

Fact sheet: ACC Levies and how they work

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ACC provides personal injury cover for all New Zealand citizens, residents and temporary visitors to New Zealand. ACC uses a risk-based classification system whereby business activities are grouped so that the costs of work injuries are fairly distributed among similar businesses. ACC sets levies for each group by comparing costs of previous claims with total earnings within that activity group.

Whether you are self-employed, a shareholder employee or an employer, you are required to pay ACC levies. There is no ability to “contract out” of the scheme. Levies for businesses fall into these broad categories:

Cover for	Levy	To provide
Employer	WorkPlace Cover	... cover for your PAYE employees
Shareholder Employee		... you with workplace cover
Self-Employed	ACC CoverPlus	... you with compensation based on 80% of your previous year’s earnings, in the event of accident or injury

Levies are calculated and invoiced annually, based on information received from Inland Revenue:

Cover for	Based on the ...
Employer	... gross amount paid to your employees
Shareholder Employee	... amount paid to you as a Shareholder Employee
Self-Employed	... amount received from self-employment in the previous financial year

Initially, employers and shareholder employees generally receive an assessment based on the previous year’s figures. ACC subsequently updates this based on actual earnings for the current year and invoices all businesses for the year:

Cover for	Invoices sent out	Invoice consists of
Employer	From July	<ul style="list-style-type: none"> ACC Work Levy adjustment for current income year ACC Working Safer Levy Estimated ACC Work Levy for coming income year
Shareholder Employee	from August	
Self-Employed	From November	<ul style="list-style-type: none"> Work levy (covers weekly compensation, rehabilitation and medical costs) Earners Levy (this covers non-work injuries) Working Safer Levy

It’s important that you check your invoice when you receive it (or that you ask us to check it for you). Check that the liable earnings you have been assessed on are correct. You also need to check the Classification Unit — this will determine at what rate your ACC Levies are calculated. We can help with this.

If you derive income from salary or wages from employment as well as earnings from self-employment, you are known as a “mixed earner.” If you fit into this category, please let us know as soon as possible as it can affect how your levies are calculated and we need to advise ACC.

ACC CoverPlus Extra: option for self-employed and non PAYE shareholders

As you can see, there are various components to the ACC levy scheme and most cannot be altered.

However, there is an alternative cover for self-employed and shareholder employees, called “ACC CoverPlus Extra”. It provides an opportunity to obtain more suitable cover and perhaps make some savings on the levies.

ACC CoverPlus Extra

Under ACC CoverPlus Extra, you and ACC enter a contract where you both agree the amount of compensation that you will receive should you have an accident. This amount is then paid on a weekly basis until you are able to return to work full-time. The scheme is flexible:

- you can nominate a future start date (as opposed to the date ACC receives the application), that lets you organise lost earnings cover in anticipation of circumstances
- when an employer company pays a shareholder-employee's ACC CoverPlus Extra levy (or reimburses them for payment), the amount paid/reimbursed (excluding earners' levy) is now tax deductible as an expense to the employer company
- it may be possible for shareholder employees to be classified under their individual occupation rather than the business activity of their employer company. This tailors the cover more appropriately to shareholder employees.

In many instances you can save significant premiums by applying for ACC CoverPlus Extra. There is no change to the way in which ACC pays for your other accident related costs — it only affects the income compensation. However, it can make the claim process to obtain income compensation simpler.

Can levies and charges be minimised?

A number of other options are available to businesses which may help reduce their levies, if they can show they run safer workplaces which pose a lower risk. These include:

Levies based on claims history or lower risk	Discount for demonstrated safety systems
No claims discount	Fleet Saver
Experience rating	

It is also possible to reduce administration charges. For example, clients now have the option to pay levies over a 6- month period with no administration charges.

Our Recommendation

Navigating ACC can be complex. We can assist you with managing the whole process. If you would like to go through the options in detail, please contact us.

Last reviewed on 23 March 2020

Important: Clients should not act solely on the basis of the material contained in this article. Items herein are general comments only and do not constitute nor convey advice per se. Changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This article is issued as a helpful guide to our clients and for their private information. Therefore it should be regarded as confidential and should not be made available to any person without our prior approval.