



Injury Prevention, Rehabilitation, and Compensation (Earners' Levy) Regulations 2004

Silvia Cartwright, Governor-General

Order in Council

At Wellington this 13th day of December 2004

Present:

The Right Hon Helen Clark presiding in Council

Pursuant to sections 329 and 333 of the Injury Prevention, Rehabilitation, and Compensation Act 2001, Her Excellency the Governor-General, acting on the advice and with the consent of the Executive Council, makes the following regulations.

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Regulations

1 Title

These regulations are the Injury Prevention, Rehabilitation, and Compensation (Earners' Levy) Regulations 2004.

2 Commencement

These regulations come into force on 1 April 2005.

3 Interpretation

In these regulations,—

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

earners' levy means the levy payable to fund the Earners' 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 Earners' levy rate

The earners' levy rate is \$1.0667 per \$100 of the following earnings:

- (a) for self-employed persons, except those described in paragraph (b), earnings derived, or treated as being derived, in the 2004–05 tax year:
- (b) for self-employed persons to whom regulation 7 applies, earnings as defined in regulation 7(4):
- (c) for other earners, earnings for pay periods ending in the 2005–06 tax year.

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 \$92,189.
- (2) The maximum amount of earnings in a tax year on which any other earner must pay an earners' levy is \$94,226.

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 a 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) \$17,680, for a person aged 18 years or over on the last day of the tax year; or
 - (ii) \$14,144, 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—

$$\frac{\begin{array}{l} \$17,680 \text{ or} \\ \$14,144 \end{array} - \begin{array}{l} \text{earnings as} \\ \text{an employee} \end{array}}{100} \times 1.0667$$

- (3) In the formula,—
- (a) **\$17,680 or \$14,144** 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—

$$\frac{\text{earnings}}{100} \times 1.0667 + \frac{0}{100} \times 1.0667 \times 1.25 \times (\text{compensation} - (\text{earnings} \times 0.8)) \times (1 - \text{or age-related discount})$$

- (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 2004–05 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) \$17,680, for a person aged 18 years or over on the last day of the tax year; or
 - (ii) \$14,144, for a person aged 17 years or under on the last day of the 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

Levies calculated by applying the rate specified in regulation 4 are exclusive of goods and services tax.

9 Revocation and saving

- (1) The Injury Prevention, Rehabilitation, and Compensation (Earnings' Levy and Earnings' Account Residual Levy) Regulations 2003 (SR 2003/386) are revoked.
- (2) Despite subclause (1), the Injury Prevention, Rehabilitation, and Compensation (Earnings' Levy and Earnings' Account Residual Levy) Regulations 2003 continue to apply to the period starting on 1 April 2004 and ending on 31 March 2005 as if they had not been revoked.

**Schedule
Age-related discount**

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 2005, replace the Injury Prevention, Rehabilitation, and Compensation (Earners' Levy and Earners' Account Residual Levy) Regulations 2003 (SR 2003/386).

The new regulations set the earners' levy rate at \$1.0667 per \$100 of earnings, exclusive of goods and service tax. The levy is payable on earnings derived, or treated as being derived, in the 2004–2005 tax year for self-employed persons and on earnings that relate to pay periods ending in the 2005–2006 tax year for other earners.

The maximum amount of earnings in a tax year of a self-employed person on which the levy is payable has increased from \$88,728 to \$92,189. The maximum amount of earnings of any other earner in a tax year on which an earners' levy is payable has increased from \$92,189 to \$94,226.

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 \$17,680 and for those aged 17 or under it is \$14,144.

The new regulations also set the earners' levy for self-employed persons who purchase the right to receive weekly compensation.

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These regulations are administered in the Department of Labour.
