

NMIT TAXATION POLICY

MOKAMOKA WHAKAAETANGA | APPROVAL DETAILS

Section	Finance		
Approval Date	15.04.2026	Sponsor	Director Digital, Finance and Risk
Next Review	01.01.2029	Approved by	NMIT Council

NGĀ WHAKATIKATIKA | AMENDMENT HISTORY

Version	Effective Date	Created/ Reviewed by	Reason for review / comment
1	01.01.2026	Transition Lead	New

Mō wai me te whānuitanga | Audience and scope

This policy applies to:

- All employees of NMIT, including contracted staff and secondees providing services for NMIT; and those on fixed term contracts (may be collectively referred to as kaimahi in this policy); and
- Contractors, meaning any company, partnership or individual that agrees to provide supplies or services to NMIT in accordance with a valid and legal contract for services (CFS); and
- All governors of NMIT including members and advisors of NMIT Council and governance committees or boards (collectively referred to as governors in this policy).

Te Pūtaki | Purpose

This policy offers guidelines as to NMIT's main responsibility and procedures to meet its financial, legal and fiscal obligations in relation to:

- Goods & Service Tax (GST)
- Pay as You Earn (PAYE)
- KiwiSaver
- Employers Superannuation Contributions Tax (ESCT)
- Fringe Benefit Tax (FBT)
- Withholding Tax (WT)
- Income Tax

Fiscal regulations change regularly and must be consulted in addition to this policy. Additional up to date information is available at www.ird.govt.nz and should be referred to as required.

Ngā Mātāpono | Principles

Compliance

Decision-making and practice relating to taxation will comply with all relevant legislation, standards, policies and procedures.

Best Practice

NMIT will implement practices that support and develop resilience, good practice and accountability in meeting its financial, legal and fiscal obligations

Our Values

NMIT values guide our behaviour as an organisation and establish a foundation for our guiding documents and ways of working. Ākonga and kaimahi alike have an individual and collective responsibility to behave in ways that uphold our values and maintain integrity and quality in everything we do.

Kaupapa Here | Policy Statements

GOODS AND SERVICES TAX (GST)

NMIT is GST registered and must comply with the Goods and Services Tax Act 1985.

Whenever NMIT enters into a transaction, the following matters must be determined with respect to the application of GST.

- Ascertaining whether there has been a supply
- Identifying the consideration for the supply
- Determining whether the supply is exempt or taxable, and, if taxable, the applicable rate of GST
- Confirming that the correct time-of-supply rules have been applied; and
- Ensuring that the appropriate documentation is held in relation to supplies made and received.

It is likely that NMIT would charge GST on most of its supplies, and the GST output tax should correspondingly be returned to IRD at the appropriate time. There are instances where GST is not chargeable on supplies made by NMIT, consequently, no such charges should occur without confirmation of treatment by the finance team.

Where NMIT incurs expenditure which has been charged with GST, then GST input tax should be claimed provided that it does not relate to expenditure on an exempt activity and that a valid tax invoice is held by NMIT.

A valid tax invoice has the following features.

- The words “tax invoice” in a prominent place
- The name and registration number of the supplier
- The name and address of the recipient
- The date upon which the tax invoice is issued
- A description of the goods and services supplied; and
- The consideration for the supply and a statement that the price includes GST.

If the consideration (GST inclusive amount) for a supply is less than \$1,000 the tax invoice does not need to contain the name and address of the recipient.

If the consideration (GST inclusive amount) for a supply is less than \$50, a supplier is not required to issue a tax invoice. However, NMIT must obtain documentary evidence to support the expenditure incurred.

NMIT works on the invoice basis. This means all GST is accounted for at the time of the transaction in the accounting system. There are exceptions to this, most notably when a deposit is received. Deposits and bonds received are to be referred to Finance.

NMIT is required to complete a GST return each month. This is to be submitted to the IRD by the due date, which is normally the 28th of the following month, using the appropriate form.

A full reconciliation of income and expense compared to the GST payable/refundable is required prior to submission of the GST return. The GST return is submitted online, and payment made at the appropriate time. Fines and Penalties can be incurred if the GST regulations, filing dates or other information is not submitted accurately and on time.

PAYE & KIWISAVER

NMIT must meet all normal PAYE requirements. This means all employee pays are treated for PAYE, Kiwisaver, etc as per current IRD legislation and rates.

As a large employer (as PAYE is over \$100,000 per annum) NMIT must submit PAYE data twice every month to the IRD using the appropriate form. This data must include details about all employee wages paid, PAYE deductions, Kiwisaver deductions and employer's contributions, ESCT payments, student loan repayments (employees on payroll only) and child support payments. PAYE is paid at the same time and filed electronically using the approved IRD system.

The Payroll team follows all PAYE requirements and ensures current legislation is met, including rates to be used, dates to file reports and payments required. The Finance team makes the payment once a signed request has been received.

A full reconciliation of all PAYE, Kiwisaver contributions, deductions and payments is completed each month by the Finance team.

WITHHOLDING TAX

Withholding tax is deducted from payments to certain contractors (i.e. those that are undertaking a scheduler activity) including Council members. Withholding tax is calculated and processed by either Payroll or Finance when the invoices are processed and the amount is deducted from the payment made. The tax portion is then paid to IRD in a separate schedule.

Contractors may not be liable for withholding tax deductions depending on their contract/tax rate/status. Each invoice is verified prior to processing by Finance to ensure the correct rates are used. Expense claims made by contractors are not liable to withholding tax deductions.

The Finance team reconciles the withholding tax account each month to ensure NMIT is paying the correct amount to IRD.

A critical part of the engagement of a contractor should involve the following considerations:

- Whether the contractor could be viewed as an employee by Inland Revenue, notwithstanding the intention to be engaged as a contractor (see Appendix One which outlines a series of tests to assist with this determination); and
- Whether the role undertaken by the contractor is a scheduler activity (see page 4 of the [IR330 Tax Code Declaration](#) for a list of more common scheduler activities or contact Finance to confirm).

Employees and contractors are responsible for providing relevant and accurate information to NMIT to allow for appropriate tax deduction.

All new employees and contractors complete and sign a Tax Code Declaration Form except:

- Contractors doing work that is not listed on the 'Rate of Tax Deductions from Scheduler Payments' on the Tax Code Declaration form

- Registered New Zealand companies other than agricultural, horticultural or viticulture companies
- Contractors who present a current IRD certificate of exemption appropriate to the work undertaken
- Other contractors exempt from Schedular Payments as noted in the Definitions above.

Contractors are responsible for providing relevant and accurate information to NMIT to allow for appropriate tax deduction.

Any contractor registered for GST must supply a valid tax invoice. Withholding tax will be deducted from the GST exclusive value of the tax invoice.

Non-Resident Contractors Tax (NRCT)

The term "non-resident contractor" applies to any person who is not a tax resident of New Zealand and who undertakes any contract activity under a contract, agreement or arrangement. The term does not apply to contracts of service between an employer and employee.

Non-resident contractors are liable for income tax in New Zealand on any income they derive in New Zealand from any business or contract wholly or partly carried on or performed in New Zealand.

NRCT is withheld from each contract payment made to the non-resident contractor at the standard or special tax rate. NMIT will ensure that they hold a fully completed Tax code declaration (IR330) on the non-resident contractor's behalf. When NMIT does not hold a fully completed tax code declaration, tax must be deducted, under section RD 18 of the Income Tax Act 2007, at the non-declaration rate of 30 cents for each dollar for independent non-resident contractor, or 20 cents for each dollar for companies.

NMIT does not have to withhold any NRCT if the non-resident contractor produces a valid certificate of exemption. Alternatively, the non-resident contractor may produce a valid special tax rate certificate authorising NMIT to withhold tax at a lesser or greater rate as specified on the certificate.

The application of the NRCT rules is a complex area, and it is imperative that this is considered when negotiating contracts, as any potential tax cost will typically fall on NMIT if determination is made once a contract has been signed. It is incumbent on those negotiating contracts with any overseas provider to ask for Finance to review and sign off on the tax consequences.

Guidance on the application of NRCT may also be sought from the Finance Director.

INCOME TAX

Under section CW55BA of the Income Tax Act 2007, NMIT is exempt from income tax.

FRINGE BENEFIT TAX

Fringe Benefit Tax (FBT) is a tax payable on non-salary payments and benefits provided to employees of NMIT and contractors who are in receipt of schedular payments from NMIT.

FBT is payable on the total taxable benefit provided and is either calculated at a rate which is dependent upon the salary level of the person receiving the benefit or calculated at that highest rate as a flat rate calculation alternative.

The expected FBT components within NMIT are as follows:

1. Motor vehicles

Motor vehicles which are available for the private use of an employee are liable for FBT, even if the vehicle is not actually used privately.

The FBT charge is based on the number of days the vehicle is **available** for private use, and the assessed value of the benefit is currently set at 20% of the GST inclusive cost of the vehicle.

Some exemptions from this general rule exist. To ensure Finance can accurately determine the FBT liability for NMIT, any availability (or actual use) of a vehicle must be recorded in the vehicle logbook (either manually or electronically) and a regular report provided to Finance.

2. Gifts to employees

A gift is defined as a benefit that can be consumed or enjoyed at the employee's discretion and is not enjoyed in the course of employment duties.

Examples of situations where FBT is payable include:

- Flowers given to a staff member for the birth of a child or bereavement
- A bottle of wine or meal voucher given to an employee in appreciation of extra effort
- A leaving gift given to a member of staff who is leaving the NMIT (payable only on the departmental contributions to this gift, not on contributions from staff).

The above is not an exhaustive list, and if any gifts are provided to staff, such costs should be advised to Finance.

3. Free, discounted or subsidised services to employees

Where any discounted or subsidised services are provided then FBT will apply on the difference between the stated market price for the general public and the amount paid, if any, by the employee.

For NMIT this may apply for any discounted or subsidised training of any programme or course provided as part of NMIT's offering within its annual prospectus.

Pūrongo me te Whakapūmau | Reporting and Assurance

Regular reports will be submitted to Council and/or a committee of Council:	
Submitted by	Director Digital, Finance & Risk
Submitted to	Audit and Risk Committee
What must be reported	Exception reporting will be completed when any material events occur
Reporting cadence	As required
Is immediate escalation required for material events?	No

Ngā Haepapa | Responsibilities

Role	Responsibilities
Finance team	<ul style="list-style-type: none">• Ensure required tax payments are made by the due date to the IRD• Calculate and complete the monthly GST return
Payroll team	<ul style="list-style-type: none">• Ensure the PAYE, and associated payroll returns are completed and filed with IRD by the due dates

Ngā Hononga ki Tuhinga kē | Links to other documents

NGĀ KAUPAPA-HERE E HANGAI ANA | RELATED POLICIES

NMIT Information and Records Management Policy

TURE WHAI TAKE | RELEVANT LEGISLATION

[Goods and Services Tax Act 1985](#)

[Tax Administration Act 1994](#)

[KiwiSaver Act 2006](#)
[Income Tax Act 2007](#)

NGĀ TAPIRITANGA | APPENDICES

APPENDIX A - Employee vs Contractor Test

APPENDIX A – EMPLOYEE VS CONTRACTOR TEST

The duly authorised person will ensure that all agreements with employees and contractors are in writing, prior to the commencement of service/services, and that these agreements confirm either employee or independent contractor status, after having regard to the information outlined below.

Common law uses five tests to determine whether a contract is a “contract of service” (employee) or a “contract for services” (independent contractor). Briefly, the tests used to determine the status of a worker are:

- **The Control Test.** This test considers the degree of control exerted over the work of the employee or contractor (as to what work is done and the manner in which it is done).
- **The Organisation/Integration Test.** This test considers the degree to which the person is considered to be an integral part of the organisation; for example, do they perform work commonly done by an employee?
- **The Independence Test.** This test considers the degree of independence the person has from the organisation.
- **The Intention of the Parties.** This test considers the intention of the parties as evidenced by any contract. Although a written contract may indicate the intention of the parties, it is not always determinative.
- **The Fundamental/Economic Reality Test.** This test examines whether the person who purports to be a contractor can be regarded as being in business on their own account.

In determining the status of a worker, the duly authorised person will have regard to Table A and Table B below. For each question in Table A, the duly authorised person will answer each YES/NO question. The summary of each test will be recorded on Table B. Where the combined results of all tests summarised in Table B indicate a particular relationship, that relationship will constitute the status of the worker for payroll purposes.

TABLE A: EMPLOYER / EMPLOYEE CHECKSHEET	INDEPENDENT CONTRACTOR	EMPLOYEE
Control Test		
Does the worker supply any of the following: materials; tools and equipment; machinery?	YES	NO
Can the worker decide what hours he/she should work?	YES	NO
Can the worker delegate or sub-contract the work?	YES	NO
Can the worker refuse a job?	YES	NO
Does the worker decide how the work shall be done?	YES	NO
Is the worker responsible for correcting faulty work?	YES	NO
Is the worker entitled to annual leave, overtime or sick pay?	NO	YES
Summary of control test		
Integration tests		
Do employees of NMIT do the same work as the worker?	NO	YES
Does the worker use NMIT’s administration/support services?	NO	YES
Does the worker enjoy the same privileges and facilities available to other employees of NMIT	NO	YES
Was the worker previously an employee of NMIT doing the same work?	NO	YES
Summary of integration test		
Independence tests		

TABLE A: EMPLOYER / EMPLOYEE CHECKSHEET	INDEPENDENT CONTRACTOR	EMPLOYEE
Is the worker liable for self-employed ACC levies?	YES	NO
Is the worker liable for indemnity insurance?	YES	NO
Does the worker have funds invested in business equipment relevant to the services provided?	YES	NO
Can the worker employ staff?	YES	NO
Does the worker bear the risk of his/her business failure?	YES	NO
Summary of independence tests		
Intention tests		
Do both parties agree that the worker is an independent contractor?	YES	NO
Does NMIT normally deduct withholding tax in similar situations?	YES	NO
Summary of intention tests		
Economic reality tests		
Is the worker liable for GST and does the worker issue GST invoices to NMIT?	YES	NO
Can the worker simultaneously work for other clients?	YES	NO
Summary of economic reality test		

TABLE B: EMPLOYER / EMPLOYEE CHECKSHEET	TAXPAYER: IR NUMBER:	
Conclusion (multiple test)		
Control test indicates:	Employee	Independent contractor
Integration test indicates:	Employee	Independent contractor
Independent test indicates:	Employee	Independent contractor
Intention test indicates:	Employee	Independent contractor
Economic reality test indicates:	Employee	Independent contractor
<u>Conclusion</u>		