
National Manager  
Delivery, Planning and Initiation

4 556 24 10 9998 0

9000 0800 041731805 0

Step-by-step instructions

Option to phone or post a reply slip

Clear deduction start date

Clear payment instructions