



# CONTRACTOR PAYMENT STRUCTURE OPTIONS

## PAYE:

### Advantages:

- Low Administration
- Low cost
- Kiwisaver included (default provider)
- ACC
- Working for Families tax credit may apply

### Disadvantages:

- Individual tax rates (\*33%-38%)
- Tax return & financial advice at own expense
- Business expenses not claimable

- **CXC can assist with:**
- **Basic PAYE payroll management**
- **Low cost PI and PL insurance**

\* Income over \$48K includes ACC earners levy F/Y 09/10

## Sole Trader & Partnerships:

### Advantages:

- Business expenses claimable

### Disadvantages:

- Individual tax rates (\*33%-38%)
- Agency may not engage with this structure
- GST registration
- No ACC
- OSH responsibilities
- No Kiwisaver
- Expensive insurances
- High administration
- Accountant & financial advice at own expense
- Tax return required
- Personally liable for all tax, debts & risk
- IRD audit risk

- **CXC can assist with:**
- **Invoicing agency / client**
- **Low cost PI and PL insurance cover**
- **Mitigate risk of direct engagement (to client)**

\* Income over \$48K includes ACC earners levy F/Y 09/10

## COMPANY LTD:

### Advantages:

- Company Tax Rate (30%)
- Business expenses claimable
- Limited Liability

### Disadvantages:

- High start and end costs
- Company registration & maintenance
- High administration and record keeping
- Company tax return required
- GST registration
- No ACC
- OSH responsibilities
- No Kiwisaver
- Expensive insurances
- Accountant & financial advice at own expense
- IRD penalties, disagreements & audit risk
- Plus personal Tax of contractor
- Direct engagement risk

- **CXC can assist with:**
- **Invoicing agency / client**
- **Low cost PI and PL insurance**
- **Mitigate risk of direct engagement (to client & contractor)**

## CXC MANAGED STRUCTURE WITH SALARY PACKAGING:

### Advantages:

- No start and end costs
- No minimum period or obligation to stay
- Low administration
- No Company tax return
- No GST registration
- ACC covered
- Kiwisaver options
- Low cost PI & PL insurance available
- Access to experts in: Accounting, Insurance, Finance and Labour Law.
- Earnings Summary provided
- \$200 credit towards personal tax return\*
- Low IRD audit risk
- No directors liability
- No employer related taxes
- No direct engagement risk to client or contractor
- Salary Packaging Benefits
  - More cash in hand
  - Home Office Reimbursements
  - Car expenses
  - Laptops, mobile phones
- Contractor Support Services:
  - Online Timesheets
  - Contract information
  - Full time contractor care
  - OSH program in place
- Member Benefits
  - 1 hr free consult with Mortgage and Insurance providers
  - CXC Travel
  - Discounted travel insurance

### Disadvantages:

- Tax deductible management fee

**CXC OFFERS A FREE CONSULTATION & GUIDANCE ON ALL PAYROLL OPTIONS FOR CONTRACTORS**