

About weekly compensation

– shareholder employee



A shareholder employee is someone who owns shares in a limited liability company and is employed by that company.

Am I eligible for weekly compensation?

If you are a shareholder employee and you are unable to work because of your injury, you may be eligible for weekly compensation.

What if I have ACC CoverPlus Extra?

If you have purchased ACC CoverPlus Extra, which sets an agreed weekly compensation amount, the details in this fact sheet do not apply to you. You should refer to your ACC CoverPlus Extra policy documents for the rules applying to weekly compensation.

What information does ACC need?

To determine if you are eligible for weekly compensation, we will contact you for details about your business and income.

We may also need a copy of your business accounts for the last completed tax year, including details of your company's net income and your shareholder salary.

If you get earnings that have PAYE deductions made, you will need to ask your company's accountant to complete a *Shareholder Employee Earnings Certificate (ACC729)*.

If you get earnings that don't have PAYE deductions made, we will contact Inland Revenue to confirm your shareholder employee earnings and then work out your weekly compensation.

If you also had earnings from any employee jobs in the 52 weeks before the date you were first unable to work then we will need to collect income details from your employer, or prior employers. Even if you no longer work for an employer, we may be able to provide weekly compensation based on those earnings.

What if I have recently started as a shareholder employee?

If you started working as a shareholder employee in the most recently completed tax year, we need

further information to work out your weekly compensation.

If you are a shareholder employee of:

- a new company, we need the certificate of incorporation and/or a letter from the company's accountant confirming the date it started trading
- an existing company, we need evidence of the date you started working for the company as a shareholder employee

How is weekly compensation worked out?

Non-PAYE earnings

If PAYE is not deducted from your earnings, we use:

- your total earnings as a shareholder employee in the last completed tax year before the date you were first unable to work, and
- any employee earnings that you had in the 52 weeks before the date you were first unable to work

For example, if you were injured on 14 June 2009, weekly compensation is based on your shareholder employee earnings in the tax year ended 31 March 2009 and any employee earnings you had in the 52 weeks before 14 June 2009.

PAYE shareholder employee earnings

If PAYE is deducted from your earnings we use the higher amount of either:

- your average PAYE earnings for the 52 weeks prior to the date you were first unable to work, or
- your total earnings (ie all PAYE and non-PAYE salary) for the most recently completed tax year prior to the date you were first unable to work, and
- any employee earnings that you had in the 52 weeks before the date you were first unable to work

What if my earnings are low?

If you have low earnings, then after the fifth week of incapacity you may be eligible to have weekly compensation paid at the minimum rate.

To be eligible, you must have worked an average of 30 hours or more per week before you were unable to work.

Minimum and maximum rates

The minimum and maximum rates of weekly compensation that we can pay are adjusted each year.

Contact us for information on the current rates.

What if I have not yet lodged a tax return?

If you have not lodged a tax return for the last completed tax year, you may be eligible for a payment based on an estimate of your income. You can receive an estimate payment for three months or until you lodge your tax return (whichever is first).

If your tax return has not been lodged and you have not caused the delay, you may be eligible for an advance payment. An advance payment is based on a set minimum rate if you worked, on average, 30 hours or more per week, or if you worked less than this, on an estimate of your income.

What happens when my income information becomes available?

Once your actual earnings details are available from Inland Revenue for the last tax year, we work out your correct weekly compensation.

If there is a difference between what we paid and what you should have received, we will contact you. You will either get the amount you have been underpaid or need to repay us any amount overpaid.

If you believe your estimate or your advance payment is set too high (as it is more than your average weekly earnings) we can adjust the rate to avoid overpaying you.

Am I eligible if I was previously self-employed?

If this is your first year as a shareholder employee and you were self-employed during the previous tax year, you may be eligible to have weekly compensation based on your self-employed earnings.

For example, this would apply if you changed your business from self-employed to a limited liability company.

You must have changed from self-employment to a shareholder employee with no gap in between, we'll ask your accountant for a copy of the company's certificate of incorporation and confirmation of the date that the company started trading.

We're happy to answer your questions.

If you'd like to know more, please contact us on **0800 101 996**.