

## In association with

(<https://www.ird.govt.nz/>)

## Payroll deductions

At payroll time, there are some payments you must deduct from your employees' wages or salary, like PAYE. There may also be voluntary payments your employees ask you to make on their behalf.

Payroll is something lots of small business owners find it's better to contract out or employ someone to do, especially once there are a few employees on board. If you don't want the ongoing expense, consider getting some help to set up your systems or if things get tricky, for example you need to make an employee redundant.

## PAYE and ACC levies

PAYE, or pay as you earn, is tax you deduct from any wages or salary you pay to an employee. It includes a payment towards their ACC earner's levy. Inland Revenue provides PAYE deduction tables and calculators to help you work out how much to take out of your employees' pay. Accounting or payroll software can help make PAYE easier.

[Deductions from salary and wages\(external link\) \(https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages\)](https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages) — Inland Revenue

[Payday filing\(external link\) \(https://www.ird.govt.nz/employing-staff/payday-filing\)](https://www.ird.govt.nz/employing-staff/payday-filing) — Inland Revenue

[Tips on PAYE \(/tax-and-accounting/tax-when-you-have-employees/payee/\)](/tax-and-accounting/tax-when-you-have-employees/payee/)

[Paying employees \(/hiring-and-managing/managing-people-day-to-day/things-to-know-when-paying-your-employees/\)](/hiring-and-managing/managing-people-day-to-day/things-to-know-when-paying-your-employees/)

## Schedular payments

Tax laws have extended schedular payment rules to all contractors. For many contractors, this means they can now choose to have tax deducted from their pay if the payer agrees. Those hired and paid through a recruitment agency, or other labour hire business, must have tax deducted.

All contractors can pick the rate to have tax deducted at. New Zealand tax residents can pick any rate from 10 per cent up to 100 per cent.

[Work out and declare my tax rate for schedular payments\(external link\) \(https://www.ird.govt.nz/income-tax/withholding-taxes/schedular-payments/getting-schedular-payments/work-out-and-declare-my-tax-rate-for-schedular-payments\)](https://www.ird.govt.nz/income-tax/withholding-taxes/schedular-payments/getting-schedular-payments/work-out-and-declare-my-tax-rate-for-schedular-payments) — Inland Revenue

Quiz

## Quiz: Tax basics

Find out what you know about tax types and levies for businesses and the self-employed. When you're done, follow the links in the answers for more details.

Access denied

## Error 15

www.business.govt.nz

2024-04-25 10:07:04 UTC

## KiwiSaver and other superannuation contributions

KiwiSaver is a voluntary scheme to help New Zealanders with their long-term saving for retirement.

When you hire an employee, find out if they're eligible to join. If they are, but aren't already registered, you need to enrol them. They can opt out, but you still need to enrol them first. Your employees have some choice as to how much they want to put towards their KiwiSaver fund, and you'll deduct their contributions from their pay. You also need to make employer contributions.

The contributions you make to an employee's Kiwisaver or other superannuation scheme will be taxed. This could be ESCT (employer superannuation contribution tax) or PAYE.

[Employer superannuation contribution tax \(ESCT\)\(external link\) \(https://www.ird.govt.nz/employing-staff/deductions-from-income/employer-superannuation-contribution-tax-esct\)](https://www.ird.govt.nz/employing-staff/deductions-from-income/employer-superannuation-contribution-tax-esct) — Inland Revenue

[Deductions from salary and wages\(external link\) \(https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages\)](https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages) — Inland Revenue

[PAYE/KiwiSaver calculators\(external link\) \(https://www.ird.govt.nz/index/calculators-and-tools#sort=%40computedz95xtitle%20ascending&numberOfResults=25\)](https://www.ird.govt.nz/index/calculators-and-tools#sort=%40computedz95xtitle%20ascending&numberOfResults=25) — Inland Revenue

[KiwiSaver \(/tax-and-accounting/tax-when-you-have-employees/kiwisaver/\)](/tax-and-accounting/tax-when-you-have-employees/kiwisaver/)

[Tips on ESCT \(/tax-and-accounting/tax-when-you-have-employees/employer-superannuation-contribution-tax-esct/\)](/tax-and-accounting/tax-when-you-have-employees/employer-superannuation-contribution-tax-esct/)

## Student loans

If an employee has a student loan, you may need to deduct repayments from their pay. Whether you make deductions, and how much you deduct, is based on their income.

Inland Revenue's PAYE deduction tables and calculators will show you how much to take out of their wages or salary based on their income.

You must make deductions as required, but your employees can ask you to make extra payments — if so, they'll tell you how much more to take out of their pay. Inland Revenue can also ask you to deduct extra compulsory payments to put towards student loans.

[Student loan repayments\(external link\) \(https://www.ird.govt.nz/student-loans/living-in-new-zealand-with-a-student-loan/repaying-my-student-loan-when-i-earn-salary-or-wages\)](https://www.ird.govt.nz/student-loans/living-in-new-zealand-with-a-student-loan/repaying-my-student-loan-when-i-earn-salary-or-wages) — Inland Revenue

[Deductions from salary and wages\(external link\) \(https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages\)](https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages) — Inland Revenue

## Child support

If you need to deduct child support from an employee's pay, Inland Revenue will send you a child support deduction notice.

Inland Revenue may ask you for some information first, like:

- how often you pay your employees
- when the next pay period or pay date is
- if you want an employee reference included in the deduction notice.

Inland Revenue will let you know how much to take out of your employee's pay. You can only stop deducting child support payments if Inland Revenue tells you to — your employee can't tell you to stop.

[Deductions from salary and wages\(external link\) \(https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages\)](https://www.ird.govt.nz/employing-staff/deductions-from-income/deductions-from-salary-and-wages) — Inland Revenue

## Payroll giving

If you file your returns through Inland Revenue's myIR online service, you can give your employees the option to donate some of their pay to charity. This is known as payroll giving.

Employees can ask you to deduct a portion of their wages or salary to give to an approved charity of their choice. They'll get a tax credit of about 33c for every dollar they donate.

[Payroll giving\(external link\) \(https://www.ird.govt.nz/employing-staff/deductions-from-income/payroll-giving\)](https://www.ird.govt.nz/employing-staff/deductions-from-income/payroll-giving) — Inland Revenue

Rating form

**How helpful was this information?**

Rate this

- 1 Star
- 2 Star
- 3 Star
- 4 Star
- 5 Star

"Rate this" is required

Additional comments

You must enable JavaScript to submit this form

Submit

Loading...

### Related content

More

More

### [How to pay employees for leave](#)

[\(/hiring-and-managing/handling-holidays-and-leave/paying-your-employees-for-leave/\)](/hiring-and-managing/handling-holidays-and-leave/paying-your-employees-for-leave/)

[Whether you're paying staff for holiday, parental or sick leave, our guide helps you get it right.](#)

[\(/hiring-and-managing/handling-holidays-and-leave/paying-your-employees-for-leave/\)](/hiring-and-managing/handling-holidays-and-leave/paying-your-employees-for-leave/)

[Find more about leave pay](#)

[\(/hiring-and-managing/handling-holidays-and-leave/paying-your-employees-for-leave/\)](/hiring-and-managing/handling-holidays-and-leave/paying-your-employees-for-leave/)

## **[Basic tips for reducing your tax bill](#)**

[\(/tax-and-accounting/reducing-your-tax/how-to-reduce-your-tax-bill/#e5188\)](#)

[\(/tax-and-accounting/reducing-your-tax/how-to-reduce-your-tax-bill/#e5188\)](#)

[Tips for reducing tax](#)

[\(/tax-and-accounting/reducing-your-tax/how-to-reduce-your-tax-bill/#e5188\)](#)

## **[Setting up a new employee](#)**

[\(/hiring-and-managing/managing-people-day-to-day/how-to-set-up-a-new-employee/\)](#)

You've hired someone — now follow these steps to set them up in your systems and settled in their new role.

[\(/hiring-and-managing/managing-people-day-to-day/how-to-set-up-a-new-employee/\)](#)

[How to settle in employees](#)

[\(/hiring-and-managing/managing-people-day-to-day/how-to-set-up-a-new-employee/\)](#)

## **[Hiring an employee](#)**

[\(/hiring-an-employee/\)](#)

We've parcelled up our best tools, tips and visual guides to help you hire with confidence — all in one place.

[\(/hiring-an-employee/\)](#)

[Tips for hiring people](#)

[\(/hiring-an-employee/\)](#)

## **[How expenses can help reduce tax bills](#)**

[\(/tax-and-accounting/reducing-your-tax/claiming-expenses/\)](#)

Offsetting expenses against income can help with your tax bill. But you'll need to know what to claim for, and how.

[\(/tax-and-accounting/reducing-your-tax/claiming-expenses/\)](#)

[Claim expenses](#)

[\(/tax-and-accounting/reducing-your-tax/claiming-expenses/\)](#)

## **[When to employ staff](#)**

[\(/hiring-and-managing/deciding-to-hire/when-you-should-hire-staff/\)](#)

Taking on staff is a big decision. Here's some advice and a great tool to help you decide when to do it.

[\(/hiring-and-managing/deciding-to-hire/when-you-should-hire-staff/\)](#)

[Find out more about hiring](#)

[\(/hiring-and-managing/deciding-to-hire/when-you-should-hire-staff/\)](#)