

Independent contractors

Getting it right



Inland Revenue
Te Tari Taake



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Independent contractors

Independent contractors are self-employed people who control what work they do and how it is done.

They are not employees so do not have PAYE tax deducted from their income, although some earnings may be subject to tax on schedular payments.

If you are an independent contractor you are responsible for meeting your own tax obligations.



Getting it right

- Get a copy of the filing and payment calendar so you can be sure you have everything done on time.
- Check what your tax obligations are for GST, income tax and provisional tax. A tax agent or accountant can help you with this.
- If you have a mistake in your return, get in touch with us and we'll help you get it right.
- If you need help calculating your annual income, the business or agency you have worked for will be able to confirm your income details.



Mistakes we see

Some of the tax mistakes independent contractors make are:

- 1 not filing their IR3 income tax returns on time
- 2 not declaring all their contract income on their IR3 income tax returns
- 3 not being registered for GST if their turnover is more than \$60,000 per year
- 4 not accounting for GST on their income when required
- 5 claiming private expenditure against their income
- 6 incorrect splitting of their income with their spouse.

What we are doing

- Identifying the industries and professions where independent contractors are likely to be employed, and reviewing compliance levels.
- Using tax records from businesses and recruitment agencies employing contractors to identify non-compliance and taking any corrective action required.
- Inviting independent contractors who may have filed incomplete or incorrect tax returns to make voluntary disclosures.

For help

If you would like more information about independent contractors visit: <http://www.ird.govt.nz> [search keyword: contractors]