



SPORT VOLUNTEER PAYMENTS

Taxation Treatments

Schedular payments

Where a payment is for “services rendered”, this is taxable income for the recipient. As far as the payer is concerned, such payments are subject to the “schedular payment” rules, and the default withholding rates are : 20% if the recipient has provided a “Tax Rate Notification” form; otherwise 45% .The recipient can elect to use a different rate on their “Tax Rate Notification” form, as long as it is not less than 10%. In their personal tax return, they can claim expenses against this kind of income.

Mixed payments

If a payment is partly a reimbursement of expenses and partly for services provided, and if the portions of the payment are clearly identified and recorded, the reimbursement portion will be tax-exempt income and the rest will be treated as a schedular payment.

If the portions of the payment are not clearly identified, the entire payment is treated as a schedular payment.

Reimbursing expenses

In many cases, the payment to a volunteer is just to reimburse them for expenses that they incur in relation to the games/events that they are involved in. The expenses could be for such things as travel to/from the location.

The definition of “volunteer” for this rule is a person who freely undertakes an activity in NZ –

- (a) chosen either by themselves or by a group of which they are a member; and
- (b) that provides a benefit to a community or another person; and
- (c) for which there is no purpose or intention of private pecuniary profit for the person.

The calculation of the reimbursement amount can be based on actual expenditure, or on a reasonable estimate of the likely cost. Using the second method could result in a standard amount per person per game/event.

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