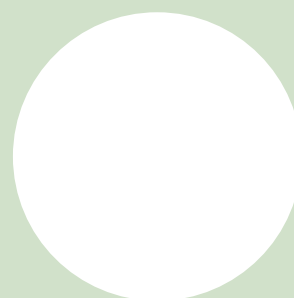




Inland Revenue
Te Tari Taake

IR617
May 2023

Payroll giving



Contents

What is payroll giving?	3
The employer's role	4
The employee's role	6
What is a donee organisation?	7
Calculating tax credits for payroll donations	7
Need more help?	12

What is payroll giving?

Payroll giving is a voluntary scheme where you pass your employee's donations on to the chosen donee organisation and reduce their PAYE with a tax credit for payroll donations.

As an employer, you can only offer payroll giving if you file your **Employment information - IR348** electronically.

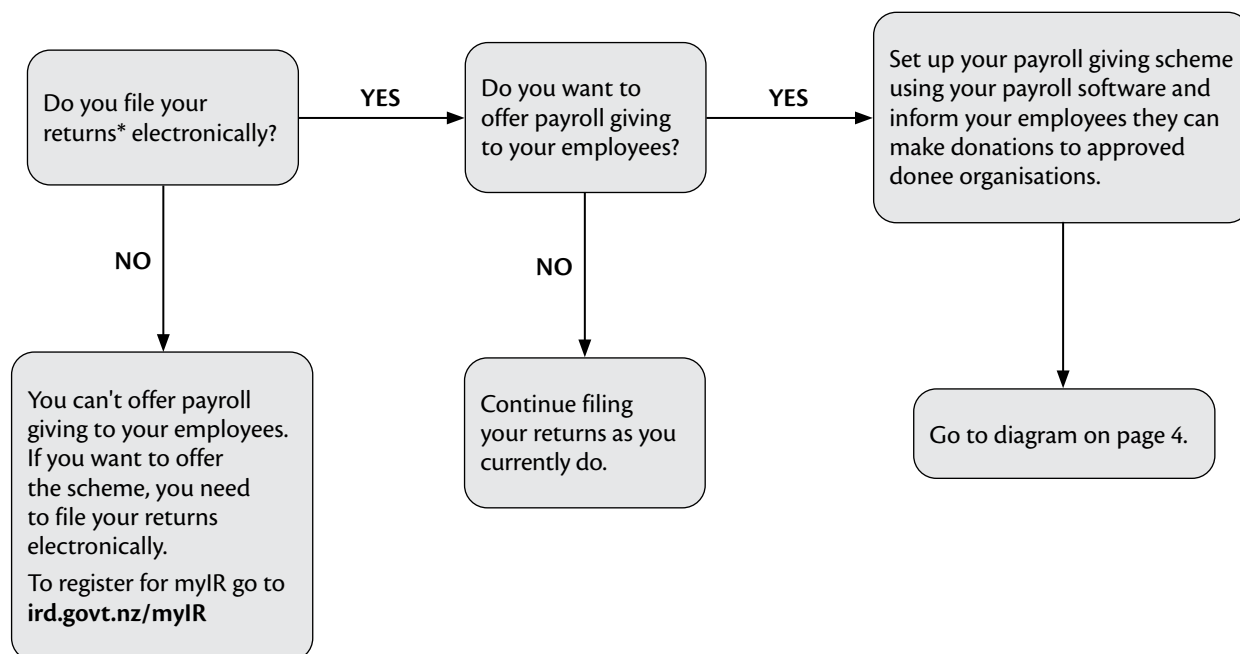
If you offer payroll giving, your employees can make donations from their salary or wages to their chosen donee organisation. They may decide how much, when and who they'd like to donate to depending on how your scheme is set up. They receive an immediate tax credit for the payroll donation. This reduces their PAYE deducted from their wages. For information about donee organisations see page 7.

Only approved donee organisations are eligible to receive donations through payroll giving. For a list of donee organisations go to ird.govt.nz/donee

Using myIR

If you want to offer payroll giving you'll need to register for a myIR Secure Online Services account. Go to ird.govt.nz/myIR to register. Once you have a myIR account you'll be able to offer payroll giving.

Who can offer payroll giving?



* Employment information - IR348

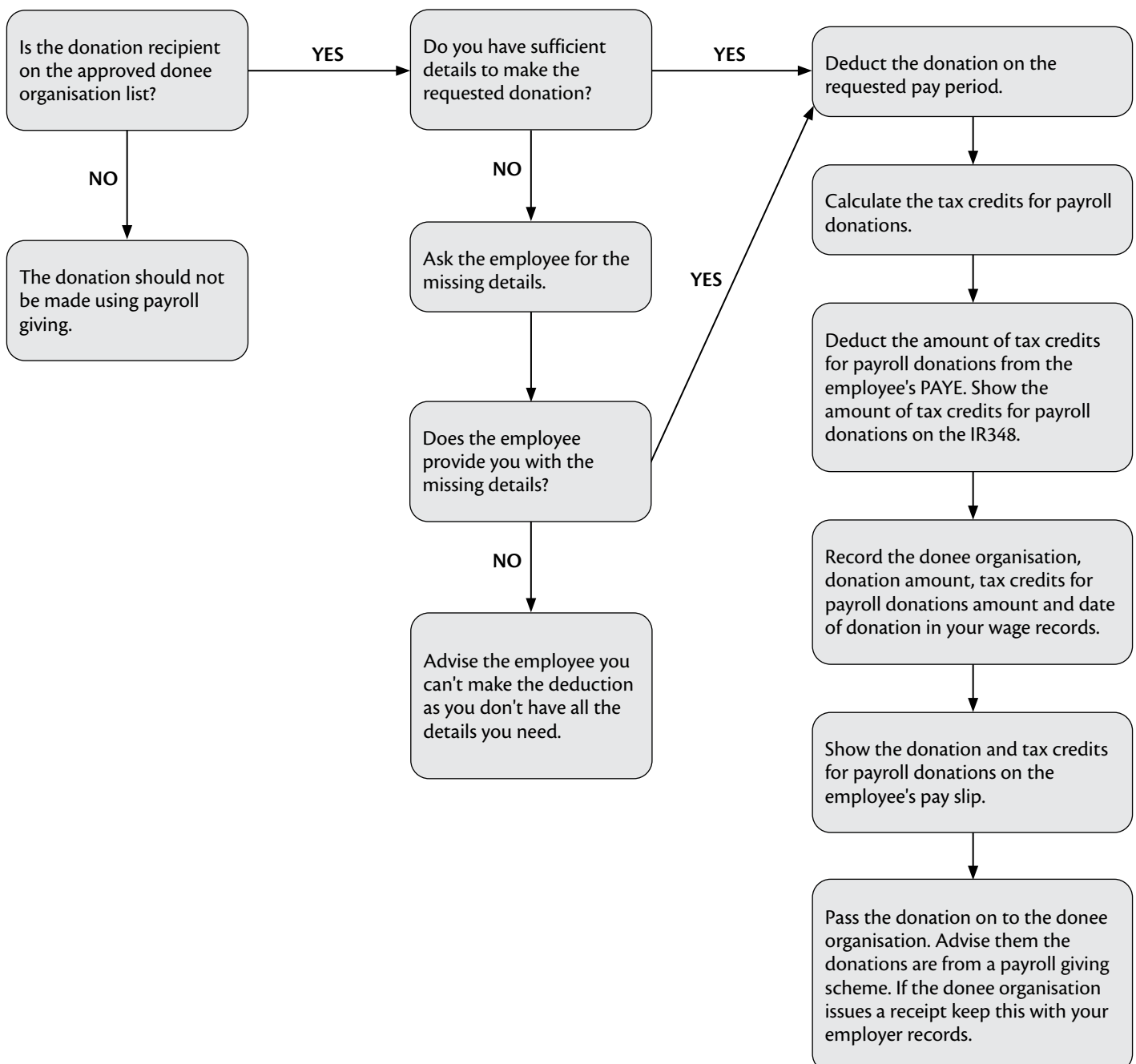
The employer's role

As an employer you are responsible for:

- deducting the requested donation amount from your employee's salary or wage
- calculating the correct tax credits for each payroll donation made
- recording the tax credits for payroll donations on your IR348
- keeping records of all tax credits for payroll donations, donation amounts, donee organisations and payment dates
- passing the donation on to the chosen donee organisations within the specified timeframe
- advising the donee organisations that the donations are made through payroll giving.

How payroll giving works

This flowchart shows the process to follow when you deduct donations from your employee's salary or wages and pass them on to the chosen donee organisations.



Timeframe for passing on donations

Donations have to be passed to the donee organisation on or before the PAYE payment due date that is closest to the end of the two months from the last day of the pay period when the donation was deducted.

The following explanation and table show how the date is calculated:

- Date A is the last day of the pay period. If the pay covers 1–30 June, the last day of the pay period is 30 June.
- To find Date B, add two months to Date A.
- Date C is the nearest PAYE payment due date to Date B. This could either be before or after Date B.

Date C is the last day you can pass the donation on to the donee organisation. You can pass the donation on at any time up to and including this date.

PAYE filing frequency	Date A last day of pay period	Date B two months from Date A	Date C nearest PAYE payment due date to Date B
Monthly filer	7 January	7 March	20 March
Twice monthly filer	7 January	7 March	5 March
Monthly filer	30 January	30 March	20 March
Twice monthly filer	30 January	30 March	5 April
Monthly filer	12 February	12 April	20 April
Twice monthly filer	12 February	12 April	5 April

Note: Don't send us details of the donee organisations or donation amounts. Just tell us the amount of tax credits for payroll donations on your IR348.

The donation and tax credits for payroll donations should show in your wage records and on your employee's pay slips.

Setting up your payroll giving scheme

You'll need to register for myIR before you offer payroll giving.

There are two options when filing online:

- **On-screen form** where you complete details on your IR348 online. This may suit if you have a manual wage book.
- **File transfer through Gateway services** where you attach a file from your own software. If you use an electronic payroll system this may suit you better.

If you already use payroll software it may be set up for payroll giving in your workplace. Ask your payroll software provider for help if you have any questions about using their software to support your payroll giving scheme.

You decide how payroll giving will run in your workplace but it's a good idea to involve your employees in the decision as they'll be using the scheme.

Some options to consider when setting up your scheme include:

- letting individual employees choose any approved donee organisation
- offering a limited list of approved donee organisations
- letting employees vote for an approved donee organisation (eg, donee organisation of the month or the year) that they can donate to
- letting your employees promote their chosen donee organisation to each other then everyone voting for donee organisation of the month or the year.

If your scheme allows it, the frequency, amount and donee organisations chosen by your individual employees can change at their discretion.

Your employee is responsible for checking their chosen donee organisation is on our approved list, but we recommend you check the list as well.

If you use a payroll intermediary you can still choose to offer payroll giving to your employees.

Here's how payroll giving could run in your workplace.

Example 1

Company A files employment information electronically and decides to offer payroll giving to their employees. Each year, their employees select a charity, which they support with monthly fundraising activities. *Company A* limits their employees to donating to the chosen charity of the year.

Example 2

Company B has 250 employees. It decides to offer payroll giving to its employees who can choose any approved donee organisation but a minimum donation amount (eg \$10.00) is set.

Example 3

Company C decides to offer payroll giving to their employees. They select five donee organisations and tell their staff these are the only donee organisations they can donate to.

When you've decided how your scheme will run and when it will start, you need to let your staff know so they can decide if they're going to donate.

The employee's role

Employees are responsible for checking the donee organisation they choose is on the approved donee list.

They're also responsible for giving you sufficient information for you to pass on their donation to the donee organisation. This includes:

- donee organisation's name
- amount of the donation
- pay period, or periods, they want to donate in
- bank account or postal address details for the donee organisation.

Employees will receive tax credits for donations made through payroll giving in their pay. They cannot claim the same donations at the end of the year on the **Tax credit claim form - IR526**. Employees can use the IR526 to claim tax credits for donations not made through payroll giving.

What is a donee organisation?

A donee organisation is an organisation that has Inland Revenue donee status. Individuals, companies and Māori authorities can get certain tax benefits by making gifts of money to a donee organisation. A charity can also be a donee organisation.

Note: Only Inland Revenue-approved donee organisations listed on our website at ird.govt.nz/donee are eligible to receive donations under payroll giving.

If any of your employees ask you to donate to an organisation that isn't on our approved list, don't give them the tax credits. You may not wish to make the requested donation, but if you do, the donation made will not form part of the payroll giving scheme and not be eligible for tax credits for payroll donations. You may wish to discuss this with your employee.

If you make a deduction for a donation and later discover the donee organisation isn't on the approved donee list, you must adjust the employee's PAYE. See page 11 "Correcting tax credits for payroll donations after you've filed your Employment information".

Calculating tax credits for payroll donations

The tax credit for payroll donations is 33.33 cents for each dollar your employee has donated. Calculate the payroll donations tax credit for your employee. The PAYE will be reduced by the amount of their donation tax credit.

Tax credits for payroll donations must not exceed the amount of tax for the pay period.

Example

When completing the Employee Information return, enter the total PAYE and total payroll donations tax credit in separate fields, the employee's PAYE will be reduced by their donation tax credit once Inland Revenue process the Employee Information return you have filed.

Employee's gross wage	\$762.00
Donation amount	\$10.00
PAYE	\$126.16
Tax credit for payroll donation ($\$10.00 \times 33\frac{1}{3}\%$)	\$3.33
PAYE less tax credits for payroll donation	\$122.83
Employee's gross wage	\$762.00
less PAYE less tax credits for payroll donation	\$122.83
less donation	\$10.00
Employee's take home pay	\$629.17

You can use our PAYE/KiwiSaver calculator at ird.govt.nz/tools-calculators to calculate tax credits for payroll donations.

Maximum donation amount

Before donating, employees must have met all their tax obligations and had any legally required payments deducted from their pay. These include:

- PAYE (tax and ACC earner levy)
- student loan
- child support
- KiwiSaver.

Example

Paul's tax code is M SL and he earns \$1,400 a week. He is a KiwiSaver member contributing 4% of his pay and is also paying off his student loan. Paul wants to donate \$200 to his local sports group, which is on the approved donee list. He checks the maximum donation he could make.

Weekly wage	\$1,400.00
less PAYE	\$308.80
less KiwiSaver	\$56.00
less student loan	\$115.32
Maximum donation amount	\$919.88

He works out he could donate up to \$919.88 so goes ahead with his donation of \$200 and gets a tax credit of \$66.66 ($\$200 \text{ donation} \times 33\frac{1}{3}\%$).

Employee pay details

You need to provide each employee with a record of their donations and the tax credits they receive.

Example

Employee's four-weekly pay slip.

Gross wage	\$4,164.00
less PAYE (including ACC earners' levy)	\$775.96
less student loan	\$288.96
less KiwiSaver employee deduction	\$166.56
Donation (not on IR348)	\$150.00
Total deductions	\$1,381.48
plus tax credit for payroll donations	\$49.99
Take home pay (after donation)	\$2,832.51


The deductions for KiwiSaver and student loans have been calculated using the tax code M SL as at April 2023. The KiwiSaver employee deduction rate shown in this example is 4%.



Employment information

You must record tax credits for payroll donations for your employee's donations on your **Employment information - IR348**. The image below shows the employment information submission screen in your myIR payroll account. Use the 'Payroll donations' field for this. Leave the field blank for any employees who don't make donations. All tax credits for payroll donation entries will be added up and the total amount will show in the Total tax credits for payroll donations field. If you don't offer payroll giving, these fields remain blank.

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 **Edit**

Welcome, First Employer |  Settings |  Log Off

Home > Payroll > 30-Apr-2019 > Return list > Employment information for pay day period 02-Apr-2019 > Edit

Employee information

Schedule details

IRD number

111-111-111

Tip: 022-222-222 or 222-222-222

Employee Name

Hard Worker

Employment start date

01-Apr-2018

Employment finish date

Tax code

M

Pay period start date

20-Mar-2019

Pay period end date

20-Mar-2019

Pay frequency

Weekly

Gross earnings / schedular payments

1,000.00

Earnings not liable for ACC earners' levy

0.00

Child support code

Child support deductions

0.00

☐ Tick if you made a lump sum payment and taxed at lowest rate

PAYE / schedular payments

100.00

KiwiSaver deductions

0.00

KiwiSaver contributions

0.00

Payroll donations

15.00

Student loan deductions

0.00

ESCT deductions

0.00

Delete this Record

OK

Cancel

[Conditions of use](#)

New Zealand Government

Employment information submissions

You can check the details you've sent us by clicking on the "View submissions" box in your myIR Payroll returns account. If you want to see more details for an individual employee, simply select their name and a breakdown of their details will be displayed.

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myIR | Edit
Welcome, First Employer | Settings | Log Off

Home > Payroll > 30-Apr-2019 > Return list > Employment information for pay day period 02-Apr-2019 > Edit

1 Employment information submission ✓ > 2 Review

Review

First Employer

IRD number: 111-111-111 Filing period: 30-Apr-2019 Due date: 04-Apr-2019

Summary of employer monthly schedule

Total gross earnings and/or schedular payments	1,000.00	Total PAYE / schedular tax	100.00
Total earnings not liable for ACC earners' levy	0.00	Total child support deductions	0.00
		Total student loan deductions	0.00
		Total KiwiSaver deductions	0.00
		Total KiwiSaver contributions	0.00
		Total payroll donations	15.00
		Total employer superannuation contribution tax	0.00
		Total deductions	100.00

▼ Show employee breakdown

Declaration

☐ By clicking this I declare that to the best of my knowledge, the information I have supplied is true and correct.

You must declare to proceed.

Save Draft Cancel < Previous Submit

Correcting tax credits for payroll donations after you've filed your IR348

If you've filed your employment information and then want to amend the tax credit amount you've recorded, you can do this in the Payroll returns account in myIR.

Disallowed tax credits for payroll donations and penalties

Situations where we will disallow tax credits for payroll donations include where a donation has been passed to a non-approved donee or where the donation has not been passed to the donee organisation within the specified timeframe. See page 5 to find out how to work out the timeframe.

Keeping records

Employers must keep any receipts received from donee organisations for donations made under the payroll giving scheme. Donee organisations may decide to issue receipts for donations made through payroll giving. These receipts should be clearly marked "payroll giving". Keep these receipts with your payroll records and don't include them as business or individual donation receipts for tax purposes.

You may keep your records stored electronically, but you must be able to print them out if we ask you to.

Keep all records for seven years.

Need more help?

ird.govt.nz

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

- **Log in or register for myIR** - manage your tax and entitlements online.
- **Calculators and tools** - use our calculators, worksheets and tools, for example, to check your tax code, find filing and payment dates, calculate your student loan repayment.
- **Forms and guides** - download our forms and guides.

Forgotten your user ID or password?

Request these online from the myIR login screen and we'll send them to the email address we hold for you.

How to get our forms and guides

You can get copies of our forms and guides at ird.govt.nz/forms-guides