

14 December 2015

Mr Lance D Lavery
fyi-request-3371-f0f8ccc8@requests.fyi.org.nz

Dear Mr Lavery

Thank you for your request made under the Official Information Act 1982, received on 16 November 2015. You have requested:

1. *The legal definition of the word "income".*
2. *The legal definition of the word "wages".*
3. *Money, in relation to any wages, means any New Zealand coin or New Zealand banknotes [...] Presuming this is correct would "electronic bank credit" fall outside of the definition of "money" mentioned above?*

Definition of income

Section YA 1(a) of the Income Tax Act 2007 (ITA) states:

*income from employment—
means salary or wages or an extra pay.*

Section CA 1(2) of the ITA states:

An amount is also income of a person if it is their income under ordinary concepts.

You can read tax legislation online at www.legislation.govt.nz.

In addition to these definitions, case law explains what type of receipt is income and what is not. Inland Revenue staff are happy to answer any specific questions you may have to determine whether a particular receipt should be treated as income for tax purposes. You can contact us by telephoning 0800 227 774.

Definition of wages

Section RD 5 of the ITA states:

*Salary or wages—
(a) means a payment of salary, wages, or allowances made to a person in connection with their employment.*

The section also defines salary or wages as other payments that are received, including accident compensation earnings-related payments, income-tested benefits and pensions.

Definition of electronic bank credit

I suggest that you seek legal guidance on whether electronic bank credits fall outside the definition of money. However, from a tax perspective, income is something that is money or monies' worth. Although an electronic bank credit is not a New Zealand coin or banknote, it can be converted to money (New Zealand coins or banknotes).

It follows that an electronic bank credit made in connection with a person's employment will be considered to be salary or wages for tax purposes. Logically, this extends to business income as well.

Section 9(1) of the Wages Protection Act 1983 states:

An employer may—

(a) with the written consent of a worker; or

(b) on the written request of a worker—

pay to that worker by postal order, money order, specified cheque, or lodgment at a financial institution [...] any wages that have become payable to that worker.

This covers all the information you have requested.

I note your further email of 23 November 2015, asking to be addressed as Lance-Desmond: Lavery instead of Mr Lavery. I recognize your request; however, in your tax documents you are recorded as Mr Lavery.

Thank you for writing. I trust that the information provided is of assistance to you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Donoghue', with a long horizontal flourish extending to the right.

Tony Donoghue
Manager, Commissioner's Correspondence