

Determination 25/02: Determination of expenditure incurred relating to payments made by New Zealand Clinical Research to volunteers

Issued | Tukuna: 29 April 2025

DET 25/02

This determination applies to payments made by New Zealand Clinical Research Group (NZCR) to people who volunteer to participate in clinical medical trials run by NZCR. The determination applies for the period 1 April 2025 onwards and applies to set an amount of expenditure, up to a maximum of \$150.00, for which each payment made by NZCR to participants is a reimbursement of actual expenses incurred by the volunteer.

All references to legislation are to the Income Tax Act 2007.

Application | Whakapānga

1. This determination is made under section RD 8(3) and shall apply to amounts paid to volunteers who undertake voluntary activities, to participate in clinical medical trials, for New Zealand Clinical Research Group (NZCR).
2. This determination may be cited as “Determination DET 2025/02: Determination of expenditure incurred relating to payments made by New Zealand Clinical Research Group to volunteers.”
3. This determination shall apply for the period 1 January 2025 onwards.
4. For the purposes of section CW 62B, “volunteer” means a person who freely undertakes an activity in New Zealand:
 - Chosen either by themselves or by a group of which they are a member; and
 - That provides a benefit to a community or another person; and
 - For which there is no purpose or intention of private pecuniary profit for the person.
5. Also, for the purposes of this determination, an “honorarium” means an amount that a person receives for providing services that:
 - Is paid at a rate that is less than the market rate for providing the services; and
 - Is an amount for which, in the normal course, no payment is fixed for the services provided.

Scope of definition

6. Honoraria paid to NZCR volunteers are “schedular payments” under section RD 8. Schedule 4, Part B requires PAYE to be deducted from honoraria at the applicable rate.
7. Under section RD 3(1), a schedular payment is included in the definition of “PAYE income payment”. Consequently, any person who makes a schedular payment must deduct tax from it at the time it is made, unless an exemption applies.
8. Section CW 62B provides that an amount that is a reimbursement payment to cover expenses incurred by a volunteer when undertaking a voluntary activity, is exempt from income tax.
9. Section RD 8(3) allows the Commissioner to determine an amount or proportion of any schedular payment that is considered to be expenditure incurred that is exempt from income tax. If the Commissioner has made such a determination, the person making

the schedular payment is only required to deduct tax from the amount that exceeds the determined expenditure amount.

Determination | Marohitanga

10. When any NZCR volunteer receives a schedular payment for providing services to NZCR in carrying out any NZCR clinical trial, that payment, up to a maximum of \$150.00 per trip, shall be regarded as being a reimbursement payment for actual expenditure incurred in undertaking that activity.
11. However, if that volunteer receives any additional reimbursement (in addition to the amount received from NZCR) for expenditure they have incurred, the amount exempted under this determination shall be reduced by that additional reimbursement.
12. Any payment a NZCR volunteer receives, for providing services to NZCR in carrying out any NZCR clinical trial, up to and including \$150.00 is exempt income.
13. Any amounts received more than \$150.00 is subject to withholding tax.

This determination was signed by me on 29 April 2025.

Rob Falk

Technical Specialist

Legal Services | Kaihautū Hangarau, Ratonga Ture

Inland Revenue | Te Tare Taake