



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

** For turnover > \$60K

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)

** For turnover > \$60K

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
- 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

*Conditions apply

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