

DAA Payroll Newsflash!

Changes Commencing 01 April 2013

There are changes coming up that all Employers need to be aware of. These are outlined below. It is also a good idea for you to inform your staff of these changes so they do not get a surprise when they receive their first wage payment after 01 April 2013.

KiwiSaver contributions change - The minimum contribution rate for employers and employees will increase from 2% to 3% of gross salary or wages from the first pay period commencing on or after 1 April 2013. The rate change will also apply to employees with a complying fund.

Primary and secondary schoolchildren - If you pay salary/wages or scheduler payments to schoolchildren, you must deduct PAYE and record them on your EMS from 1 April 2013.

If advised by your employee or Inland Revenue, you will also need to deduct KiwiSaver employee contributions for existing KiwiSaver members under 18 years of age. You don't need to make employer contributions. New employees under 18 are not subject to automatic enrolment. KiwiSaver deductions are not made from scheduler payments.

You can continue to either deduct a reduced PAYE rate or exclude children from your EMS until the end of the tax year (31 March 2013). A limited exemption will be introduced for children undertaking certain types of work. However, this exemption will not apply to children who have source deductions (e.g., PAYE) made from their payments.

ML and ML SL tax codes can no longer be used - If your employees are using either the ML or ML SL tax code, deduct PAYE using M or M SL rates from 1 April 2013. Employees who currently use the ML or ML SL tax codes have been sent a letter, encouraging them to change their tax code prior to 1 April 2013. A new *Tax code declaration form* IR 330 has been produced and is available now on the IR website.

Student loan repayment rate change - The repayment rate for student loan deductions will increase from 10 cents to 12 cents in every dollar from 1 April 2013. You should use the 12 percent deduction rate for student loan standard deductions you report on the Employer monthly schedule (IR 348/EMS) for the period ended 30 April 2013 and all future periods.

Updated PAYE tables and calculators - All PAYE tables and PAYE calculators will be updated and made available prior to 1 April 2013 to ensure employers can correctly calculate PAYE for those employees who previously used the ML or ML SL tax codes.

House Keeper/Child Care tax credit - This tax credit has been removed so this can no longer be claimed on 2013 tax credit claim forms. Claims for payments made prior to 31 March 2012 can continue to be claimed on the appropriate forms.

Now is a good time to be thinking about your payroll system and the amount of time you spend on it. We run a great service called **Payroll Xtreme** where we can service all of your payroll needs and deliver pay slips etc in a very timely manner and at a very competitive rate. Email katem@dodd.co.nz to find out more.

