

**Question 17523(2004)**

**Reply:** Secondary tax rates are applied to wage and salary earners on their secondary employment. For those with incomes above \$38,000 the primary and secondary rates are the same. However, for those who have an annual income of less than \$38,000, the withholding rate on their second job is 21% (22.2% with ACC Earner Premium). This is higher than the rate on primary income to avoid double application of the low income rebate for incomes under \$9,500.

Taxpayers can instead elect for Inland Revenue to calculate a special tax code based on their individual circumstances. In all cases, tax withheld during the year via PAYE can be reconciled by requesting a personal tax summary at year end.

The table below compares primary and secondary PAYE income tax rates for the year ended March 2005. These rates include ACC Earner Premium of 1.2%.

Annual Income	Primary PAYE rate	Secondary PAYE rate
up to \$9,500	16.2%	22.2%
over \$9,500 and under \$38,000	22.2%	22.2%
over \$38,000 and under \$60,000	34.2%	34.2%
over \$60,000	40.2%	40.2%