

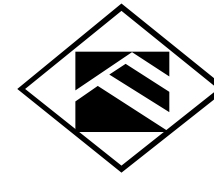
EMPLOYEE	INDEPENDENT CONTRACTOR
Hourly rate plus holiday pay 6% Increasing to 8%	Options include: Hourly rate plus margin of say 15% -20% (depending on who pays for ACC), or payment for project
Boss pays for ACC	Contractor usually pays but in some cases the Principal will
Gets paid for public holidays	Only gets paid for time worked even if this is on a public holiday
Must be full time or regular part time	Work less than 80% of the time for main Principal and have other income streams
Boss provides office and work facilities	Principal can operate itinerant from place to place
Worker pays for own transport to/from work	Contractor pays for own transport and is tax deductible
Worker has own accommodation but not tax deductible	Contractor can operate home office and is tax deductible – usually 20% of total outgoings
Worker expenses paid by the boss	Contractor expenses paid by contractor and tax deductible – usually 100%
Worker is supervised	Contractor has much greater degree of freedom and will supervise himself or herself
Worker performs agreed hours	Contractor can have flexible hours as long as targets completed on time to agreed quality
Worker must get approval for time off	Contractor may be able to take time off as long as targets completed on time to agreed quality
Has annual holidays as per statute	Does not have annual holidays but may arrange for a period of time off
Boss provides safety gear and tools for work	Contractor provides safety gear and tools for work and claims 100% as expense
Labour legislation applies - workers have more legal power than employers	Contract law applies and both parties relatively equal
Workers complete a timesheet	GST or similar invoice applies for works and services
Workers pay tax at rate minimum of 19c rising to 39c in the dollar	Contractors may agree with Principal on withholding tax as scheduled by IRD and this is often 20%
Only the boss can claim depreciation	Contractors can claim depreciation on plant, vehicles and buildings used for their work

Consultant Name _____

Telephone/Fax _____

All information in this newsletter is to the best of our knowledge true and accurate. No liability is assumed by the author, or publisher, for any losses suffered by any person relying directly or indirectly upon this newsletter. Please call our Head Office for specialist advice.

HEAD OFFICE ADDRESS: 21 Hands Road, Riccarton, Christchurch. 8004
TELEPHONE (03) 338 8820, **AH** (03) 358 3726, **FACSIMILE** (03) 338 8353
EMAIL: safetynz@xtra.co.nz **WEB** www.esummit.co.nz **MOB** 021 257 4418
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S U M M I T
S Y S T E M S L I M I T E D

Business Qualifications, Accreditation & Compliance Specialists

News & views from Summit Autumn 2007



EMPLOYER COMPLIANCE COSTS TO INCREASE YET AGAIN

From 1 July 2007, all employers are required to make KiwiSaver available to new staff, unless the employer qualifies for an exemption from automatic enrolment.

Requirements for employers include:

- New employees have to be given a KiwiSaver information pack within seven days of starting work;
- Employers must supply Inland Revenue with the names, IRD numbers and addresses of all new employees and those who want to join KiwiSaver, using new forms;
- Employees can either choose a KiwiSaver scheme provider, or the employees will be looked after by default providers appointed by the Government. If the employer selects its own provider, they must provide investment statements;
- Employers have to deduct employees' KiwiSaver contributions from their before-tax pay and forward them to IRD through the PAYE system;
- If employees take a break from saving with a contributions holiday employers will need to stop deductions and restart them when their savings break finishes;
- Employers will need to record which employees are KiwiSaver members, their contribution rate and any notification of contributions holidays or opt-outs;
- Employers are encouraged not to give any investment advice to staff, but to refer them on.

NOTE The Summit System for HR or employment law has been upgraded to contain the above information. The next time that you update your HR system you will get the information plus other recent legislative changes.

UPDATE FOR QUALITY ASSURANCE SYSTEM

We have redesigned part five of our quality assurance system to expand its coverage. Some organizations want expansive information relating to track record and methodology. Usually where this happens, the organization does not have high level understanding of compliance systems and focuses on more basic information but in much more detail. As a primitive understanding of quality assurance systems may prejudice against those who produce comprehensive data to the international standards, we now must communicate with the bureaucrats at their level of understanding.



ACC WORKPLACE SAFETY DISCOUNTS AVAILABLE

This is a relatively new scheme. It is designed to offer 10% discounts of annual ACC premiums for three consecutive years. The scheme is designed to help a range of hazardous industries.

Who is eligible to apply?

If you are self-employed or a small employer, you can apply for the discount if:

1. Your annual payroll does not exceed \$380,000 or you employ 10 or fewer full time equivalent staff; and
2. Your work falls within the specified ACC classification units in agriculture, forestry, construction, road transport, motor trades, and fishing. For example, the classification range for construction covers approximately 30 different trade groups; and
3. You have attended a training course, or can show appropriate experience or industry relevant capability in hazard identification and management, injury and incident investigation, emergency readiness, and in training employees – if relevant; and
4. You agree to a possible on-site audit of your health and safety systems by ACC approved auditors.

What does all of this mean to me?

Firstly, it means completing an application form that is about 12 pages long. The form is relatively simple and we could help with the answers required.

Secondly, it means providing evidence to ACC of training courses for staff and supervisors. This would mean (at the least) safety officer courses

for two or more workers. Such a course would cost \$170 plus GST per person with a reduction for three or more. Alternatively, completion of a Safety Rep course NZQA 20198 for 1-2 staff. This would cost \$200 plus GST per person. In some cases, subsidy of more than \$100 per person is available. Otherwise, evidence of safety training as specified in the criteria. This does not mean industry training in how to do the job. In the case of a sole trader or farmer and partner, one person must gain a proper certificate. **Thirdly**, it means putting the application form plus certificate/s of training in a large envelope and posting it to PO Box 242 Wellington.

Would you invest up to \$300 to save 10% of your ACC for 3 years?

If you think that this is a good idea, please contact us and we will help you. It is likely that the return on investment would be 300% or even more.

ACC WORKPLACE SAFETY MANAGEMENT DISCOUNTS

This scheme offers ACC discounts of up to 20% for two consecutive years. We have updated our annual audit for HSE so that it captures key information to allow clients a clear perspective of where they are, in relationship to where they need to be - to gain the discounts.



HOW TO SET UP INDEPENDENT CONTRACTORS

Many people can become self employed as independent contractors and get registered with IRD for GST. They can also gain more freedom than workers and have much greater control over what they do. They can also work for more than one Principal provided that there is no conflict of interest. Owners, Directors and Principals can also benefit. They gain improved focus, more accountability and flexibility in the allocation of valuable resources. They pay for work completed and usually not for lost time and down time. Due to increased employment costs and overheads that apply relating to annual leave, statutory leave, other leave and kiwisaver, it may be important for you to consider independent contractors.