

PAYE TAX CALCULATOR

2025-2027

A free New Zealand PAYE calculator
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It also functions as a normal desktop calculator.

Valid for the Tax years from:- **1st April 2025 until 31st March 2027**

KiwiSaver Changes:

From April 2026 the default rate for both employers and employees is 3.5%. With IRD approval an employee can remain on the 3% rate for one year, but can then be renewed. From April 2028 the default becomes 4%.

The new 3.5% rate option is enabled for the tax year ending 2027. The old 3% remains available with a warning, but applies only for one calculation then reverting to 3.5%. i.e. This rate must be reselected for each use.

Yearly pay period:

This is partly a debug/checking option applicable for the M codes, but is useful to determine the likely refund or tax to pay when the combined earnings from all sources for the whole year are known. It allows the ACC levy to be excluded which provides easy checking of the rates and the M code thresholds.

Note that the PAYE calculations for each pay when using an M code are grossed up by the number of pays in a whole year. E.g. For a weekly pay of \$1000, the tax is calculated on \$52000 and the tax of \$8918 is divided by 52 for weekly rate of \$171.5 (As at March 2027.) Therefore if entering current YTD gross, tax is calculated assuming it is for the whole year, and is only correct if not earning for the rest of the year.

Version 4.26 adds the ability a part year to be proportionally scaled up:

There are three calculation options available when using the yearly period.

1. Calculation is for the whole year of 52 weeks and is the default option. Use when the total earnings for the year are known. The M code gross up expects 52 pays and can be wrong when earned over part of the year.
I.e. Tax on \$1000 p.w is \$171.5 (\$52,000) and after 26 weeks \$4459 tax has been paid. If employment then ceased and the employee remained unemployed, YTD earnings are \$26,000 and total tax should have been \$3913, therefore a \$546 refund is due.
2. Tax is based on grossing up just the weeks earned to date, as if it was a regular normal pay period. (Scale up for 1 year and calculate Tax. Multiply this by weeks to date / 52.) Values displayed are still current YTD, but PAYE is what **should** be deducted. I.e. for \$26,000 earned after 26 weeks tax is \$4459. If more or less than actually paid it indicates if a short fall or refund is likely.
3. Scale the current YTD gross earnings to get a projected yearly total. Multiplying it by: 52 / Weeks employed to date. All calculated values shown are based on this projected yearly gross. i.e after 26 weeks \$26,000 Gross becomes \$52,000 and Tax is \$8918.

See bottom for some examples of each mode.

Licence:

Free for non-commercial use. (I.e. you cannot make a charge for its use or pass any on.) All rights reserved. The reverse engineering or disassembly of code is prohibited. The program may not be re-sold. It may be passed on in its current form without charge and must include this licence. However, we would prefer the user to refer others to our web site where they can download the latest version for free. There is currently no requirement to identify yourself, (such as your email address) before download. If you find this software useful we would be pleased to know. Drop us an email to info@keypay.co.nz

Installation:

Requires Microsoft Windows:- Any version from XP onward.

There is no specific set-up or install process!

Just unzip the file and save taxcalc.exe on your computer, preferably somewhere in the system path such as C:\windows, but that's not essential.

Some users prefer to make a folder such as C:\bin for such small utility programs like taxcalc and add it to the path. This keeps them all in one place for easy updates or for moving them to use on another computer.

Note the code is un-signed which may cause windows to object it. Signed code requires a certificate which now costs near \$1000 per year and Taxcalc would then not be free.

The original downloaded self-extracting zip file can be deleted anytime after extraction.

Navigate to where you saved the taxcalc.exe file and right click. Choose "Send To" and then "Desktop (create shortcut)". Drag or pin the shortcut to wherever convenient – launch bar, folder or start menu etc.

N.B Taxcalc itself makes no changes to your machine's registry, nor incorporates any spyware, usage reporting, or advertising other than the opening splash screen.

Uninstalling:

Use the Delete key!

Delete the taxcalc.exe file, this instruction file, and any user created short-cuts.

Updates:

You will need to download the latest version from www.keypay.co.nz prior to whenever tax updates occur, mostly on the 1st April. The version for the next year is usually available from this website mid February, depending on confirmation of new rates from IRD. The latest version will still work correctly for the current tax year switching tables automatically in April.

Usage:

Taxcalc operates much as any desktop calculator or like the built-in windows one. You can click on the keys with the mouse or use the keyboard.

e.g typing: 2+2*3= shows 12 (The enter key also acts as =).

For details on additional keys and options just hold the mouse over them for a moment. Items shown in blue are all P.A.Y.E related. Select the pay period, tax code, type in the amount and click the PAYE button. The results appear in the top pane.

For example, an employee is on salary of \$37,500 PA with an M tax code and a student loan. How much is this per fortnight?

Type keys as follows:-

Click fortnightly, M, SL ticked, then type:

37500/26=(Alt Y or click PAYE).

For a different amount just type it in. (Note editing on this field has been deliberately disabled. It will clear whenever a new amount is entered.)

So simple and quicker than opening the file cabinet for the printed tax tables, plus you still have to find the correct page and do the salary division!

Also you won't find this in any tax table, enter the employee IRD number in the bottom box and press validate. Note that existing numbers need a leading zero as IRD has run out of 8 digit ones and the calculator therefore requires 9 to be entered.

Command line option:

The PAYE calculation will stop working when the tax tables expire. This can be overridden by adding a command line option noexpire to the end of the short-cut's target line as follows:-

C:/windows/taxcalc.exe -noexpire

We provide this option to enable expired versions of Taxcalc to check calculations for past years. Use at your own risk.

Liability:

The user accepts all liability for any Tax calculation errors due to the use of this calculator.

While checked as accurate to the IRD tax tables, other factors, such as: lump sum payments, child support, ESCT, payroll giving, and allowances - which the calculator does not specifically provide for, all affect the PAYE tax liability. The **Employer** KiwiSaver contribution, while easy to calculate, is not included. Calculating ESCT on employer contributions, requires, among other things, each individual employee's YTD earnings for the previous year or current salary to determine the applicable rate, which then remains constant for the whole PAYE year.

Please check, to your satisfaction, that some test examples do agree with the IRD tables before any serious use.

Note that the 'M' codes are calculated with more accuracy than the IRD printed tables which are in whole dollar intervals.

More:

If you regard all the above, plus the paying, tracking, recording various leave entitlements at average/ADP rates, employer KiwiSaver, pay-slips, IRD returns, bank transfers, final pay calculations, pay history and reports all very important, you need KeyPay - our full featured payroll.

Contact sales@keypay.co.nz or visit www.keypay.co.nz

Yearly mode Examples:

To make these more obvious turn off the ACC levy. This way the earnings Tax thresholds can also be checked.

- Select Yearly pay period and choose NO
- Use the M tax code with No student loan or KiwiSaver.
- Enter a total of \$78,100, the current earnings threshold until July 2027.
- Click PAYE and accept the first option. Click OK. The Tax on this is \$15,650.50
- Change the amount to \$39,050 and repeat. Tax is \$5,741.75 if earned over the whole year.
- Click PAYE and choose second option and enter 26 weeks or half the year. Ignore the accuracy warning message. Tax is now \$7,825.25 and should be the amount deducted to date if on a \$78,100 salary. Note this is half that for a whole year.

- Click PAYE and choose the third option. This shows earnings and Tax due after another 26 weeks and is the same as for \$78,100 on the first option.

What option 2 shows is that if on an \$78,100 salary and one stopped work after six months and earning nothing further, a refund of $\$7,825.25 - \$5,741.75 = \$2083.5$ would be due. This occurs because of grossing up each pay on the M and ME codes assume \$78,100 will be the total for the year.

All other Tax Codes are a fixed percentage and remain constant. However, it is important to be on the correct one for the total expected earnings to get the correct Tax.

Enter \$100 and under option 1 try each of the S codes in turn. They show the Tax as rates of 10.5, 17.5, 30, 33 and 39 percent for the steps from SB to SA.