

6. Locally Employed Staff

Missions, posts and international organisations are free to employ New Zealand citizens or permanent residents. Subject to certain conditions (see below) foreign nationals who are in New Zealand, other than on a permanent basis, may also be employed as locally employed staff.

6.1 Employment Law

It is the New Zealand Government's expectation that domestic employment law and regulations will be complied with when employing local staff, whether foreign nationals, New Zealand citizens or permanent residents. Missions, posts and international organisations who employ such staff should ensure they are familiar with New Zealand employment law. All locally employed staff must have an employment agreement. Missions and posts unfamiliar with New Zealand employment law are advised to view the Ministry of Business, Innovation and Employment's website at www.employment.govt.nz or consult employment professionals for advice on drawing up employment agreements.

6.2 Local Employment of Foreign Nationals

It is recognised that for specific reasons and in specific roles, missions and posts may wish to employ as local staff nationals of their own country, or of third countries, who are in New Zealand other than on a permanent basis. Foreign Missions and the prospective employee must apply directly to Immigration New Zealand to meet immigration visa requirements. If the application is successful, the visa will remain valid only as long as the employee is performing the specific tasks in a mission or post for which the visa is issued.

6.3 Income Tax

Locally employed embassy staff members are required to pay New Zealand income tax on the income received from missions and posts. If the mission is not registered as an employer, embassy staff members are responsible for paying their own taxes and must register with Inland Revenue as an "IR56 taxpayer". This is the term Inland Revenue uses to identify workers who are not self-employed but need to pay their own taxes on their wage or salary.

These staff will need to calculate how much tax to pay, along with other amounts such as student loans, KiwiSaver or child support, and pay them to Inland Revenue each month. They may also need to file an Individual tax return (IR3) at the end of the tax year.

For more information read the guide IR56 taxpayer's handbook (IR356), or to register as an IR56 taxpayer go to Inland Revenue's website at www.ird.govt.nz (search keyword: IR56).

6.4 Accident Compensation: New Zealand Citizens and Residents

Under section 317 of the Accident Compensation Act 2001, New Zealand citizens or residents employed as local staff are covered for personal injury received in the workplace from the Non-Earners Account funded by the Government and administered by Accident Compensation Corporation (ACC). As New Zealand taxpayers they would also be entitled to weekly compensation for loss of earnings under the Act.

Non-work accidents of New Zealand citizens or residents employed as local staff are administered by ACC and funded by employees through their contributions to earner premiums paid with their PAYE.

6.5 Accident Compensation: Foreign Nationals

Accident compensation for foreign nationals employed as local staff who suffer a workplace or non-workplace injury is funded from the Non-Earners Account funded by the Government and administered by ACC. Locally employed foreign nationals are also entitled to weekly compensation for loss of earnings, provided they are fully meeting their income tax obligations. Motor vehicle accident injuries are administered by ACC and funded by premiums collected with motor registration and the petrol excise levy. Further information is available on the ACC website, www.acc.govt.nz.

6.6 Superannuation/Foreign Pension

The question of whether or not a local staff member (normally a foreign national) can be enrolled in an overseas pension scheme is governed by the laws of that particular country. There is nothing in New Zealand legislation that stops local staff from enrolling in an overseas pension scheme. However, if an employee who has chosen to register with an overseas pension scheme later decides to stay in New Zealand and becomes eligible to receive New Zealand superannuation, the amount of any overseas pension would be deducted from the New Zealand pension under the NZ Social Security Act 1964. More information can be found on the Ministry of Social Development website www.msd.govt.nz.
