



Accident Compensation (Earners' Levy) Regulations 2010

Anand Satyanand, Governor-General

Order in Council

At Wellington this 29th day of March 2010

Present:

His Excellency the Governor-General in Council

Pursuant to sections 218(5), 244, 329, and 333 of the Accident Compensation Act 2001, His Excellency the Governor-General, acting on the advice and with the consent of the Executive Council and on the recommendation of the Minister for ACC, makes the following regulations.

Contents

		Page
1	Title	2
2	Commencement	2
3	Interpretation	2
4	Earners' levy	2
5	Maximum earnings on which earners' levy payable	3
6	Self-employed person: works more than 30 hours per week and earns less than specified amount	3
7	Self-employed person: purchases weekly compensation	4
8	Levies exclusive of GST	4
9	Amount of levies exempt from payment	4

10 Revocation and saving 4

Regulations

1 Title

These regulations are the Accident Compensation (Earners' Levy) Regulations 2010.

2 Commencement

These regulations come into force on 1 April 2010.

3 Interpretation

In these regulations,—

Act means the Accident Compensation Act 2001

applicable tax year means the 2010–11 tax year or, as the case may be, a later tax year

current portion, in relation to the earners' levy, means the portion of that levy that is necessary to provide for the purposes referred to in section 218(5)(a) of the Act

earners' levy means the levy payable to fund the Earners' Account under section 219(1) of the Act

residual portion, in relation to the earners' levy, means the portion of that levy that is necessary to provide for the purposes referred to in section 218(5)(b) of the Act

tax year has the same meaning as in section YA 1 of the Income Tax Act 2007 for the purposes of furnishing a return of income under the Tax Administration Act 1994.

4 Earners' levy

(1) The amount of the current portion of the earners' levy payable for an applicable tax year is,—

- (a) for self-employed persons, except those described in paragraphs (b) and (c), \$1.7245 per \$100 of earnings derived, or treated as being derived, in the tax year that immediately precedes the applicable tax year:

- (b) for self-employed persons to whom regulation 6 applies, an amount calculated in accordance with regulation 6(2):
 - (c) for self-employed persons to whom regulation 7 applies, an amount calculated in accordance with regulation 7(2):
 - (d) for other earners, \$1.7245 per \$100 of earnings for pay periods ending in the applicable tax year.
- (2) The amount of the residual portion of the earners' levy payable for an applicable tax year is,—
- (a) for self-employed persons, except those described in paragraph (b), \$0.0533 per \$100 of earnings derived, or treated as being derived, in the tax year that immediately precedes the applicable tax year:
 - (b) for self-employed persons to whom regulation 6 applies, an amount calculated in accordance with regulation 6(3):
 - (c) for other earners, \$0.0533 per \$100 of earnings for pay periods ending in the applicable tax year.
- (3) Subclauses (1) and (2) are subject to regulation 5.

5 Maximum earnings on which earners' levy payable

- (1) The maximum amount of earnings in a tax year on which a self-employed person must pay an earners' levy is \$106,473.
- (2) The maximum amount of earnings in a tax year on which any other earner must pay an earners' levy is \$110,018.

6 Self-employed person: works more than 30 hours per week and earns less than specified amount

- (1) This regulation applies to a self-employed person who, in the tax year that immediately precedes the applicable tax year,—
 - (a) works for an average of more than 30 hours per week, whether or not as an employee; and
 - (b) earns less than \$26,000.
- (2) The person must pay the current portion of the earners' levy calculated using the following formula:

$$\frac{\$26,000 - \text{earnings as an employee}}{100} \times 1.7245$$

- (3) The person must also pay the residual portion of the earners' levy calculated using the following formula:

$$\frac{\$26,000 - \text{earnings as an employee}}{100} \times 0.0533$$

- (4) **Earnings as an employee** is the amount of the person's earnings as an employee in the applicable tax year.

7 **Self-employed person: purchases weekly compensation**

- (1) This regulation applies to a self-employed person who enters into an agreement with the Corporation under section 209 of the Act to purchase weekly compensation.
- (2) The person must pay the current portion of the earners' levy calculated using the following formula:

$$\frac{1.7245 \times 1.25 \times a}{100}$$

where a is the agreed level of weekly compensation purchased by the self-employed person under section 209 of the Act adjusted to an annual figure.

8 **Levies exclusive of GST**

The amounts of earners' levies payable under regulation 4 are exclusive of goods and services tax.

9 **Amount of levies exempt from payment**

For the purposes of section 244 of the Act, the relevant exempt amount for any invoice that is issued to a self-employed person for the purposes of the Act and that includes the earners' levy is set at \$40.

10 **Revocation and saving**

- (1) The Injury Prevention, Rehabilitation, and Compensation (Earners' Levy and Earners' Account Residual Levy) Regulations 2009 (SR 2009/19) are revoked.
- (2) Despite subclause (1), the Injury Prevention, Rehabilitation, and Compensation (Earners' Levy and Earners' Account Residual Levy) Regulations 2009 continue to apply to the period

starting on 1 April 2009 and ending on 31 March 2010 as if they had not been revoked.

Rebecca Kitteridge,
Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on 1 April 2010, revoke and replace the Injury Prevention, Rehabilitation, and Compensation (Earners' Levy and Earners' Account Residual Levy) Regulations 2009 (**last year's earners' levy regulations**).

The main differences between these regulations and last year's earners' levy regulations arise as a result of the enactment of the Accident Compensation Amendment Act 2010. Those differences are as follows:

- the Title of these regulations reflects the change made to the Title of the principal Act, which is now called the Accident Compensation Act 2001:
- these regulations no longer set the Earners' Account Residual levy, which has now been folded into the earners' levy:
- the earners' levy now has 2 components, namely, the current portion and the residual portion. The current portion provides for essentially the same purposes as the earners' levy that was set in last year's earners' levy regulations, while the residual portion provides for essentially the same purposes as the Earners' Account Residual levy that was set in those regulations.

Other differences between these regulations and last year's earners' levy regulations are as follows:

- the current portion of the earners' levy is set at a rate of \$1.7245 per \$100 of earnings, exclusive of goods and services tax:

-
- the residual portion of the earners' levy is set at a rate of \$0.0533 per \$100 of earnings, exclusive of goods and services tax:
 - the maximum amount of earnings in a tax year of a self-employed person on which the earners' levy is payable has increased from \$102,922 to \$106,473:
 - the maximum amount of earnings in a tax year of other earners on which the earners' levy is payable has increased from \$106,473 to \$110,018:
 - the minimum amount of earnings on which an earners' levy is payable by a self-employed person who works, on average, for more than 30 hours per week (whether as an employee or not) has increased from \$23,400 to \$26,000.

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 30 March 2010.

These regulations are administered by the Department of Labour.
