

# Payroll News

Inland Revenue  
Te Tari Taake

Employer monthly schedule

Issue 91  
November 2006

## Welcome to Payroll News

In this issue we tell you about “What’s Tax?”—the website for young employees, holiday pay and child support deductions, and when penalties and interest are charged.

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 6140 or email us at [payroll.news@ird.govt.nz](mailto:payroll.news@ird.govt.nz). We’ll aim to cover the topic in a future edition.

## “What’s Tax?”—the website for young employees

If you have new employees aged 13-24 or if this is their first job, you can refer them to our What’s Tax? website [www.whatstax.govt.nz](http://www.whatstax.govt.nz)

By using “What’s Tax?” new employees are more likely to have an IRD number and know which tax code to use when they start working for you.

We launched “What’s Tax?” in 2005 to introduce new employees to the concept of tax and answer their questions. It tells them the basic information they need to know about tax, including:

- what an IRD number is and how to apply for one
- what a tax code is and why they need to select the right code
- how taxes fund services provided by government.

Check out “What’s Tax?” and tell us if you or your employees find it helpful by clicking on website feedback.

## Holiday pay and child support deductions

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

### Holiday pay paid in advance

If your employee requests their holiday pay before going on leave you still need to deduct child support—see example below.

### Example

Sasha normally pays child support deductions of \$50 a fortnight. In December, Sasha is taking three weeks’ annual leave which is paid in advance, along with her normal fortnight’s wages, in the last week of November.

Normal child support deduction each fortnight	\$50
Divide \$50 by two to get weekly amount	\$25
Multiply \$25 by 3 for the amount to deduct from her three weeks holiday pay	\$75

The total child support deductions would be \$125—\$50 for the normal pay, plus \$75 for 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’s a deduction in advance.

For December, 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 they can call us on 0800 221 221. If you have questions about child support and holiday pay, please call us on 0800 220 222.

If you want more information about the rules for holiday pay and how to calculate it, call the Department of Labour’s Employment Relations Infoline on 0800 20 90 20 or go to their website at [www.ers.dol.govt.nz](http://www.ers.dol.govt.nz)

## When are penalties and interest charged?

Penalties and interest are charged if you don’t pay your taxes by the due date.

### Late payment penalties

If your payment is late and you haven’t contacted us, the following penalties will apply:

- an initial 1% of the unpaid tax, charged the day after it’s due
- a further 4% of the unpaid tax, charged seven days after it’s due
- 1% of the unpaid tax (plus penalties already charged) each month the amount remains unpaid.

Interest is calculated daily on the unpaid amount including penalties. Penalties and interest are charged on amounts greater than \$100.

### Late filing penalties

Late filing penalties may apply if your *Employer monthly schedule (IR 348)* is filed late or not filed at all. You’ll need to file an IR 348 even if you haven’t paid wages during the month.

If you do file your IR 348 late we won’t automatically charge the late filing penalty if:

- this is the first time you’ve filed late, or
- you have filed all your returns on time in the previous 12 months.

Instead, we’ll send you a letter reminding you to file your IR 348. After this, if you’re late filing again during the next 12 months, we’ll charge you a late filing penalty.

The late filing penalty is charged at a flat rate of \$250 for each IR 348 received late. It’s payable one month after the due date. If the late filing penalty isn’t paid, late payment penalties and interest may also apply.

If you’re unable to pay or file by the due date, read the article “Unable to pay on time?” on the next page.

## Unable to pay on time?

We realise that at times some people may not be able to make their payments on time. If you think you can't pay the full amount by the due date, please call us as soon as possible on 0800 377 771.

### Payment options

Paying your tax by the due date is still the best option. However, if you are unable to pay your tax in full and on time, we can discuss your current circumstances with you and help you work out the best options for paying the amount due. We take your individual circumstances into account in reaching a decision. We may consider options such as some form of financial relief, including payment by instalment, if payment in full would result in hardship.

### Note

Even if you can't make the payment, you still need to send your return in on time. By contacting us early and entering into an instalment arrangement before the due date, you can avoid being charged the 4% late payment penalty. No further penalties will be charged during the term of the arrangement, provided the agreed payments are made by the instalment dates.

## Nil wages or deductions—reminder

If you pay no wages to an employee for a month or don't make a specific deduction such as child support, just leave the column(s) next to the employee's name blank—don't enter nil or 0.00.

Only enter an end date if the employee is no longer working for you.

## Tax code declaration (IR 330)

Employees and self-employed contractors (who perform work that falls under the withholding payment regulations) are required to complete a *Tax code declaration (IR 330)* when they first start working for you or when they want to change their tax code.

If they fail to or do not fully complete an IR 330 with their name, IRD number and tax code, you need to deduct tax at the no-declaration rate.

The no-declaration rate for employees is 46.3 cents in the dollar, this includes ACC earners' levy of 1.3%.

For the withholding payments no-declaration rates visit [www.ird.govt.nz](http://www.ird.govt.nz) > businesses & employers > payroll for employers > deductions > tax codes > no-declaration

### Note

You must keep the IR 330 for seven years after the last wages payment is made to the employee.

You can print copies of the *Tax code declaration (IR 330)* from [www.ird.govt.nz](http://www.ird.govt.nz) or order copies by calling INFOexpress—see "INFOexpress" article opposite.

## Due dates for large employers in November

Large employers pay their PAYE deductions twice a month on the 20th of the month and the 5th of the following month. The IR 348 is also due on the 5th of the following month.

This year 5 November falls on a Sunday. If you are a large employer your Employer deductions (IR 345) or (IR 346) forms, your payment and your *Employer monthly schedule (IR 348)* are due on Monday 6 November.

## INFOexpress

INFOexpress is our automated phone service, available between 6 am and 12 midnight, seven days a week. You can use INFOexpress to order forms or booklets, get tax payment information and request or change a personal identification number (PIN). Make sure you have your IRD number handy before you call.

You can call these numbers for:

Taxpacks	0800 257 772
Forms and guides	0800 257 773
All other services	0800 257 777

Some of the services may require a PIN.

Call 0800 257 777 to:

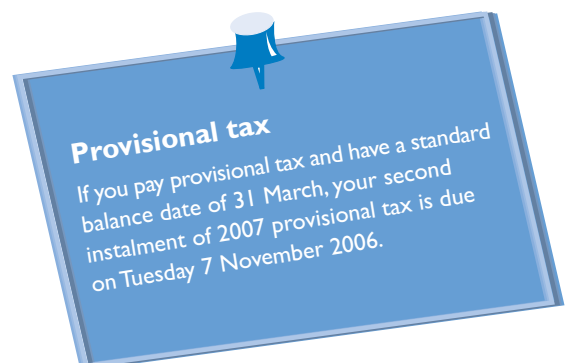
- get a PIN, by following the instructions given
- check PAYE and gross running totals
- check account balances
- order a statement of account.

To order stationery (forms and guides) call 0800 257 773. You can get the latest versions of:

- *Tax code declaration (IR 330)*
- *2007 Weekly and fortnightly PAYE deduction tables (IR 340)\**
- *2007 Four-weekly and monthly PAYE deduction tables (IR 341)\**
- *IRD number application - individual (IR 595).*

It's helpful if you have the number or name of any forms or booklets handy when you order.

\* PAYE calculators are available at [www.ird.govt.nz](http://www.ird.govt.nz) to work out PAYE deductions online.



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