



Injury Prevention, Rehabilitation, and Compensation (Earners' Levy) Regulations 2007

Anand Satyanand, Governor-General

Order in Council

At Wellington this 19th day of March 2007

Present:

His Excellency the Governor-General in Council

Pursuant to sections 244, 329, and 333 of the Injury Prevention, Rehabilitation, and 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.

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Regulations

1 Title

These regulations are the Injury Prevention, Rehabilitation, and Compensation (Earnings' Levy) Regulations 2007.

2 Commencement

These regulations come into force on 1 April 2007.

3 Interpretation

In these regulations,—

Act means the Injury Prevention, Rehabilitation, and Compensation Act 2001

applicable tax year means the 2007–08 tax year or, as the case may be, a later tax year

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

tax year has the meaning given to it by section OB 1 of the Income Tax Act 2004.

4 Earnings' levy

(1) The amount of earnings' levy payable for an applicable tax year is,—

(a) for self-employed persons, except those described in paragraphs (b) and (c), \$1.1556 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, \$1.1556 per \$100 of earnings for pay periods ending in the applicable tax year.

(2) Subclause (1) is 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 \$96,619.
- (2) The maximum amount of earnings in a tax year on which any other earner must pay an earners' levy is \$99,817.

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—
 - (i) \$19,760, for a person aged 18 years or over on the last day of the tax year; or
 - (ii) \$15,808, for a person aged 17 years or under on the last day of the tax year.
- (2) The person must pay an earners' levy calculated using the formula—

$$\frac{\$19,760 \text{ or } \$15,808 - \text{earnings as an employee}}{100} \times 1.1556$$

- (3) In the formula,—
 - (a) **\$19,760 or \$15,808** is the amount in subclause (1)(b) that applies to the person:
 - (b) **earnings as an employee** is the amount of the person's earnings as an employee in the 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 an earners' levy calculated using the formula—

$$\frac{\text{earnings}}{100} \times 1.1556 + 1.1556 \times 1.25 \times (\text{compensation} - (\text{earnings} \times 0.8)) \times (1 - \frac{0 \text{ or age-related discount}}{100})$$

- (3) The items in the formula are defined in subclauses (4) to (6).
- (4) **Earnings** is—
- (a) the amount of earnings that the person derived, or is treated as having derived, in the tax year that immediately precedes the applicable tax year; or
 - (b) if the Corporation cannot readily find out the actual amount of earnings, the amount that it estimates the person derived, starting at—
 - (i) \$19,760, for a person aged 18 years or over on the last day of the applicable tax year; or
 - (ii) \$15,808, for a person aged 17 years or under on the last day of the applicable tax year.
- (5) **Compensation** is the agreed level of weekly compensation purchased by the person under section 209 of the Act adjusted to an annual equivalent figure.
- (6) **0 or age-related discount** is—
- (a) 0, if the amount of the compensation item is less than 80% of the amount of the earnings item; or
 - (b) the discount specified in the Schedule for the age of the person, if the amount of the compensation item is 80% or more of the amount of the earnings item.

8 Levies exclusive of GST

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

9 Amount of levy 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 (Earnings' Levy) Regulations 2006 (SR 2006/16) are revoked.
- (2) Despite subclause (1), the Injury Prevention, Rehabilitation, and Compensation (Earnings' Levy) Regulations 2006 continue to apply to the period starting on 1 April 2006 and ending on 31 March 2007 as if they had not been revoked.

Schedule Age-related discount

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Age band	Discount
Under 40	0
40–44	0.03
45–49	0.07
50–54	0.14
55–59	0.28
60 and over	0.53

Diane Morcom,
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 2007, revoke and replace the Injury Prevention, Rehabilitation, and Compensation (Earners' Levy) Regulations 2006 (SR 2006/16).

The new regulations provide that the amount of earners' levy payable is,—

- in the case of self-employed persons, except those to whom regulation 6 or 7 applies, \$1.1556 per \$100 of earnings derived, or treated as being derived, in the tax year that immediately precedes the 2007–08 tax year or, as the case may be, a later tax year; and
- in the case of self-employed persons to whom regulation 6 applies, an amount calculated in accordance with regulation 6(2); and
- in the case of self-employed persons to whom regulation 7 applies, an amount calculated in accordance with regulation 7(2); and
- in the case of other earners, \$1.1556 per \$100 of earnings that relate to pay periods ending in the 2007–08 tax year or, as the case may be, a later tax year.

The maximum amount of earnings in a tax year of a self-employed person on which the levy is payable has increased from \$94,226 to

\$96,619. The maximum amount of earnings of any other earner in a tax year on which an earners' levy is payable has increased from \$96,619 to \$99,817.

The level of earnings on which an earners' levy is payable by a self-employed person who works for more than 30 hours per week, whether or not as an employee, has been increased. For those aged 18 or over the amount is \$19,760 and for those aged 17 or under it is \$15,808.

The new regulations also set, for the purposes of section 244 of the Injury Prevention, Rehabilitation, and Compensation Act 2001 (the **Act**), the relevant exempt amount for any invoice that is issued to a self-employed person for the purpose of the Act and that includes the earners' levy. The amount is set at \$40.

This means that, under section 244 of the Act, a self-employed person is not liable to pay an amount invoiced in relation to the earners' levy if the amount does not exceed \$40. Nor is a self-employed person liable to pay any penalties under the Act in respect of non-payment of an amount invoiced in relation to the earners' levy if the amount does not exceed \$40.

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

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These regulations are administered by the Department of Labour.
