

40059**Apply business financial skills to operate as a self-employed contractor in Aotearoa New Zealand**

Kaupae Level	3
Whiwhinga Credit	5
Whāinga Purpose	<p>This skill standard is for people wanting to work, or currently working, as self-employed contractors in Aotearoa New Zealand.</p> <p>This skill standard will provide learners with the fundamental business financial skills required to be a self-employed contractor.</p>

Hua o te ako me Paearu aromatawai | Learning outcomes and assessment criteria

Hua o te ako Learning outcomes	Paearu aromatawai Assessment criteria
1. Select a business structure for operation as a self-employed contractor.	a. Describe the key differences between sole traders, companies, and partnerships.
	b. Select a preferred business structure and describe reasons for its suitability.
2. Describe taxation and IRD obligations as they apply to a self-employed contractor.	a. Describe resources to assist with meeting tax obligations.
	b. Describe GST, ACC, income tax and withholding tax obligations as they apply to a self-employed contractor.
3. Use business documentation and systems required for record keeping for a self-employed contractor.	a. Prepare a timesheet and write an invoice.
	b. Use record keeping system to record income and expenses.
	c. Use software to assist with accounting.
4. Interpret financial implications of contracts and agreements as they apply to a self-employed contractor.	a. Describe financial implications of the key sections of contracts and agreements as they apply to a self-employed contractor.

Pārongo aromatawai me te taumata paearu | Assessment information and grade criteria

Assessment specifications:

Assessment should use real or realistic documentation where appropriate. Simulated examples are permitted.

Ngā momo whiwhinga | Grades available

Achieved

Ihirangi waitohu | Indicative content

Business structures – common structures in New Zealand, and what to consider when selecting the right business structure for a contractor.

- Sole traders
- Companies
- Partnerships
- [Other business structures](#).

Taxation and IRD obligations

- Provisional tax, income tax, GST, withholding tax, ACC, filing returns and other payments e.g. schedular payments
- Inland Revenue forms and help
- Kiwisaver
- Independent Earner Tax Credits (IETC), Working for Families tax credit.

Business documentation and systems

- Record keeping, business expenses and any software that is necessary for this
- Time sheets
- Invoicing
- Insurance - Public Liability, Health (if applicable), Income Protection
- Budgeting for tax and contingency/quiet times
- Business risks and failures
- Non-disclosure agreements (if applicable), release forms, petty cash forms etc.
- Staying up-to-date with government laws/acts of Parliament relevant to the industry
- Business practises as identified by the industry.

Contracts and agreements

- Financial implications of contracting
- Negotiating contract conditions and remuneration
- Quotations/Memorandum of understanding
- Difference between contracts and agreements
- Non-disclosure agreements.

Rauemi | Resources

- IRD website - [Self-employed \(ird.govt.nz\)](https://www.ird.govt.nz)
- Self-employed or running a business – www.govt.nz
- Going contracting information - [Going contracting - business.govt.nz](https://www.business.govt.nz)
- Manage your finances - [Managing your finances - business.govt.nz](https://www.business.govt.nz)
- Examples of contracts - [Employment Agreement Builder \(business.govt.nz\)](https://www.business.govt.nz)
- Taxes and levies - [Introduction to taxes and levies - business.govt.nz](https://www.business.govt.nz)
- Laws that apply to your business - [Compliance Matters \(business.govt.nz\)](https://www.business.govt.nz).

Pārongo Whakaū Kounga | Quality assurance information

Ngā rōpū whakatau-paerewa Standard Setting Body	Ringa Hora Services Workforce Development Council
Whakaritenga Rārangi Paetae Aromatawai DASS classification	Business > Business Operations and Development > Small Business
Ko te tohutoro ki ngā Whakaritenga i te Whakamanatanga me te Whakaōritenga CMR	0113

Hātepe Process	Putanga Version	Rā whakaputa Review Date	Rā whakamutunga mō te aromatawai Last date for assessment
Rēhitatanga Registration	1	28 March 2024	N/A
Kōrero whakakapinga Replacement information	N/A		
Rā arotake Planned review date	31 December 2028		

Please contact Ringa Hora Services Workforce Development Council at qualifications@ringahora.nz to suggest changes to the content of this skill standard.