



# Mana Whaikaha

Enabling Good Lives

## **Guide to Preparing To Pay and Reimburse Employees**

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Issue 1**

**This guide was developed with the help of Enabling Good Lives Waikato**

*Disclaimer: All information in this document is correct at date of issue, and is therefore subject to change. This document is intended as a guide, and although comprehensive, is not exhaustive.*

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## 1. INTRODUCTION

First things first - congratulations! When you come on board with Mana Whaikaha there are a number of things to consider and processes to set up to create the systems you choose.

This guide outlines things to consider and talk through with your kaitūhono/connector when you are planning to pay staff.

## 2. EMPLOYMENT HUB

The Mana Whaikaha Employment Hub provides information, advice and support to promote positive employment relationships between employers and employees in the prototype. The Employment Hub includes:

- Information about employment
- An orientation to Mana Whaikaha for employees and employers
- Employment advice for employees and employers
- Access to training for support workers
- Access to union support
- Dispute resolution
- Contact for enquiries

The Employment Hub can be accessed through Mana Whaikaha – [www.manawhaikaha.co.nz](http://www.manawhaikaha.co.nz) or by calling 0800 MANA 55 (0800 626255). Contact Mana Whaikaha if you need more information or support in paying your staff and managing employer obligations.

## 3. MANAGING THE PROCESS YOURSELF – PAYING STAFF

Before you pay staff, you need to have completed the following:

- Decided if you want to employ staff yourself, or use a financial assistant or provider
- Register as an employer with the IRD
- Planned on the type of staff you want to employ
- Hired your staff
- Prepared their employment agreement/s

As an employer you also have to make sure you make the following provisions for your staff:

- annual leave
- sick leave
- bereavement leave
- ACC employer levies
- PAYE
- KiwiSaver

### 3.1 PAYING YOUR STAFF

When paying staff as an employer you have obligations relating to the payment of PAYE to the IRD. From 1 April 2019 employers will be required to file and pay all PAYE to the IRD every pay cycle.

You have three choices as to how manage paying your staff and handling your IRD employer obligations.

### 3.21 ELECTRONIC PAYROLL SOFTWARE

You can use electronic payroll software. If you choose this option your payroll provider will take care of recording and paying your PAYE directly to the IRD. Here is a list of payroll providers available: If you decide to use electronic payroll software, shop around to find the best option for you.

#### **Thank you Payroll**

[www.thankyoupayroll.co.nz](http://www.thankyoupayroll.co.nz)

Cost effective payroll system that integrates with Xero, and pays your PAYE direct to the IRD for you. You enter in timesheets, they are totalled, you pay Thank you payroll and they pay your staff and IRD. Free for 3 or less staff, using a 2 day processing time. Monthly fee \$22.35 GST incl for 4-10 staff.

#### **Acepayroll**

[www.acepay.co.nz](http://www.acepay.co.nz)

They provide the option to download a 60 day free trial. They offer 6 months free 0800 phone support. This software handles PAYE, holiday pay, KiwiSaver. Files are kept on your PC.

#### **Crystal Payroll**

[www.crystalpayroll.com](http://www.crystalpayroll.com)

Integrates with Xero, Quick Books and MYOB. Works on all smart phones. Online.

#### **IMS Payroll**

[www.imspayroll.co.nz](http://www.imspayroll.co.nz)

Online timesheets and rostering. Allows employees to apply for leave online, record contact details etc. for staff emergency contacts, training courses completed, you can define your own categories.

#### **Smart Payroll**

[www.smartpayroll.co.nz](http://www.smartpayroll.co.nz)

Works on all smart phones, online. Employee access to pay slips online. Employees enter own timesheets.

#### **Xero Payroll**

[www.xero.com/nz](http://www.xero.com/nz)

Add on to Xero accounting overall package. Pay monthly. Suitable if you already use Xero for accounting purposes.

### 3.22 IRD ONLINE PAYE CALCULATOR

Alternatively you can keep your own records using the IRD online PAYE calculator. If you choose this option you will need to take care of recording and paying your PAYE directly to the IRD each pay cycle through either your IR file on line, or through paper filing.

This is a significant amount of work and would suggest you seriously consider an online payroll management system. The link to the online PAYE calculator is below:

<http://www.ird.govt.nz/calculators/tool-name/tools-p/calculator-pay.html>

### 3.23 USING HOST SERVICES TO PAY YOUR STAFF

You can also use a host service if you would like someone else to manage paying your staff on your behalf. Manawanui currently operates in the MidCentral region, and more information can be found at [www.incharge.co.nz](http://www.incharge.co.nz). If you want to use a host service, talk to your kaitūhono/connector or contact Mana Whaikaha.

## 3.3 FILING EMPLOYER MONTHLY SCHEDULES WITH THE IRD

If you are using an online payroll provider, your monthly schedules are filed automatically by them to the IRD. This section only applies to you if you are manually using the online PAYE calculator.

ir-File is a secure, internet-based service that allows employers and PAYE intermediaries to file Employer monthly schedules (IR348/EMS) and Employer deductions (IR345/EDF) forms electronically. Filing electronically using ir-File is the most accurate and efficient way to send the IRD your employee information.

Every new employee must complete an IR330 tax code declaration form to confirm their tax code to the IRD. There is a sample included with this pack. It is your employee's responsibility to know their correct tax code. A guide to tax codes is included with the IR330 form.

The exception to this is an IR56 tax payer. This type of employee is obligated to pay their own PAYE through an IR56 form. This includes part time private domestic workers, who are employed to work in their employers home but not in work related directly to the employers business or work.

## 4. OTHER EMPLOYER OBLIGATIONS

### 4.1 KIWISAVER

As outlined on the IRD website KiwiSaver is a 'voluntary, work-based savings initiative to help New Zealanders with their long-term saving for retirement (ird.govt.nz). It's designed to make it easy for people to get into the habit of saving regularly.'

Your main roles as an employer in KiwiSaver are to:

- check whether new employees are eligible to join KiwiSaver
- check whether new employees should be automatically enrolled
- give the Your introduction to KiwiSaver - employee information (KS3) to:
  - new employees who qualify for automatic enrolment, and
  - existing employees who want to opt in
  - automatically enrol all new employees who are eligible
- provide information to the IRD about:
  - all new employees who are automatically enrolled, and
  - eligible employees who have opted in to KiwiSaver
- provide new employees with a written statement if you have an employer-chosen scheme, and also that scheme's investment statement
- deduct KiwiSaver contributions and make compulsory employer contributions at the correct rate and forward them to the IRD by the due date along with your PAYE payments
- act on opt-out and contributions holiday requests
- stop or start deductions when the IRD advise you to
- contact them when you require more introduction to KiwiSaver - employee information (KS3) factsheets.

You can also download the Meeting your employer obligations for KiwiSaver (AD229) checklist here: <http://www.ird.govt.nz/forms-guides/keyword/employers/ad229-meeting-employer-obligations-ks.html> .

Within the first seven days your new staff member is employed, start the automatic enrolment process by checking whether the new employee is eligible to join KiwiSaver. Give them a:

- Your introduction to KiwiSaver - employee information (KS3) factsheet
- KiwiSaver deduction form (KS2) (which they can use to let you know whether they want 3%, 4% or 8% of their pay deducted), and
- New employee opt-out request (KS10) form.

If they don't complete the form, make deductions at the default rate of 3%. You should keep the KiwiSaver deduction form (KS2) for your records.

## 4.2 REIMBURSING STAFF FOR TRAVEL

To reimburse staff using their own vehicle for work, you can use the IRD mileage rate of 73c per km for motor vehicles for up to 5,000km of travel per annum, or actual costs. The rate for hybrid vehicles is 73c per km, and the rate for electric vehicles is 81c per km. The IRD accept the standard mileage rate as being a reasonable estimate of the costs likely to be incurred by an employee ([ird.govt.nz](http://ird.govt.nz)).

## 4.3 IRD FORMS RELATING TO EMPLOYING STAFF

IR333 – Guide to becoming an employer  
IR334 – Register as an employer  
IR330 – Tax code declaration form for employees  
IR335 – Employers guide  
IR356 – Guide to IR56 tax payer  
KS1 – KiwiSaver employee details form  
KS2 – KiwiSaver deduction form  
KS3 – KiwiSaver fact sheet  
KS4 – KiwiSaver employer guide  
KS10 – New employee opt out form  
KS12 – Self-employed – your guide to KiwiSaver

These forms can all be downloaded from the IRD website here [www.ird.govt.nz](http://www.ird.govt.nz).

## 4.4 RECORD KEEPING OBLIGATIONS AS AN EMPLOYER

There are obligations you are required to meet as an employer regarding record keeping ([business.govt.nz](http://business.govt.nz)). There is clear information about these available from the Ministry of Business, Innovation and Employment. Here's a guide to these obligations, and where you can find information to meet them.

### 4.4.1 PERSONNEL FILES AND RECORD KEEPING - WHAT DO WE HAVE TO DO?

Personnel files are the files kept for each person you employ and must be set up for new staff and regularly updated. There are some templates included in this guide to assist you.

**Personal Details Form:** This includes personal information about the employee's contact information including emergency contacts and medical information. From 1 April 2019 you are required to provide the IRD with the date of birth and full address of every employee. Keeping your staff records on a personal details form is a good process so you can meet your IRD requirements.

**Wages time book:** This records weekly earnings, tax and leave entitlements for staff in a Word document. If you are using a payroll software company these records are included in your software.

Privacy of personnel files is very important. They should be kept securely with access available only to the employer or those with the delegated authority to manage the files. Access must be granted to those who are entitled to see the files:

- The employee if they ask to see their own file
- The employee's authorised representative, upon the employee's request

### **Why do we need to keep personnel files?**

1. You are required to do so by law: The Employment Relations Act 2000 (s. 130) and Holidays Act 2003 (s.81) require employers to keep wage, time, holiday and leave records.
2. It is part of being a good employer: accurate records ensure all employees are treated fairly and receive their correct pay, holiday and leave entitlements.
3. It is a part of performance management: if any issues arise with employee performance, clear job descriptions, annual performance review/appraisal records and documentation of any performance improvement processes are essential.

### **How long do we need to keep personnel files?**

Employee personnel files must be kept for seven years.

## **4.42 OTHER EMPLOYMENT FORMS**

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The Ministry of Business, Innovation and Employment has clear information about keeping accurate records and holidays and leave recording for you as an employer. See these links:

<http://employment.govt.nz/er/holidaysandleave/recording/>

<http://employment.govt.nz/er/pay/recordkeeping/index.asp>

## **5. PETTY CASH**

EFTPOS and cash payments from your Mana Whaikaha bank account should be clear and predictable. Ideally, cash payments should be agreed upon as part of setting up the funding agreement with Mana Whaikaha. Cash payments will need to be recorded. The record should state the date, payment value, payment recipient, reason for payment and purpose of payment.

## **6. PURCHASING ITEMS**

Mana Whaikaha purchasing guidelines provides you with information on what you can spend your personal budget on. The Purchasing Guidelines are an appendix to your Funding Agreement. By signing your funding agreement, you agree to only use your budget to purchase within the purchasing guidelines.

## 7. REFERENCES

Inland Revenue (n.d). *KiwiSaver for employers*. Retrieved on 25 May, 2016 from <http://www.ird.govt.nz/kiwisaver/employers/ks-emp-index.html>

The Ministry of Business, Innovation and Employment (n.d). *Personnel files and record keeping*. Retrieved on 25 May, 2016 from <http://www.business.govt.nz/staff-and-hr/managing-employees/personnel-files-and-record-keeping>

Inland Revenue (n.d). *Mileage rate for self-employed people and reimbursing employees*. Retrieved from <http://www.ird.govt.nz/business-income-tax/expenses/mileage-rates/emp-deductions-allowances-mileage.html>

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For more information,  
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