

# Earning while on weekly compensation



While you're receiving weekly compensation your payments may be reduced if you receive earnings from work. The information below tells you about the reductions.

## Why does ACC reduce weekly compensation payments?

Weekly compensation helps replace your loss of earnings while you're unable to work.

Once you begin to work again weekly compensation can continue to be paid, but may be reduced if the combined total of weekly compensation and earnings exceeds your normal pay level.

## 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 don't apply to you. You should refer to your ACC CoverPlus Extra policy documents for the rules applying to weekly compensation.

## What earnings apply?

If your total earnings from weekly compensation and any other sources takes you above your normal pay level, we'll then calculate a reduction in your weekly compensation payments. Any of the following types of earnings, whether earned in New Zealand or from overseas, may apply:

- wages or salary
- directors fees or self-employed earnings
- holiday pay
- taxable bonuses or one-off payments.

## What earnings don't apply?

We don't reduce your payments if you receive any of the following:

- "top-ups" paid by your employer. For example, ACC pays 80% of your previous normal earnings and your employer pays you a 20% top-up payment.
- Redundancy or superannuation payments.

## How is a reduction worked out?

The reduction is worked out on a weekly basis whenever you get earnings from work.

If your weekly compensation plus your earnings is more than your normal pay, the payment and the extra work earnings are added together and the amount over your normal pay is taken off.

For example:

Normal pay	\$500
ACC 80% payment	\$400
Extra from work	\$200
Total	\$600
New ACC payment	\$300 (\$200 + \$300 = \$500)

## How does ACC get details about my earnings?

### a) Employee

If you're an employee, we get details of your earnings from your employer.

### b) Shareholder-employee

If you're a shareholder employee who receives PAYE deductible earnings from your company, we get details of your earnings from your company's accountant or payroll administrator.

### c) Self-employed

If you're self-employed, or a shareholder-employee who does not receive PAYE deductible earnings, we estimate your earnings.

## How does ACC estimate my earnings if I'm self-employed or a shareholder employee?

We realise that self-employed people and some shareholder employees only complete tax returns at the end of the tax year. However, we are required to work out your payments on a weekly basis when you're back at work. We'll compare the number of hours you worked before and after you were unable to work, or use a percentage of your normal pay.

You need to complete a *Self-Employed and Shareholder Employee Work Hours Declaration* (ACC206) on a regular basis. We'll then adjust your estimated earnings if your circumstances change.

**What if there's a difference in the estimate and the actual pay?**

If at the end of the tax year there is a difference between what ACC paid and what you should have received, we'll contact you.

You will either get the amount you have been underpaid or need to repay the amount overpaid. Therefore, your estimated earnings need to be as close to your actual earnings as possible.

We'll need a copy of your business accounts to confirm your earnings.

**What happens when my actual earnings become available?**

If you receive weekly compensation for a full tax year and we have estimated your earnings, we'll work out your correct payments based on your

actual self-employed or shareholder-employee earnings declared on your tax return for that year.

**Do I need a different tax code?**

If you're receiving weekly compensation and wages or salary, then one of these income sources should be taxed on a secondary tax code. You should talk to Inland Revenue if you think you need a secondary tax code.

Phone 0800 227 774 or, if you're self-employed or in business, phone 0800 377 774. You need to give ACC your secondary tax code.

**We're happy to answer your questions.**

If you'd like to know more, please call your Client Services staff member or 0800 101 996.