

New Zealand

1. Government requirements

Registration requirements

Registration for Pay-As-You-Earn (PAYE)

When a business enters in New Zealand and employs people, the business must register with the Inland Revenue Department (IRD) for PAYE. If the business has already obtained an IRD number, it can register for PAYE by completing an Employer Registration form. If the business does not have an IRD number and requires one, application for IRD number and PAYE can be carried out at the same time.

ACC Levies

ACC Levies are an insurance cover that ensures that the business is covered for the costs that might follow a workplace related injury or disease. These costs can include weekly and lump sum payments, medical, hospital and rehabilitation expenses, and return to work costs.

The business levies will be assessed based upon business type and risk factors. Both employees and the employer pay these levies. Levies are also charged on vehicle registrations and other statutory payments by all New Zealand residents and citizens.

Ongoing compliance requirements

Remittance of PAYE withholding

The timeframe within which an amount withheld must be remitted to the IRD depends on the total amount of PAYE withheld by a business on an annual basis. Businesses are categorized as either large or small.

Large withholders: If the company's gross annual PAYE (including Employer Superannuation Contribution Tax (ESCT)) is NZD500,000 or more in the previous year ended 31 March, it will be required to pay PAYE:

- From wages paid between the 1st and 15th of the month by the 20th of the same month
- From wages paid between the 16th and the end of the month by the 5th of the following month, except for the second period of December, which is due on 15 January

The amount must be paid electronically.

Small withholders: If your gross annual PAYE (including ESCT) is less than NZD500,000 you must pay PAYE monthly.

PAYE is due by the 20th of the following month

IRD imposes penalties and interest for late lodgment, late payment and non-payment of PAYE withholdings.

PAYE and Kiwi Saver Lodgments

From 1 April 2019 IRD requires employers with annual PAYE and ESCT of NZD50,000 or more to file employment information electronically within two working days of the payday. If less than NZD50,000, filing can be done by paper and they have 10 working days after the payday to file this information. Employers will need to ensure their payroll software is compliant.

2. Pension Requirements

Ongoing compliance requirements

KiwiSaver is a voluntary, work-based savings initiative to help New Zealanders with their long-term savings for retirement. KiwiSaver is open to all New Zealand citizens and people entitled to live here permanently who are under the age of eligibility for New Zealand Superannuation (age 65).

Employers are only required to contribute if the employee opts into the KiwiSaver Program.

Employees, upon joining an employer, are automatically opted in and have two to eight weeks to opt out.

To join KiwiSaver, a person must be:

- Living (or normally living) in New Zealand
- A New Zealand citizen or entitled, under the Immigration Act 2009, to be in New Zealand indefinitely

Employers are required to make compulsory contribution to the employee's KiwiSaver account or complying fund at 3%. Employees can contribute 3%, 4%, 8% or 10% of their gross salary or wage. A complying superannuation fund is a section within a registered superannuation scheme that has been approved by the Financial Markets Authority as having met certain criteria similar to KiwiSaver e.g., KiwiSaver lock-in rules and portability.

KiwiSaver employer contributions need to be paid with the PAYE while contributions the employer makes to their employees' complying funds still need to be paid directly to the applicable scheme.

3. Employment obligations

Employment Law and minimum employment requirements

Minimum wage rates apply to all employees aged 16 and over, who are full-time, part-time, fixed-term, casual, working from home, and paid by wages, salary, commission or piece rates (some exceptions). The minimum wages for FY 21/22 are NZD20.00 per hour from 1 April 2021.

All employees: part-time, full-time, fixed term and casual (but not including the Armed Forces) get at least:

- Four weeks of paid annual holidays (annual leave) each year for rest and recreation (some fixed-term and casual employees may get annual holidays on a "paid as you earn" basis)
- Eleven public holidays each year (if there are days they would otherwise work). These are days of national, religious or cultural significance, and employees should be able to take them as leave, where possible
- Access to five days sick leave and three days bereavement leave
- After six months of current continuous employment with the same employer

Or

- After working for the employer for six months for an average of 10 hours per week, and at least one hour in every week or 40 hours in every month

If an employee has to work on a public holiday, that work must be paid at no less than one and a half time. Payment for annual holidays is calculated differently from payment for public holidays, bereavement leave and sick leave.

4. Payroll requirements

Payroll payments and payslips

According to the Department of Labour, it is not a legal requirement for employers to provide payslips to their staff unless it is stipulated in their contracts. All employees do, however, have the right to view and copy the personal payroll data held by their employer regarding them. Employees frequently request payslips even from employers who do not supply them on a regular basis as they are needed as proof of income when applying for a loan, arranging child care payments and many other scenarios. While it may not be a legal requirement, it is good business practice to provide payslips to employees.

All salary and wage income are income taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time when the payment is made to the employee.

Depending on the size of the employing entity, there may be a requirement to report all payments to IRD within 48 hours of the payment being made to the employees

Keep records on paper or electronically (as long as the information can be accessed easily and converted into written form).

Keep wages and time records, and holiday and leave records for seven years (even if the employee has left).

Keep a signed copy of the employment agreement, or current signed terms and conditions, or intended employment agreement (and employees must be given their copy if they ask for it).

5. Banking requirements related to payroll

Banking of salary and wages

Payroll payments can be paid by one or combination of:

- Cash
- Check, money order or postal order, payable to the employee
- Electronic funds transfer (i.e., EFT or bank transfer)

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid for each pay period.