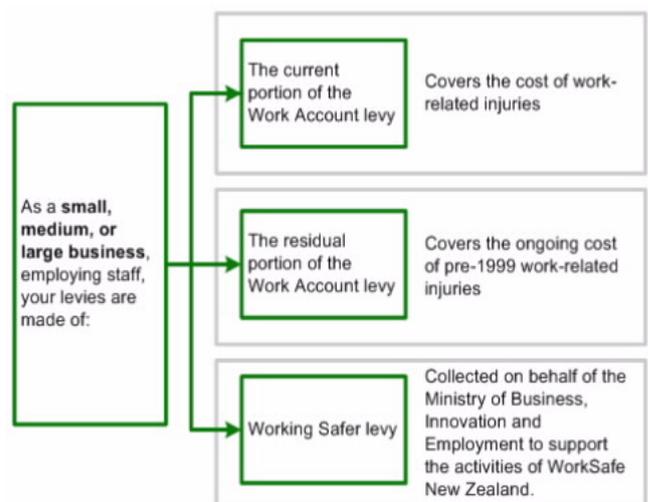


Steps To Understanding A.C.C

What levies do I pay?

As a guide, businesses with employees will have to pay the:

- » **ACC WorkPlace Cover** (work levy) using the actual payroll details as supplied to Inland Revenue.
- » **The Residual Levy.** In 1999 the Government changed the way ACC collects levies to a fully-funded basis. Up until that time ACC had only collected enough in levies to pay for cash outgoings in each year. This means there are insufficient funds to pay for the ongoing costs of long-term injuries that occurred prior to 2000. To fund these ongoing costs ACC must collect a residual work levy. All businesses have to pay this portion, even if they were not in business at that time, or had no injuries. This levy will stop after the 2018/19 year.
- » **The Working Safer Levy.** This levy is collected on behalf of the Department Ministry of Business, Innovation and Employment to support the activities of WorkSafe New Zealand.



Experience rating

On 1 April 2011, ACC introduced experience rating, a system of modifying a business's ACC Work levy based on its claims history. Experience rating recognises and rewards business owners (including self-employed people) with good claims experience, and encourages a focus on improving workplace safety and making New Zealand businesses better places to work.

Current year's levy rates

Levy rates are reviewed and set every year. Not everyone pays the same rate for their levies, and the rates may change from year to year. It's only fair that different industries pay different rates. Some not only make a higher number of ACC claims, but also have a higher risk of serious harm injuries. To reflect this, ACC groups employers with similar business activities and risks of workplace injury into 'classification units'.

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How are my levies calculated?

Your ACC WorkPlace Cover levies are based on the actual cost of injuries that have occurred in each classification unit group. The levies are calculated using both the classification unit rate for your business activity and your liable earnings.

If you meet the eligibility criteria for experience rating, the levy you pay is also partly determined by your business's claims experience. This is measured through work-related injuries and return-to-work rates. Individual employers have the ability to influence their levy payments by working to reduce risks in the workplace and helping injured employees return to work. There are a range of resources to support you improve your workplace safety and return to work outcomes.

How can I find out what my levies will be?

Businesses can use ACC's online calculator to get an idea of how much they will have to pay. These calculators provide an indication of your base levy rate only – this is before any experience rating adjustments are made.

<http://www.acc.co.nz/Calculator/index.htm>

How ACC CoverPlus levies are calculated

Under ACC CoverPlus, the previous year's liable earnings are used to calculate both levies and entitlements (including lost earnings compensation). CoverPlus ACC levies are calculated using:

- » The liable earnings figure provided on the previous year's IR3 tax return
- » The appropriate classification unit and Work levy rate for ACC CoverPlus
- » An Earner levy which covers all non-work injuries
- » Residual Claims and the Working Safer levy.

Self-employed liable earnings

Liable earnings for your self-employed client must be the result of their personal exertion. This includes any physical task (eg management, manual labour, professional services, and administration).

At the end of every financial year, your client is required to file an IR3 tax return to Inland Revenue to declare their income. Inland Revenue will then provide us with the relevant earnings so that we can calculate your client's invoice.

There are three types of earnings you declare to Inland Revenue and which, in turn, are liable for ACC levies. These are:

- » Scheduling payments
- » Partnership income
- » Self-employed income.

Non-PAYE shareholder-employees

At the end of every financial year, you are required to file an IR3 tax return/IR4 company return to Inland Revenue to declare your income. Inland Revenue will then provide ACC with the relevant earnings so that they can calculate your client's invoice.

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Employers' liable earnings

To calculate employer liable earnings, you get the total amount of your payroll from the PAYE schedules (IR348) filed with Inland Revenue and then subtract:

- » payments not assessable for personal injury cover (eg redundancy payments, pensions)
- » any amount paid to individual employees above the current maximum earnings limit for the 2014/15 levy year, which is currently set at \$118,191.00
- » any amount paid to injured employees to cover their first week of wages (before we take over payments)
- » any amount paid under the ACC Employer Reimbursement Agreement.

CoverPlus Extra

ACC CoverPlus Extra is an optional product that lets self-employed people and non PAYE shareholder employees negotiate a pre-agreed level of lost earnings compensation. This way you know exactly how much you'll receive each week if you are injured and can't work – whether the injury is work-related or not. If you choose ACC CoverPlus Extra, this will replace your standard ACC CoverPlus product.

What are the benefits of ACC CoverPlus Extra?

You can tailor the level of cover for lost earnings to suit your own personal circumstances, subject to ACC underwriting.

- » If you make a claim, there is no need to prove your earnings, as the weekly compensation has already been agreed. This means that you may receive your weekly compensation quicker.
- » You will receive 100% of the amount of the agreed lost earnings compensation until you are fit for full-time work

What is the difference between ACC CoverPlus and ACC CoverPlus Extra?

The key difference is the amount of lost earnings compensation you receive. With ACC CoverPlus Extra you get 100% of the amount you negotiate. Because you have agreed cover, you may begin receiving compensation more quickly.

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Example Calculation - Self Employed Builder earning \$85k per year

ACC CoverPlus Calculator

ILLUSTRATED LEVY CALCULATION (12 Months Levy)

Name

Actual Earnings For 2014/2015

Net Total Work Related Levy:
\$2,213
Hide Details

CU Code	CU Description	Liable Earnings	Work Levy Rate - current portion	Work Levy - current portion
4 1 1 1 0	House construction	\$85,000	x \$1.44 =	\$1,224
			? less Health & Safety Discount	\$0
			? plus Earner's Levy - current portion	\$989
			= A: Net Total Work Related Levy	\$2,213

+ Total Other Levies:
\$635
Hide Details

CU Code	CU Description	Liable Earnings	Work Levy Rate - residual portion	Work Levy Rate - residual portion
4 1 1 1 0	House construction	\$85,000	x \$0.63 =	\$536
			? plus Health and Safety in Employment	\$68
			? plus Earners' Levy - residual portion	\$31
			= Total Other Levies	\$635

= Total CoverPlus Levy
\$2,848
excl. GST

Total Amount Payable to ACC for 2015
\$3,275
incl. GST

Version: 15c.1
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Example Calculation – Retail Employer with a payroll of \$250k per year

ACC WorkPlace Cover Levy Calculator

Illustrated LEVY CALCULATION (12 Months Levy)

Employer name

Total Earnings Amount for levy year:

* The calculation results below have been rounded. To view the full calculations, expand each section by clicking the "Show Detail" button.

Illustrated Work Levy (current portion) for 2015/2016 [Hide Detail](#)

CU Code	CU Description	Earnings	Work Levy Rate - current portion	Work Levy - current portion
5 2 2 1 0	Clothing retailing	\$250,000	x \$0.18	= \$450
? Total Work Levy - current portion				\$450
? less Health & Safety Discount				\$0
= A: Net Total Work Levy - current portion				\$450

+ Illustrated Work Levy (residual portion) and Health and Safety in Employment Levy that relates to 2016/2017 [Hide Detail](#)

CU Code	CU Description	Earnings	Work Levy Rate - residual portion	Work Levy - residual portion
5 2 2 1 0	Clothing retailing	\$250,000	x \$0.17	= \$425
? Total Work Levy - residual portion				= \$425
? plus Health and Safety in Employment Levy				\$200
= B: Total Other Levies				\$625

= Total Illustrated Levy for 2015/2016 excl GST

Total Illustrated Amount Payable to ACC for 2015/2016 incl GST

The Illustrated Work Levy (residual portion) and Health and Safety in Employment levy above uses the latest available Work Account levy rates – residual portion, relates to the 2015/2016 period. The actual Work Account (residual portion) levy rates to be applied to your 2015/2016 Liable Earnings, and invoiced with your 2015/2016 Final invoice, will only be finalised by 1 April 2016. Therefore the actual total Work Levy – residual portion payable may differ from the amount shown above, which is indicative only.

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