

TAXATION TREATMENT FOR STAFF AND CONTRACTORS

Section	Human Resources		
Approval Date	24.11.08	Approved by	Directorate
Next Review	As required	Responsibility	Human Resources Manager
Key Evaluation Question	6	ITPNZ Quality Standard	3

PURPOSE

To outline the taxation regimes for Nelson Marlborough Institute of Technology (NMIT) employees and individuals contracted for the provision of services at the institute hereafter referred to as contractors.

SCOPE

All employees and contractors of NMIT.

RESPONSIBILITY

Individual employees and contractors are responsible for providing relevant & accurate information to NMIT to allow for appropriate tax deduction. All new employees and contractors complete and sign an IR330, whether an employee on PAYE deduction or a contractor who may be in receipt of a Certificate of Exemption from withholding tax.

PRINCIPLES

All **full-time staff** of NMIT will be PAYE tax payers. The only adjustments to PAYE rates will be as a result of presentation of an IRD Certificate of Exemption or Special Tax Rate Certificate.

Part-time employees are assumed to be in an employee/employer relationship and therefore subject to PAYE with the only amendments to the tax rate being as a result of presentation of Certificates of Exemption/Special Tax rate.

The only exceptions to this would be where a specialist/consultant business is contracted to supply technical support with supply conditions not person dependent or where NMIT "contracts" a consultant/s to carry out "course development or tutoring" where the following rules apply:-

- * Non-GST registered self-employed individuals
 - Withholding Tax rules apply to full payment unless an exemption certificate is supplied.

- * GST registered self-employed individuals
 - Withholding Tax rules apply to the GST exclusive amount unless an exemption certificate is supplied.

- * Employees of a partnership or company
 - Payment will only be made on the receipt of a "Tax Invoice" in the name of the partnership. Withholding tax implications apply unless an exemption certificate is supplied.

- * Employees of Limited Liability company
 - Payment will only be made on the receipt of a "Tax Invoice" in the name of the company. No Withholding tax implications apply.

Withholding tax is also payable on expenses to contractors.