



Employment tax update

8 December 2022



Agenda

Remote working

Current PAYE and FBT issues

What's on the horizon



Your presenters



Robyn Walker

Partner

robwalker@deloitte.co.nz

04 470 3615

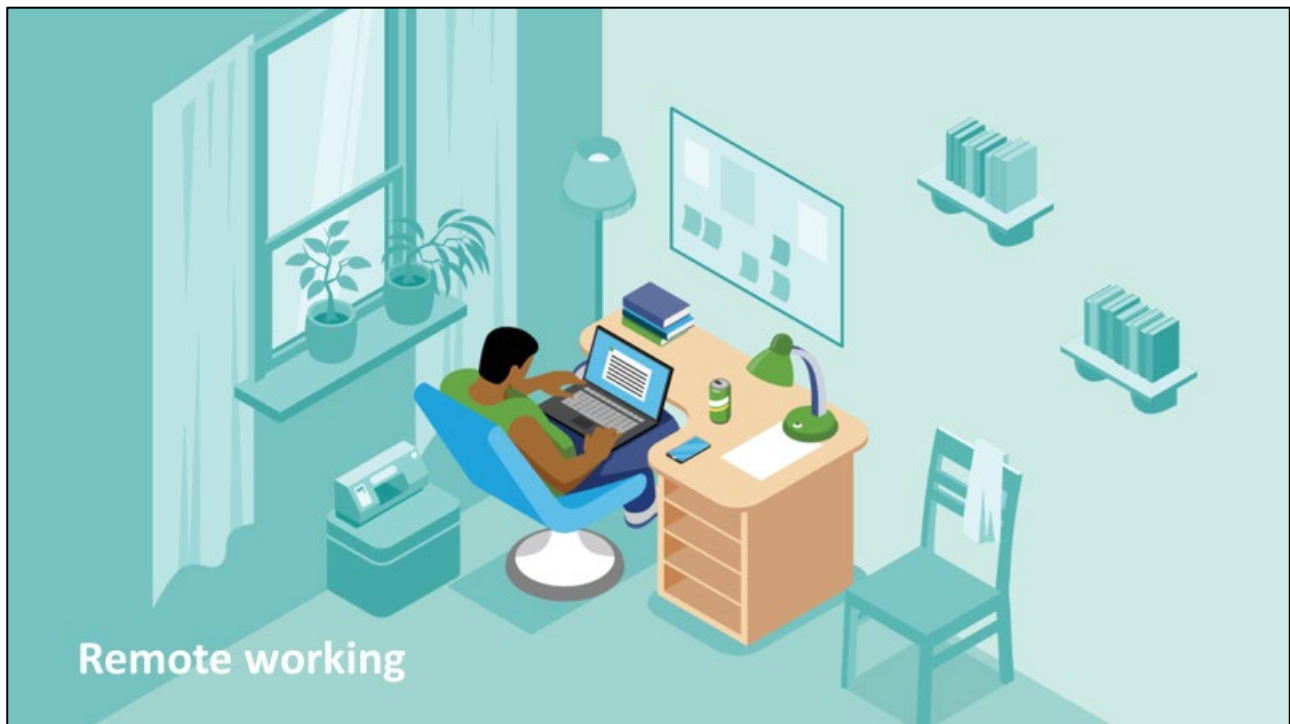


Stephen Walker

Director

stewalker@deloitte.co.nz

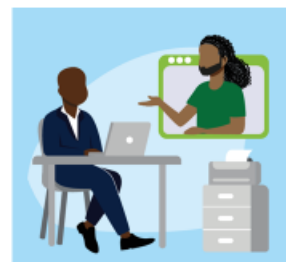
09 303 0892



Potential remote work scenarios



While the landscape is ever-changing, we are seeing remote work come to life in several ways today. Each has different features, benefits and challenges.



Your notes:

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

While the landscape is ever-changing, we are seeing remote work come to life in several ways today. Each has different features, benefits and challenges.



Your notes:

[illegible]

Issues to consider

- Is there a firm policy?
- When is tax advice sought?
- When do employees move between different country payrolls?

- Where is the workplace?
- Who is responsible for paying for what?
- What is an employer cost (exempt) vs an employee cost (taxable)?

[illegible]

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Payments to employees to help cover the cost of remote working

Working from home allowances:

- \$15 per week
- \$400 set up costs

Telecommunication allowances:

Class	%	Reason
Class A	75% of cost can be exempt	Principally used in employment
Class B	25% of cost can be exempt	Still required but not principally
Class C	100% (de minimis)	\$5 a week (max \$265 a year)

Determination expires on 31 March 2023



Deloitte Insight: Taxing Telecommunication Costs

Deloitte Insight: Are you aware of changes to the taxation of telecommunication and travel allowances?

Deloitte Insight: Employment tax issues for a remote workforce

Deloitte Insight: Update on working from home allowance

Determination EE003

Your notes:

[illegible]

Distant workplaces – travel and accommodation

- | Travel costs exemption | Accommodation costs exemption |
|---|--|
| Business travel or short term secondment | Business travel or short term secondment |
| Employee genuinely works at a local workplace (this <u>may</u> be their home) | Employee genuinely works at a local workplace (but not if home is the local workplace) |



- © 2022, Deloitte Limited (as trustee for the Deloitte Trading Trust)

Deloitte Insight: Are you aware of changes to the taxation of telecommunication and travel allowances?

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Work related travel

- | Vehicle type | Tier 1 rate | Tier 2 rate |
|------------------|-------------|-------------|
| Petrol or diesel | 83 cents | 31 cents |
| Petrol hybrid | | 18 cents |
| Electric | | 10 cents |



- © 2022, Deloitte Limited (as trustee for the Deloitte Trading Trust).

Deloitte Insight: 2022 mileage reimbursement rates published

Deloitte Insight: Are you aware of changes to the taxation of telecommunication and travel allowances?

Deloitte Insight: Allowances for additional transport costs

Operational Statement Employer-provided travel from home to a distant workplace – income tax (PAYE) and fringe benefit tax

Your notes:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Red Flags

- Accommodation
- Meal allowances
- ESCT rates
- Union contracts
- Hurt and humiliation payments
- Payments to non-resident contractors



© 2022. Deloitte Limited (as trustee for the Deloitte Trading Trust).

NZPPA Conference – December 2022 | PUBLIC

12

Useful links:

Deloitte Insight: Can I claim a my lunch as a tax deduction?

Deloitte Insight: Time to review your ESCT rates

Deloitte Insight: Recapping Deloitte's FBT and employment taxes webinar – key things you need to know under the 39% rate

Deloitte Insight: Christmas parties and gifts – Entertainment or FBT or PAYE?

Your notes:

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface.

The distinction between FBT and PAYE

Whether FBT or PAYE applies to a benefit depends on the legal form of how the benefit is provided.

Rule of thumb: If it is the employers liability, FBT applies; if it is an expense of an employee, PAYE applies.

Exceptions and inconsistencies:

- Accommodation is always subject to PAYE
- If you provide a fringe benefit rather than paying a tax exempt allowance, there is a FBT exemption BUT if you provide an allowance instead of providing a benefit which would be exempt from FBT, PAYE will still apply



Useful links:

Deloitte Insight: Physical or virtual Christmas celebrations: what employers need to remember

Deloitte Insight: Recapping Deloitte's FBT and employment taxes webinar – key things you need to know under the 39% rate

Your notes:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins or other markings on the paper.

A stylized illustration of a man with short, curly brown hair, wearing a bright green t-shirt and dark blue shorts. He is holding a white mobile phone to his ear with his left hand, and his right hand is in his pocket. The background is a light green circle with darker green wavy lines.

- Electric vehicles
- Chargers at work/home
- Public/shared transport/other incentives

- De minimis threshold
- On premises exemption
- Health and safety
- Business tools

NZPPA Conference – December 2022 | PUBLIC 14

[Deloitte Insight: The great ute FBT debate](#)
[Deloitte Insight: EV's, car fees and role of time in the path to carbon zero](#)
[Deloitte Insight: FBT common errors and how to prevent them](#)
[Inland Revenue Guidance Clean Car Discount Scheme](#)

[illegible]



This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

What's on the horizon?

- Inland Revenue's focus on Tax Governance
- Current law changes before Parliament
 - FBT and public transport
 - Cross-border worker simplifications
 - Non-resident contractor tax changes
- FBT stewardship review
- Upcoming Inland Revenue guidance
 - Provisional tax: employees and one off amounts
 - Land – Main home exclusion and secondees



© 2022, Deloitte Limited (as trustee for the Deloitte Trading Trust).

NZPPA Conference – December 2022 | PUBLIC 16

Useful links:

[Deloitte Insight: Bringing workers to New Zealand? Taxing rules to be modernised](#)

Deloitte Insight: Questions over FBT regime

Your notes:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Questions?

An illustration on a light blue background. On the left, a person with dark skin, wearing a dark blue suit and black shoes, sits at a grey desk. They are looking at a laptop. To their right, a video call window is open, showing a person with dark skin, curly hair, and a beard, wearing a green t-shirt. The person in the video call is gesturing with their right hand. To the right of the desk is a grey printer with a white paper coming out of it.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's more than 545,000 people worldwide make an impact that matters at www.deloitte.com.

Deloitte New Zealand brings together more than 1600 specialist professionals providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Rotorua, Wellington, Christchurch, Queenstown and Dunedin, serving clients that range from New Zealand's largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website www.deloitte.co.nz.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organisation") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2022 Deloitte Limited (a trustee for the Deloitte Trading Trust).