

Let's Talk About Payday Filing

If you employ staff, you need to know about this!

As part of IRD's plan to transform tax administration, they are making changes to the way in which employers file their employment information. ***The Employer Monthly Schedule is going and, in its place, will be Payday Filing.***

What is payday filing?

Payday filing is IRD's new way for employers to file employment information each payday instead of monthly. ***Payday filing will be mandatory for all employers from 1 April 2019*** but employers can opt-in before that date if they want to.

IRD are introducing payday filing because it will enable them to get more timely information, which will help them better calculate customers' tax and entitlements including:

- Income tax
- Working for Families Tax Credits, and
- Child support.

How will Payday Filing Work?

Employers will file employment information each payday (instead of the IR348 Employer Monthly Schedule). Employers will also be required to file additional details about new employees and departing employees.

The information required will include the employees' start and end date, contact details and date of birth (if they provide this to you). These details need to be filed on or before any new employees' first payday. IRD doesn't require these details for existing employees.

What are the Filing Methods?

There will be four ways in which you can file the information:

- Direct from software, using IRD's Gateway Services
- File upload via myIR
- Onscreen via myIR, or
- From 1 April 2019, paper.



*Rachel Dagleish,
Practice Manager*

What do You Need to do to Prepare for Payday Filing?

- If you use payroll software, talk to your provider about options for payday filing and when they will be ready for it.
- If you file via upload, but don't use payroll software make sure that your file format meets IRD's requirements.
- Review and adapt your payroll and new employee processes.

Other Things You Need to Know

IRD is also **reducing the PAYE electronic filing threshold** from \$100,000 to \$50,000 per year. This means that if your PAYE and ESCT is \$50,000 or more a year, from 1 April 2019 you must file your employee information electronically.

The payment due dates and the way you pay is not changing – employers will still pay once or twice a month as they do now.

Once you start payday filing you will need to **review the delegation in your myIR account**. Only the "owner" of myIR will be able to access the payroll returns account and they will need to set up all users again.

How do you Opt-in to Payday Filing Now?

If you are ready for payday filing, think about whether you want to opt-in before 1 April 2019. This will give you the chance to get used to payday filing before it becomes mandatory on the 1 April 2019. However, be aware that once you've opted into payday filing during the voluntary period, you can't revert back to monthly filing!

You can opt-in through your myIR account. Once you've opted in, a **Payroll returns** account will show in your **My business** section. This is where you'll file your employment information and employee details. **If** you are using software that lets you submit your files directly to IRD, there's no need to opt in. Filing your first payday employment information file will let IRD know you've opted in.

To find out more about payday filing visit IRD's website www.ird.govt.nz and check out their online videos about payday filing. You can also register for one of IRD's webinars by visiting cchlearning.co.nz

By Rachel Dalglish. Rachel is the Practice Manager of MCI & Associates. She has over 25 years' experience in management and has been with MCI & Associates for 8 years. She is an Associate Fellow of the New Zealand Institute of Management and a Chartered member of the Human Resource Institute of New Zealand. She has travelled extensively and worked in management and HR roles in the UK, Pacific and New Zealand.

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