

It is hard to believe but tax year end 2021 is upon us. Here is a summary of the changes occurring from 1 April 2021.

These changes apply for the first pay cycle with a **pay date** that falls on or after April 1. This means you could have a period ending 28 March 2021 with a pay date of 1 April and this will already form part of the 2022 tax year.

ACC Earner Levy Threshold

The ACC Maximum earnings threshold has remained unchanged at \$130,911.00.

The annual maximum ACC Earner Levy payable is \$1,819.66.

The ACC Earner Levy has remained at 1.39%.

PAYE Rates and Thresholds

A new tax threshold/rate of 39% for income over \$180,000 applies from 1 April 2021

- This impacts 'normal' PAYE and 'extra pay' PAYE calculations

ESCT Rate Threshold Amount Tax Rate

\$1 – \$16,800	10.5%
\$16,801 – \$57,600	17.5%
\$57,601 – \$84,000	30%
\$84,001 – \$216,000	33%
\$216,000 upwards	39%

PAYE Tax Codes and Calculations

The threshold for tax codes "ST" and "ST SL" have changed to cap out at \$180,000

The following new secondary tax codes are effective from 1 April 2021

- SA – Secondary income over \$180K

- SA SL – Secondary income over \$180K with student loan.

Student Loan Repayment Rates and Threshold

The following Student Loan threshold values apply from 1 April 2021:

Frequency	2021 - 2022 Tax Year
Annual threshold	\$20,280
Weekly pay period (Threshold divided by 52)	\$390
Fortnightly pay period (Threshold divided by 26)	\$780
Four-weekly pay period (Threshold divided by 13)	\$1,560
Monthly pay period (Threshold divided by 12)	\$1,690

Minimum Wage

The minimum wage increases effective 1 April 2021.

Type of minimum wage	Old Rate	New Rate
Adult	\$18.90	\$20.00
Starting-Out	\$15.12	\$16.00
Training	\$15.12	\$16.00

Additional insights

Here are some important things to note and look out for, leading up to TYE 2021.

- Make sure your software is updated and ready for the first pay in the new tax year and that you have tested the changes.
- It is always a good idea to take this opportunity to reconcile your payroll reports for the year to what has

been reported and paid to the IRD

- Ensure your new processing calendar and holidays have been loaded (noting the addition of Matariki in 2022). Normally cloud-based software vendors will automate this for you but it pays to check
- Ensure you have new certificates from those employees who are on special tax codes
- This is the time of year when ESCT rates are recalculated for employees based on the taxable earnings + employer Kiwisaver contributions for the previous year. Make sure your payroll system has done this correctly
- Check to make sure there is no one being paid under the new minimum wage

As always, we are here to help, so please feel free to reach out should you have any questions.

***Kindly note this article was written in 2021, and New Zealand minimum wage rates have since changed.**