

Employer obligations

This factsheet explains your tax obligations as an employer including how to register, what deductions to make and what forms you must complete.

For salary and wage purposes, you're an employer if you:

- hire someone to work as part of your business or organisation, and
- control the manner in which the person works, and
- supply any equipment for that person to use when working for you.

It's important that you know whether the people who work for you are your employees or are self-employed. In most cases it will be quite clear, but if you need help, check our publications **Self-employed or an employee? - IR336** or **First-time employer's guide - IR333**. You can get them from ird.govt.nz or by calling 0800 257 773.

If you're an employer you'll need to register with us.

You can register online at ird.govt.nz/employers. Once you're registered with us, we'll send you an introductory letter with more detailed information about your tax obligations.

What employers must do

You need to deduct PAYE (pay as you earn) from your employees' wages each payday, and send them to us by the due dates. These are either once or twice a month, depending on the amount of your gross annual PAYE and employer superannuation contribution tax (ESCT).

If your gross annual PAYE and ESCT is less than \$500,000, your payments are due by the 20th of the following month.

If your gross annual PAYE and ESCT is \$500,000 or more you must send your payments to us twice a month—on the 20th of the same month for deductions made during the 1st to the 15th of the month, and the 5th of the following month for deductions made during the 16th to the end of the month.

If you provide your employees with fringe benefits (perks), you'll need to register and pay FBT (fringe benefit tax).

You'll also need to contribute to your employees' KiwiSaver scheme or complying fund. Some exceptions apply—see the **KiwiSaver employer guide - KS4** or ird.govt.nz/kiwisaver for more details.

Taking on staff

Every employee who starts work for you must fill in a **Tax code declaration - IR330** and give it to you. Keep this form with your business records, do not send it to us.

If you are employing contractors, they'll need to provide you with an IR330C and you'll need to deduct tax from any schedular payments to them.

Your employee's tax code tells you which rate to use when deducting PAYE from their wages.

If your employee does not fill in a tax code declaration, or leaves out some details, you must deduct PAYE at the higher "non-notified" rate.

An ACC earners' levy is included in your employee's PAYE. This levy is payable by all employees and covers the cost of non-work-related injuries (except for motor vehicle accidents).

You'll need to give new employees a KiwiSaver information pack within seven days of their starting work. This includes our factsheet **Your introduction to KiwiSaver - employer information - KS3, KiwiSaver deduction - KS2** form and the **KiwiSaver opt-out request - KS10** form. You'll also need to start making KiwiSaver deductions and making employer contributions from their first pay, if they're subject to automatic enrolment. Go to kiwisaver.govt.nz for more information about your employer obligations.

Other deductions you need to make

Student loan deductions – if an employee's tax code includes "SL", you must deduct student loan repayments as well as PAYE and send them both to us. Your employee may ask you to make extra deductions or we may ask you to make compulsory extra deductions. These are in addition to the normal student loan deductions.

Child support deductions – you may receive a notice from us instructing you to deduct child support payments from an employee's wages. Send these deductions to us along with the PAYE.

KiwiSaver deductions – if you're making any KiwiSaver employee deductions or employer contributions, send these to us along with the PAYE.

ESCT – any monetary contributions an employer makes to a superannuation fund for the benefit of their employees are liable for ESCT (employer superannuation contribution tax). 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.

Payroll giving – if you choose to offer payroll giving to your employees, you must show the amount of tax credits for payroll donations on your **Employment information**. You need to be filing your IR348 electronically to offer payroll giving.

Deduction Notices – you may receive a deduction notice from Inland Revenue to make extra deductions from an employee's salary and wages. You must make these deductions and send them to Inland Revenue as a separate payment from your PAYE. Instructions on how to pay these deductions will be included in the deduction notice. You do not need to show these deductions in your IR348.

Forms and returns you must complete

For examples on filling out these forms see our **Employer's guide - IR335**.

File your employer forms online and access a range of online services when and where you want. To register go to ird.govt.nz/myIR

You'll need to fill out a **New employee and KiwiSaver details - IR346K** form for each new employee and send it to us either:

- before their first pay day; or
- with the **Employment information - IR348** form that includes their first pay.

You'll need their name, KiwiSaver status, IRD number, tax code and contact details. Include their date of birth if they have provided you with this information. After you submit your first **Employment information - IR348**, this information will be automatically shown on your subsequent IR348 forms.

Employment information - IR348

Every payday you must complete and file an IR348, with the details of your employees' gross wages, deductions and their employment information.

For new employees you'll need to show their employment start date. For all employees, their end date if applicable, the pay frequency, the pay period start and finish dates, their gross earnings, 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.

Include any benefits received under an employee share scheme separately from any other earnings your employee receives.

For the correct codes to use and instructions on how to enter the extra deductions see our **Employers guide - IR335**.

Note: You must also show student loan extra deductions separately on your IR348 in either:

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

Employers with gross annual PAYE and ESCT of less than \$50,000 can file their IR348 electronically or they can choose to file by paper.

For the first six months of employing staff, you can choose to file your returns on paper. If after six months you have exceeded the \$50,000 threshold, you will need to file your returns online. Employers with gross annual PAYE and ESCT of \$50,000 or more in the previous year, must file their IR348 electronically.

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

KiwiSaver forms

KiwiSaver employee details - KS1 - this form provides Inland Revenue with the name, IRD number and address of a new employee who is eligible to join KiwiSaver. You can send us this form separately or with your IR346 and IR348 you file, IR348, you file after the employee gives you their **KiwiSaver deduction - KS2** form.

FBT returns

If you provide fringe benefits (perks) to your employees, shareholder-employees or other people associated with your business, you will generally pay FBT on their value. Fringe benefits can be:

- the use of a motor vehicle
- low-interest or interest-free loans
- free, subsidised or discounted goods or services
- employer contributions to some accident and health insurance policies.

FBT returns are filed quarterly or yearly, depending on your filing option.

To find out more about FBT returns and rates go to ird.govt.nz/fringe-benefit-tax

Paying and filing returns on time

Make sure you pay all your deductions and send all your forms to us on time.

Remember, the deductions you make are actually your employees' taxes or KiwiSaver deductions, and you're responsible for passing them on to us. Penalties may apply if you do not pay the deductions or do not send the EI to us by the due date. Read our factsheet **Late payment and late filing penalties - IR741** for more information.