



**Inland Revenue**  
Te Tari Taake

**IR333**  
March 2019

# First-time employer's guide

Information you'll need if you're thinking  
of employing workers for the first time



# Contents

---

|   |    |  |
|---|----|--|
| About this guide  | 3  | <hr/> <p>This guide is A5 and can be economically printed two pages per A4 sheet. If you're printing from a downloaded PDF, check the layout settings in your printer options to achieve this.</p> <hr/> |
| Why paying tax matters  | 3  |  |
| Are you an employer?  | 4  |  |
| What sort of workers do you have?                                   | 4  |  |
| Employees   | 5  |  |
| Workers receiving schedular payments                                | 5  |  |
| Self-employed contractors   | 5  |  |
| IR56 taxpayers  | 6  |  |
| Volunteers  | 6  |  |
| How to register as an employer                                      | 7  |  |
| Now you've registered, let's get started                            | 8  |  |
| Deductions you need to make   | 9  | <hr/> <p>The information in this guide is based on current tax laws at the time of printing.</p> <hr/>   |
| PAYE (pay-as-you-earn)  | 9  |  |
| Student loan and child support deductions                           | 9  |  |
| KiwiSaver   | 10 |  |
| Employer's superannuation cash contribution (employer contribution) | 11 |  |
| Payroll giving  | 12 |  |
| Fringe benefit tax (FBT)  | 12 |  |
| How you calculate deductions  | 13 |  |
| Forms you need to complete and send to us                           | 14 |  |
| Filing your forms and paying deductions to us                       | 15 |  |
| Terms we use  | 16 |  |
| How to contact Inland Revenue                                       | 18 |  |
| Privacy   | 18 |  |
| Inland Revenue's services   | 19 |  |

# About this guide

---

This guide takes a brief look at what you have to do when you decide to employ workers.

It also tells you how to register with Inland Revenue as an employer.

---

This guide covers:

- different types of workers
- when and how to register as an employer
- deductions you need to make
- how and when to file employer returns
- a glossary to help you understand the tax terms we use.

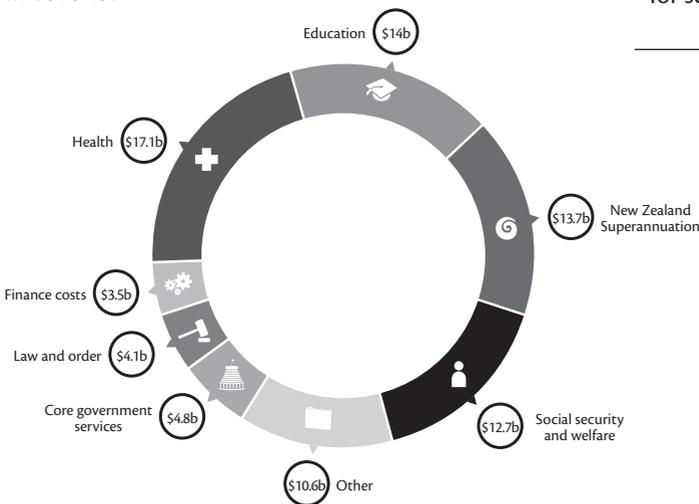
# Why paying tax matters

---

Everyone who earns money in New Zealand must pay their share of tax. Here's how the Government spent our taxes in 2016-17.

The government uses taxpayers' money to pay for services we all need.

---



# Are you an employer?

---

The following table shows you each type of worker, and whether you need to register as an employer, make deductions and keep records.

| Type of worker                       | Register as an employer? | Make deductions? | Keep records? |
|--------------------------------------|--------------------------|------------------|---------------|
| Employee                             | ✓                        | ✓                | ✓             |
| Workers receiving schedular payments | ✓                        | ✓                | ✓             |
| Self-employed contractors            | ✗                        | ✗                | ✓             |
| IR56 taxpayers                       | ✗                        | ✗                | ✓             |
| Volunteers                           | ✗                        | ✗                | ✓             |

---

You'll find a list of the tax terms we use on page 16.

---

## What sort of workers do you have?

---

It's important you know if the people who you employ are your employees or if they're self-employed, because this will determine whether you need to register as an employer and make deductions.

Deductions can include pay-as-you-earn (PAYE), student loan, child support, KiwiSaver and employer's superannuation contribution tax (ESCT). See more information on deductions on page 9.

---

Our guide *Self-employed or an employee? (IR336)* will help explain the tax differences between the two. You can find this at [www.ird.govt.nz](http://www.ird.govt.nz) (search keyword: IR336).

---

## Employees

An employee is someone who works for you and you determine when, where and how they do their work.

You need to make deductions from payments you make to employees.

## Workers receiving schedular payments

Some workers are employed under a contract for services and receive schedular payments. These workers are commonly known as contractors and use the WT tax code. The types of work covered by schedular payments are on the back page of the *Tax rate notification for contractors (IR330C)* form.

You need to deduct tax from payments you make to workers receiving schedular payments, unless they have a certificate of exemption and aren't being paid under a labour hire arrangement by a labour hire business\*, or they have a 0% special tax rate certificate. You don't need to make any other deductions like KiwiSaver or student loan deductions from their pay—this is their responsibility.

## Self-employed contractors

Self-employed contractors are workers who don't receive schedular payments and aren't employees. They control how they work, provide their own tools and invoice you for their services.

You don't need to make deductions from payments you make to self-employed contractors, but you must still keep records of the person or company and how much you paid them.

However, if you have a written agreement with the contractor stating you will treat their payments as schedular payments and deduct tax on their behalf, you'll need to register as an employer and treat them as a worker receiving schedular payments.

---

Common types of schedular payments are honoraria, and payments made to models, company directors and entertainers.

---

For more information about workers with a certificate of exemption read our *Employer's guide (IR335)*.

---

Common types of self-employed contractors include mechanics and plumbers.

---

\* Non-resident contractors can use a COE for payments they receive under a labour hire arrangement by a labour hire business.

## IR56 taxpayers

The term “IR56 taxpayer” is used to identify workers who are responsible for paying their own tax but are not self-employed contractors.

The most common IR56 taxpayers are private domestic workers, who work part-time, eg:

- home-helpers
- caregivers
- nannies
- gardeners
- domestic odd-jobbers.

You don’t take deductions from any payments you make to them, but you must still keep records of the person and how much they were paid.

## Volunteers

A volunteer is someone who works voluntarily and doesn’t get paid for it.

Even though you didn’t pay them, you should keep records of the person who volunteered and when they worked.

---

For more information on IR56 taxpayers, read our guide *IR56 taxpayer’s handbook (IR356)*.

---

# How to register as an employer

---

If you've now decided you're an employer, you must register with Inland Revenue as soon as you start employing. If you know in advance that someone will be working for you, you can register before they actually start.

## Step 1: Get an IRD number

You need an IRD number to register as an employer. If you're an individual and want to start employing workers, you can register as an employer under your own personal IRD number. If your business is a partnership, company, trust or other organisation, and doesn't already have an IRD number, you'll need to apply for one using an *IRD number application – resident non-individual (IR596)* form.

---

Companies can automatically apply for an IRD number, and register as an employer, when they register with the Companies Office.

---

## Step 2: Complete an *Employer registration (IR334)* form

You can register as an employer online at [www.ird.govt.nz](http://www.ird.govt.nz) (search keyword: IR334).

If you don't have access to the internet, you can call us on 0800 257 773 and we'll post you the IR334.

You'll receive a confirmation letter and an employer pack within 10 working days of registering. The pack tells you what you have to do and by when.

# Now you've registered, let's get started

---

Make sure new employees fill in a *Tax code declaration (IR330)* form. The IR330 will tell you what rate of tax to deduct from their salary or wages and any other deductions to make, eg, student loan repayments.

If your worker doesn't give you a completed IR330, you must deduct tax at the non-notified rate. This is 45 cents in the dollar plus ACC earner's levy.

Make sure new contractors receiving schedular payments fill in a *Tax rate notification for contractors (IR330C)* form. The IR330C will tell you what rate of tax to deduct from their schedular payments.

**Note:** there are minimum tax rates that must be used, refer IR335. If they've completed the IR330C and haven't selected a tax rate, use the standard rate listed on the back of the IR330C.

If the contractor doesn't give you a completed IR330C you must deduct at the non-notified rate. This rate is 20% for non-resident contractor companies and 45% for all other contractors.

When you start employing, you'll need to start a record-keeping system. Records need to be kept in New Zealand for seven years. These include:

- wagebook information
- PAYE payment receipts
- completed IR330 and IR330C forms
- letters from us asking you to change your employee's tax code or rate.

See our *Employer's guide (IR335)* for a full list of the records you need to keep.

---

Read our *Employer's guide (IR335)* for information on record keeping and a wagebook example.

---

## Deductions you need to make

---

You need to make deductions from payments made to employees and from workers receiving schedular payments. Self-employed contractors and IR56 taxpayers don't have tax deducted.

### PAYE (pay-as-you-earn)

As an employer, you must deduct PAYE from all payments you make to people working for you. The amount you deduct will depend on the code the employee puts on their *Tax code declaration (IR330)* form.

Some employees may have a special tax code which tells you to deduct PAYE at a different rate.

Workers receiving schedular payments (WT tax code) have a flat rate of tax deducted.

---

For employees, PAYE is made up of tax and ACC earners' levy (which covers the cost of non-work related injuries).

---

---

For more information on tailored tax codes read our *Employer's guide (IR335)*.

---

### Student loan and child support deductions

You may also need to make deductions for student loan and/or child support from your employee's wages or salary.

Some of your employees will use a tax code with "SL" on the end, eg, M SL or S SL. This means they'll need to have student loan deductions made from their salary or wages together with PAYE.

If anyone working for you needs child support deducted from their salary or wages, we'll send you a child support deduction notice. It will tell you how much to deduct each pay because this depends on their personal circumstances.

## KiwiSaver

KiwiSaver is a voluntary, work-based savings scheme to help New Zealanders save for their retirement. KiwiSaver is open to all New Zealand residents and people entitled to live here permanently.

You'll need to give each new employee a copy of *Your introduction to KiwiSaver – employee information (KS3)*. If your employees decide to enrol in KiwiSaver, you'll need to make deductions from their gross salary or wages at their chosen rate (3%, 4%, 6%, 8% or 10%). You're also required to contribute a minimum 3% to their KiwiSaver account. These are called compulsory employer contributions.

All KiwiSaver deductions need to be paid to us at the same time as PAYE and any other deductions.

You shouldn't give financial advice to your employees. If they have questions about their KiwiSaver options, tell them to talk to an independent advisor or go to the "Sorted" website at [www.sorted.org.nz](http://www.sorted.org.nz)

For more detail about your KiwiSaver employer responsibilities, employee enrolment criteria and deductions, see our *KiwiSaver employer guide (KS4)*.

## Employer's superannuation cash contribution (employer contribution) and ESCT

All contributions you make to your employees' superannuation funds, including KiwiSaver schemes and complying funds, need to have ESCT (employer's superannuation contribution tax) deducted.

The exception to this is if the employee and employer have agreed to treat some or all of the employer contribution as salary or wages under the PAYE rules.

---

For more information on ESCT and employer contributions read our *Employer's guide (IR335)*.

---

Any other contributions that employers make to other funds are not liable for ESCT, but are liable for FBT (fringe benefit tax). These funds include:

- sickness, accident or death benefit funds
- life, pension, personal accident and sickness insurance policies
- an insurance fund of a friendly society
- funeral trusts
- superannuation schemes that aren't registered under the Superannuation Schemes Act 1989 or haven't had ESCT deducted.

## Payroll giving

Payroll giving is a voluntary scheme where employees can have donations made directly from their salary or wages to support approved donee organisations and receive an instant tax credit.

You can choose whether to set up payroll giving and how it will run. If you do, it's up to your employees whether they participate.

If you choose to set up payroll giving, you must send your employer returns electronically.

Read our *Payroll giving (IR617)* guide for more information.

---

To see a full list of approved donee organisations go to **[www.ird.govt.nz](http://www.ird.govt.nz)** (search keywords: donee organisations).

---

For more information on electronic filing, see page 15.

---

## Fringe benefit tax (FBT)

FBT is a tax on benefits or perks that employees receive on top of their salary or wages. All employers who provide benefits must pay FBT.

The common types of fringe benefits are private use of work cars, low-interest loans, and free, subsidised or discounted goods or services.

If you don't intend to provide any fringe benefits, you need to select "No" on the *Employer registration (IR334)* form. If you start providing fringe benefits later on, you'll need to tell us.

Read our *Fringe benefit tax guide (IR409)* for more information about FBT.

## How you calculate deductions

---

To calculate PAYE, student loan and KiwiSaver deductions, use our online PAYE/KiwiSaver deductions calculator at [www.ird.govt.nz](http://www.ird.govt.nz) "Work it out".

The calculator tells you exactly how much to deduct from your employees' wages. You can personalise it for each employee, which makes it easier to keep deductions separate. You can download and/or print a copy of the results for your records.

The PAYE calculator doesn't calculate the amount of child support to deduct. We'll send you a child support deduction notice with the amount.

If you don't have access to the internet you can order printed copies of the *Weekly and fortnightly PAYE deduction tables (IR340)* or *Four-weekly and monthly PAYE deduction tables (IR341)*.

## Forms you need to complete and send to us

---

You'll need to fill out a *New employee details (IR346)* form for each new employee and send it to us with the *Employment information (IR348)* form that includes their first pay, or earlier.

You'll need their name, KiwiSaver status, IRD number and tax code. Include their address and date of birth if they have provided you with this information.

The *Employment Information (IR348)* form shows all the people who worked for you in a pay cycle, what they earned and what was deducted from their earnings.

After you submit your first *Employment information (IR348)*, this information will be automatically shown on your subsequent IR348 forms.

If you file by paper and have more employees than fit on the IR348, use the IR349 for any remaining employees.

For examples on completing these forms see our *Employer's guide (IR335)*.

---

File your employer forms online. It's secure, easy and fast. To register go to [www.ird.govt.nz/myIR](http://www.ird.govt.nz/myIR)

---

## Filing your forms

Every payday you must complete and file an Employment Information (IR348) form, with the details of your employees' gross wages, deductions and other required information.

Show their employment start date and their end date if applicable, the pay frequency, the pay period start and finish dates, their gross earnings (including any benefits received under an employee share scheme), PAYE or tax on schedular payments, earnings not liable for ACC earners' levy, child support, student loan, KiwiSaver employee deductions and net KiwiSaver employer contributions and ESCT deductions.

If you're filing electronically the due date is within two working days after the payday. Paper returns must be received within 10 working days from the payday.

As a new employer you can file paper returns for the first six months or until your PAYE and ESCT deductions are \$50,000 or more whichever is the later. During this time, you must file an Employment Information (IR348) every payday and send your payments to us once a month.

You can still choose to file electronically at any time during this period.

Note: You must show student loan extra deductions separately on your IR348. Use the following student loan repayment codes to identify the extra deductions:

- SLBOR – employee requests voluntary extra deductions
- SLCIR – we request you to make compulsory extra deductions.

For instructions on how to enter the extra deductions see our Employer's guide (IR335).

## Paying deductions to us

When to pay your deductions depends on your gross annual PAYE (including ESCT).

| Annual gross PAYE (including ESCT) under \$500,000   | Annual gross PAYE (including ESCT) \$500,000 or more  |
|--|---|
| <p>You have one due date for the month.</p> <p>You must pay the deductions on the 20<sup>th</sup> of the next month.</p> <p>Eg, deductions made in May are due 20 June.</p> <p>If your annual gross PAYE (including ESCT) is \$50,000 or more you must file online electronically.</p> | <p>You have two due dates each month.</p> <p>20<sup>th</sup> of the same month for deductions made between the 1<sup>st</sup> and 15<sup>th</sup> of the month.</p> <p>5<sup>th</sup> of the next month for deductions made between the 16<sup>th</sup> and the end of the month.</p> <p>You must file your returns electronically.</p> |

---

If the payment due date falls on a weekend or public holiday, you have until the next working day to pay.

---

If your payment is late, we may charge interest and possibly penalties. Read our *Penalties and interest (IR240)* guide.

---

## Filing online using the Payroll Returns account

Filing online is the most accurate and efficient way to send us your information. You can file your *New employee details (IR346)* and *Employment Information (IR348)* forms through the Payroll Returns account which you can find in your myIR account on our website.

You'll need to register for a myIR secure online services account. Go to [www.ird.govt.nz/myIR](http://www.ird.govt.nz/myIR) to register.

---

You can use myIR to register for GST, file GST returns, change your bank account details and much more.

---

# How to contact Inland Revenue

---

## How to get our forms and guides

You can get copies of all our forms and guides by going to [www.ird.govt.nz](http://www.ird.govt.nz) and entering the shoulder number in the search box. You can also order copies by calling 0800 257 773.

## Need to speak with us?

Have your IRD number ready and call us on one of these numbers:

|                                      |              |
|--------------------------------------|--------------|
| General tax, tax credits and refunds | 0800 775 247 |
| Employer enquiries                   | 0800 377 772 |
| General business tax                 | 0800 377 774 |
| Overdue returns and payments         | 0800 377 771 |

Our contact centres are open 8am to 8pm Monday to Friday, and 9am to 1pm Saturday. We record all calls. Our self-service lines are open at all times and offer a range of automated options, especially if you're enrolled with voice ID.

For more information go to [www.ird.govt.nz/contact-us](http://www.ird.govt.nz/contact-us)

## Privacy

---

Meeting your tax obligations means giving us accurate information so we can assess your liabilities or your entitlements under the Acts we administer. We may also exchange information about you with some government agencies and another country.

For full details of our privacy policy go to [www.ird.govt.nz](http://www.ird.govt.nz) (search keyword: privacy).

## Terms we use

---

|   |  |
|---|--|
| ACC   | Accident Compensation Corporation  |
| ACC earners' levy                                 | Money paid by employees and self-employed people to ACC to help cover the costs of non-work personal injuries.   |
| Employee  | Someone who works for you and you determine when, where and how they do their work.  |
| Employer  | Someone who hires workers.   |
| ESCT (employer's superannuation contribution tax) | A tax on the monetary amount you contribute to your employee's KiwiSaver scheme.   |
| Flat rate of tax                                  | A rate of income tax that doesn't change with different levels of income, and doesn't include the ACC earners' levy.                                   |
| FBT (fringe benefit tax)                          | A tax on benefits that employees receive from their employer as a result of their employment.  |
| Gross salary                                      | The total amount of money the worker earns before deductions.  |
| Income tax  | A tax on income earned from salaries and wages.  |
| Interest  | Money either charged for unpaid tax, or paid for overpaid tax. Interest isn't a penalty—it's a charge for use-of-money.                                |
| myIR  | A secure online service which lets you send us emails, register for and file GST returns, and update your contact information or bank account details. |

|                        |  |
|------------------------|--|
| PAYE (pay-as-you-earn) | A combination of income tax and ACC earners' levy deducted from an employee's salary or wages by an employer and paid to Inland Revenue. |
| Penalty                | Money Inland Revenue charges when you don't keep to your tax obligations.  |
| Schedular payments     | Payments made to certain workers employed under a contract for services.   |
| Self-employed          | Someone who works for themselves and deals with their own taxes.   |
| Tax code               | A code specific to your employee that tells you what type of deductions to make and how much.  |
| Wages                  | Earnings paid to your employee.  |
| Wagebook               | A book to record your employees' wage and deduction information  |
| Worker                 | An employee, someone receiving schedular payments, self-employed contractor, IR56 taxpayer or a volunteer.                               |

# Inland Revenue's services

---

## myIR

Manage all your Inland Revenue matters securely online with a myIR account. Go to [www.ird.govt.nz/myIR](http://www.ird.govt.nz/myIR) to find out more.

## [www.ird.govt.nz](http://www.ird.govt.nz)

Go to our website for information, and to use our services and tools.

## Follow us on Twitter

Follow [@NZInlandRevenue](https://twitter.com/NZInlandRevenue) for tweets on tax and social policy matters, including recent media releases, due dates and consultations.

## *Business Tax Update*

Get all your business tax news in one newsletter. Our *Business Tax Update*, gives you tax updates on PAYE, GST, FBT and other relevant tax issues. Subscribe at [www.ird.govt.nz/subscribe](http://www.ird.govt.nz/subscribe) and we'll send you an email when we publish each issue.

## Language Line

Language Line is a free, phone-based interpreter service for customers whose first or preferred language isn't English. Over 40 languages are available—go to [www.languageine.govt.nz](http://www.languageine.govt.nz) for the full list. Whenever you need to talk to us you can ask for a Language Line interpreter and choose the language you feel most comfortable using.

New Zealand Government