



Employment Compliance

We thought it was a good time to remind you of your obligations as an employer. Set out below are guidelines on what you need to do to ensure you comply with those obligations.

PAYROLL - Special types of workers

1. Casual agricultural workers – Tax code CAE

Casual agricultural workers are people who are engaged in casual **seasonal** agricultural work:

- on a day-to-day basis
- for up to three months.

They are **taxed through the PAYE** system at the CAE rate.

What to do

- have your employee complete a *Tax code declaration (IR330)*, their tax code will be CAE
- deduct tax using the current PAYE calculator.

Note

Agricultural contractors fall under schedular payments (formerly withholding tax) requirements, and need to supply the employer with the Certificate of tax exemption if applicable. If not, tax should be deducted according to the rate stipulated for the employment activity. E.g. jockey, forestry, shearing etc.

2. Relief milkers

A relief milker is generally an employee and therefore you **must deduct PAYE** from their wages.

What to do

- have your employee complete a *Tax code declaration (IR330)*, their tax code will be CAE
- deduct tax using the current PAYE calculator.

3. Primary and secondary school children

Note

The way you tax school children has changed from 1 April 2013.

Prior to 1 April 2012 you may have employed school students and:

- you didn't deduct tax at all or include on your *employer monthly schedule*, because when their wages were less than \$2,340 a year. As from 1 April 2013 you will be required by law to start deducting PAYE from the school child's salary/wages or schedular payments.

This means that you will need to provide the child with a *Tax Code Declaration form (IR330)*. If the child does not return a fully completed IR330, the **no notification rate** will apply. This rate is currently 45%.

4. Shearers, shed-hands and shearing contractors

Below are the different tax deductions you would make for shearers, shed-hands and shearing contractors.

What to do

- Shearers and shearing shed-hands have PAYE deducted at a flat rate and use the tax code **CAE**.
- Shearing contractors receive schedular payments and are taxed using the **(WT)** code rate unless they hold a current *Certificate of exemption (IR331)* – i.e. a certificate not to deduct tax from their schedular payments.
- If a contractor or employee has a special tax code certificate, deduct tax at the rate specified.
- If an employee has a student loan special deduction rate certificate, deduct the student loan amount at the rate and for the period specified on the certificate.
- If you don't get one of the following, you should deduct tax at the **no-notification rate**:
 - special tax code certificate, or
 - special deduction rate certificate, or
 - a completed *Tax code declaration (IR330)*.

Combined farming and shearing

- If you employ a shearer who does ordinary farm work, include any wages for this work with their shearing wages.
- If a farm worker employed for farm work also does shearing work at shearers' rates of pay, treat the shearing wages as part of their normal pay for that pay period. Calculate PAYE using their normal tax code. Do not use the CAE tax rate
- If a farmer does part-time shearing for another farmer, a *Tax code declaration (IR330)* should be completed and PAYE deducted at shearers' rates using the CAE tax code.

Shearing contractors

You may come across the following situations if you have **shearing contractors** and **shearing gangs** working for you.

- The contractor pays the shearing gang. If the contractor has a current *Certificate of exemption (IR331)*, pay the full contract price. If not, get the contractor to complete a *Tax code declaration (IR330)* and deduct WT from the payment.
- You pay the wages of the contractor's employees. In this case treat them as if you were employing them directly.

Allowances

Travelling allowances and hand-piece allowances are non-taxable. All other types of allowances, including the value of free meals and board, are taxable. Add the value of these allowances to wages. Show any tax-free allowances paid in your wage records.

[We are here to help you should you need further advice.](#)