Weekly compensation for shareholder-employees

Your guide to financial support while you recover
He whakamārama mō te pūtea tautoko i a koe e whakarauora ana

If you're injured and can't work, weekly compensation can help replace some of your lost earnings. This guide explains how it works for shareholder-employees.

Key takeaways | **Ngā kōrero matua**

Generally, weekly compensation is up to 80% of what you earned before your injury, before tax and deductions — unless you have CoverPlus Extra.

Only income you earn by working is included in weekly compensation — passive income is not.

A shareholder-employee is someone who owns shares in a company and also works in that same company — even if they're the only person in the business.

You'll need to tell us if you earn income — either by working or through your business — while also receiving weekly compensation.

What is a shareholder-employee? | **He aha rā te kaimahi whai pānga?**

You're likely a shareholder-employee if most of the following apply:

- You've set up a company that is a separate legal entity from you
- The company has its own IRD number (different from your personal IRD number)
- The company is registered with the NZ Companies Office
- You actively work in the business to generate income (you're not just a passive investor)
- You own shares in the company
- The company name ends with "Limited"

Common situations explained

It's common for people to be unsure about how their work status is treated. Here's how some common situations work:

- You can be a shareholder-employee even if you're the only person in the company
- Owning shares through an employee share scheme doesn't usually make you a shareholder-employee
- If you're a sole trader, or part of a partnership where there are no shares and the business isn't a separate legal entity, your income is treated as self-employed earnings
- If you have a look-through company, your income is treated as self-employed earnings

Because the company is a separate legal entity, you may still be a shareholder-employee even if you think of yourself as self-employed. For ACC purposes, the way your business is structured impacts how your weekly compensation is calculated.

How weekly compensation works | **He whakamārama mō te utu ā-wiki**

Weekly compensation for shareholder-employees depends on your company structure, how you report income and how you pay levies. Tax and other deductions apply to weekly compensation payments. Ask your accountant how your company is set up. This helps us use the right calculation for you.

Shareholder-employees generally fall into three categories:

PAYE shareholder-employee

- You were paid regular shareholder wages and tax was taken out through PAYE.
- Your weekly compensation is based on the PAYE wages you earned before your injury stopped you from working.
- Passive income — like dividends, interest, rental income and capital gains — aren't included.

Tax year shareholder-employee

- You weren't paid shareholder PAYE income before your injury stopped you from working.
- Your weekly compensation is based on your shareholder salary from your most recent tax year, plus any employee income you earned in the 52 weeks before your injury.

Shareholder-employee with mixed earnings

- You get both shareholder PAYE and end of year shareholder allocations.
- We'll usually add these together to work out your weekly compensation.
- There is an alternative calculation using only your shareholder PAYE wages — if that gives you a higher amount we'll use it instead.

What you need to do | **Ngā mahi hei whakatutuki māu**

1 File your tax return with Inland Revenue

If you haven't, file your last year's tax return as soon as you can. Call us on 0800 101 996 once Inland Revenue have assessed it. You can submit your weekly compensation application while this is happening.

2 Apply for weekly compensation

Read our guide *Applying for weekly compensation* to learn how.
Explore this and more on our website: www.acc.co.nz/weekly-compensation

3 Have your business and income details ready

To support your application, we may ask for:

- your company's financial statements and IR4 tax returns
- your personal tax returns to confirm your earnings
- company GST returns.

If you've become a shareholder-employee in the past year, we may also ask for:

- a certificate of incorporation or accountant's letter (for new companies)
- proof of when you started as a shareholder-employee (for existing companies).

4 Do you have CoverPlus Extra?

CoverPlus Extra is optional and lets you choose the level of income you want covered. If you've purchased CoverPlus Extra, check your policy to see how your weekly compensation payments will work. You're not eligible for CoverPlus Extra if you pay yourself PAYE wages from your own company.

5 Wait for ACC approval

Once we've processed and approved your weekly compensation application, payments can start.

Straightforward applications are faster, but we can't give an exact date.

6 Check your bank account

Payments go straight to your account. Your first payment covers the period from when you became eligible (usually day 8 after your injury), so it may be different from what you expect.

7 Log in to MyACC

Go to my.acc.co.nz to see past and future payments, check your claim, upload new medical certificates, log any work hours and update your details.

Important. Tell us if your income changes as soon as possible
Kia mataara. Kia wawe te whakapā mai mēnā ka tīni tō whiwhinga pūtea

If you keep earning or generating income while you are receiving weekly compensation, we'll adjust your payment. This is called abatement. You'll need to tell us about any changes as soon as you can to reduce the risk of overpayment. We'll ask you to pay any overpayment back.

Frequently asked questions | **Ngā pātai auau**

Can I get weekly compensation?

You may be eligible if:

- ACC has accepted your injury claim
- you were employed at the time of the injury
- a medical certificate says you cannot do your usual job or duties for more than 7 days
- you've had a loss of earnings because of your injury.

If you've previously been off work for the same injury, we may be able to pay you from day one.

What is the difference between an injury claim and a weekly compensation application?

Your health provider sends ACC an injury claim to get your injury covered. If it's accepted, you may be eligible for support — but this doesn't include weekly compensation automatically.

To get weekly compensation, you need to apply separately. See the guide *Applying for weekly compensation* on our website to learn more.

Is there a limit to how much I can get?

ACC usually pays up to 80% of the income you earned before your injury as weekly compensation, but there's a maximum limit. Minimum and maximum payment amounts are set by law and updated each year. Check the current amounts on our website.

Can I earn income or keep working while receiving weekly compensation?

Yes — you can still receive weekly compensation if you're able to do some work or earn income while you're recovering.

It's important to let us know as soon as possible if your work or earnings change so we can make sure your payments are adjusted correctly. This helps reduce the risk of overpayment which you would need to repay.

Weekly compensation is paid to replace lost earnings. If you continue working and earning income, you may no longer have a loss of earnings and may not be entitled to weekly compensation.

What if I work in more than one job?

If you have more than one job, we'll take all of them into account when working out your weekly compensation. We'll calculate it in the way that gives you the highest overall benefit.

Do I need to provide medical certificates?

Yes, you'll need to provide regular medical certificates to continue receiving weekly compensation. You can do this online using MyACC or by emailing us.

When do payments stop?

Payments usually stop when:

- you're able to return to the job you were doing before your injury
- your health provider says you're able to return to work
- your business is making a profit and you're no longer losing income.

We'll let you know if payments stop for other reasons.

Can I make KiwiSaver contributions?

Yes, KiwiSaver contributions can be deducted from weekly compensation payments. To set this up, send us a completed KS2 form to your ACC recovery team, or email it to claims@acc.co.nz. Find the form on the Inland Revenue website.

What if I haven't lodged my tax return yet?

You may be able to receive estimated payments for up to three months. If the delay isn't your fault, you may be eligible for an advance payment. Contact us to talk about your options.

Need support?
Kei te kimi āwhina koe?

The contents of this guide may change. Our website has the most current information.
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ACC website
Find other guides and learn more about our support. Browse free on your mobile device.
Visit: www.acc.co.nz/weekly-compensation

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If you're unsure about your payments, we're here to help.
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