

Payments made to entertainers - your tax responsibilities

If you hire bands or entertainers, this factsheet will help you work out if you need to deduct tax.

You have certain tax and legal responsibilities when you hire entertainers. If you hire them under a contract for service, you usually have to deduct tax in the form of **schedular payments**.

What you need to know

If the band members are operating as individuals you need a completed **Tax rate notification for contractors - IR330C** from each of them.

The payments you make to the entertainers differ from wages because they're paid to independent contractors.

How to deduct income tax from their fee

- Step 1. Deduct income tax from their payment at the rate chosen on their IR330C. If they don't select a tax rate, use the standard rate on the last page of the IR330C.
- Step 2. Include the gross schedular payment amount and total tax deducted on your **Employment information - IR348**.

Note: An individual may have a certificate of exemption. This means you don't have to deduct tax from their payment. You need to see the original certificate and check that it's current.

You won't need to make other deductions such as KiwiSaver or student loan repayments because these are the entertainer's responsibility.

Different tax rules apply to non-resident entertainers. For more information please go to ird.govt.nz/nr-entertainers

Entertainers operating as a partnership or company

If the band has its own IRD number you need a completed **Tax rate notification for contractors - IR330C** in the band's name. You won't need an IR330C or to deduct tax from the payment if the band:

- holds a current certificate of exemption, or
- is a limited liability company. If they're non-resident entertainers you must still deduct tax from their payment. For more on non-resident entertainers go to ird.govt.nz/nr-entertainers



Use this form if you're a contractor receiving schedular payments.
If you're receiving salary or wages as an employee, you'll need to use the *Tax code declaration (IR330)* form.
If you receive schedular payments you will receive an invoice for your ACC levies directly from ACC.

Once completed:
Contractor Give this form to the person paying you.
Payer Don't send this form to Inland Revenue. You must keep this completed IR330C with your business records for seven years following the last schedular payment you make to the person or entity.

1. Your details

Full Name

IRD number (8 digit numbers start in the second box: 1 2 3 4 5 6 7 8)

If you don't have:
• your IRD number you can find it in myIR or on letters or statements from us.
• an IRD number go to www.ird.govt.nz (search keywords: IRD number) to find out how to apply for one.

2. Your tax rate

You must complete a separate *Tax rate notification for contractors (IR330C)* for each source of contracting income.

Refer to the flowchart on page 2 and enter your tax rate to one decimal point here. %

Refer to the table on page 3 and enter your schedular payment activity number here.

Your tax code will always be: **WT**

Special tax rate certificate

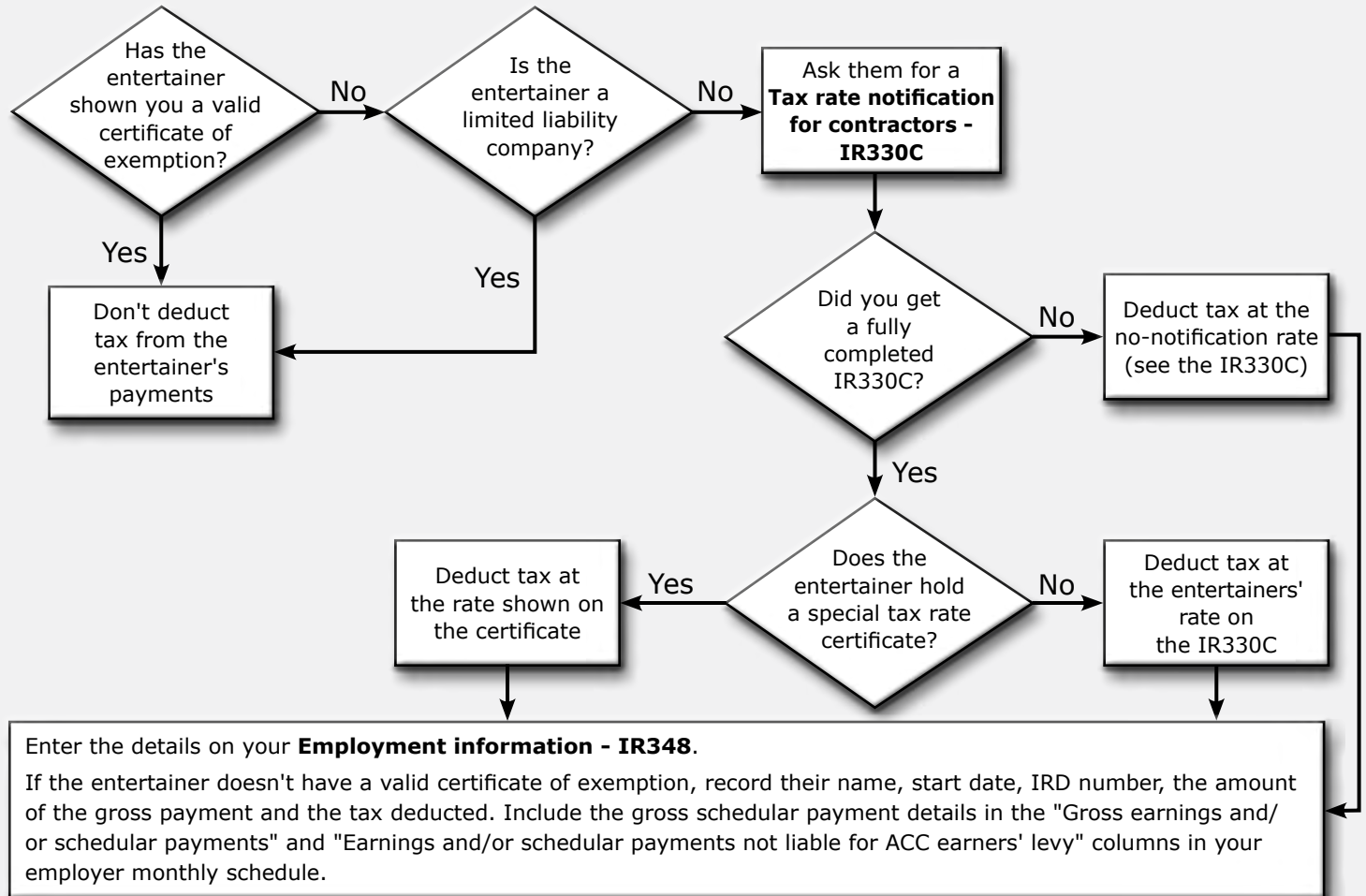
An entertainer may give you a special tax rate certificate. It will tell you to deduct tax at a special rate, or to deduct no tax.

Paying the band from door charges

Payments you make to the band from door charges are treated in two ways:

1. The entertainer takes the door money - you're responsible for deducting income tax from these payments at the rate shown on the IR330C and paying them the difference.
2. The entertainer takes the money jointly with an employee of the venue and keeps the money as their fee - you don't deduct income tax from these payments.

How to tax payments you make to entertainers



GST and taxing schedular payments

If the entertainers are GST registered, deduct schedular tax from their payment, using the GST-exclusive amount.

Example

Cost of services (Put this figure on your IR348)	\$ 500	Less tax of (Put this figure on your IR348)	\$ 100
Plus GST @15%	\$ 75		\$ 400
Total	\$ 575	Plus GST from above	\$ 75
Calculate tax at 20% of \$500 (the GST-exclusive amount)		Total payment to entertainer	\$ 475



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- **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.

FREE ADVISORY SERVICE

Our community compliance officers run free tax seminars and workshops for new businesses and organisations. For more information or to register to attend one of these sessions go to ird.govt.nz/seminars or phone 0800 377 774.



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