Inland Revenue
Te Tari Taake

RULINGS > PRODUCT | WHAKATAUNGA > WHAKAPUTANGA

Reach Media New Zealand Limited

Issued | Tukuna: 15 May 2026

BR Prd 26/05

The Arrangement is the engagement of Drivers by Reach Media New Zealand Limited (Reach) to transport unaddressed mail (eg, newspapers, circulars, leaflets, brochures, catalogues, advertising material, samples) from Reach's premises to predetermined drop-off locations.

This product ruling concludes that, subject in all respects to any conditions it states, the Taxation Laws apply to the Arrangement as follows:

(a) For the purposes of the PAYE rules, any payment Reach makes to a Driver under the Contract will not be "salary or wages" or "extra pay" or a "schedular payment" within the meaning of those terms as defined in, respectively, ss RD 5, RD 7 and RD 8 of the Income Tax Act 2007.

(b) For the purpose of s DA 2(4) of the Income Tax Act 2007, any payment Reach makes to a Driver under the Contract will not be "income from employment".

(c) For the purposes of the Goods and Services Tax Act 1985, any Driver's provision of services under the Contract will not be excluded from the definition of "taxable activity" (in s 6 of the Goods and Services Tax Act 1985) by s 6(3)(b) of the Goods and Services Tax Act 1985.

START DATE – END DATE | RĀ TĪMATA – RĀ MUTUNGA
1/07/2026 – 30/06/2031

(THIS TITLE PAGE DOES NOT FORM PART OF THE RULING. | KĀORE TĒNEI WHĀRANGI TAITARA I WHAI WĀHI I TE WHAKATAUNGA.)

Product Ruling | Whakataunga Whakaputanga – BR Prd 26/05

This is a product ruling made under s 91F of the Tax Administration Act 1994.

Name of person who applied for the Ruling | Ingoa o te tangata i tono i te Whakatau

This Ruling has been applied for by Reach Media New Zealand Limited (Reach).

Taxation Laws | Ture Tāke

This Ruling applies in respect of:

- the definitions of “extra pay”, “income from employment”, “PAYE rules”, “salary or wages” and “schedular payment” in the Income Tax Act 2007;
- s DA 2(4) of the Income Tax Act 2007; and
- s 6(3)(b) of the Goods and Services Tax Act 1985.

The Arrangement to which this Ruling applies | Te Whakaritenga i pāngia e tēnei Whakataunga

The Arrangement is the engagement of Drivers by Reach to transport unaddressed mail (eg, newspapers, circulars, leaflets, brochures, catalogues, advertising material, samples) from Reach’s premises to predetermined drop-off locations.

Further details of the Arrangement are set out in the paragraphs below.

1) The Parties to the Arrangement are:
    - Reach: a New Zealand incorporated company that carries on the business of delivering unaddressed mail to New Zealand households; and
    - Drivers: people who use their own vehicles to transport the unaddressed mail from Reach’s premises to predetermined drop-off locations.
2) Reach also contracts with the following people, although they are not technically parties to the Arrangement:
    - Distributors: people who physically deliver the unaddressed mail from the drop-off locations to households and other premises throughout New Zealand; and

- Supervisors: people who are, or are to be, contracted by Reach to provide certain supervisory services in metropolitan or rural areas in relation to the delivery of unaddressed mail.

3) Drivers will not be carrying any item that requires Reach to be registered as a postal operator under the Postal Services Act 1998.

4) Reach is run by a management team based in Auckland and has processing branches throughout the country. A network of Distributors, Drivers and Supervisors delivers unaddressed mail.

5) Reach's processes and systems align with industry practice. The industry uses a delivery model of supervisors who coordinate the activities of a team of distributors. The Drivers, Distributors and Supervisors are paid on a "piece rate" basis under Contracts for Services (ie, as independent contractors).

6) The Drivers are engaged under a standard form contract for the transportation of unaddressed mail from Reach's premises to several predetermined drop-off locations (Contract). The Contract refers to a health and safety manual (Manual) that the Drivers are instructed to consult in addition to the Contract.

7) Specific procedural details referred to in the Contract are also provided in specific delivery instructions (Delivery Instructions) given to the Drivers before each job.

8) The Manual does not replace or override any of the material terms of the Contract. It does not affect the nature of the contractual relationship between Reach and the Drivers.

9) The terms of the Contract under various headings are as follows.

10) Under the heading "Services", the Contract requires the Drivers to:

- complete the services set out in Schedule 1 of the Contract;
- ensure other business commitments do not affect their obligations to Reach; and
- familiarise themselves and fully comply with the Manual (including any amendments) and any applicable legislation, including that related to tax and to health and safety.

11) Schedule 1 of the Contract requires Drivers to collect particular items within a specified period from Reach's premises and transport those items to predetermined drop-off locations.

12) Schedule 1 of the Contract states that the services to be performed are to:

- collect unaddressed mail plus delivery notifications for drop-off to a defined set of Distributors from one of Reach's nominated premises on the day before the commencement of the delivery window;
- physically deliver unaddressed mail, which Distributors are to deliver, to nominated individual distributor drop-off points in the quantities specified in the delivery notifications; and
- physically return surplus stock to the nominated Reach processing site.

13) Under the heading "Equipment", the Contract states that Drivers are responsible for providing their own equipment (eg, personal office supplies, a telephone, a vehicle and wet-weather gear) at their own expense. Drivers are also responsible for ensuring such equipment is well maintained, safe and fit for its purpose.

14) The Contract sets out Drivers' obligations regarding the safe and legal operation of any vehicle they use to provide the Services. The Contract also states that Drivers must have and maintain, at their own cost and expense, adequate public liability insurance (on terms agreed by Reach) and comprehensive motor vehicle insurance.

15) Under the heading "Payment", the Contract states that the fees are the only amounts payable in respect of the services and are inclusive of all taxes (except GST) and other duties and levies. Each Driver's fee for undertaking the services for Reach is determined for the area they will be covering. The Contract specifies that Reach will provide a "buyer-created tax invoice" to each Driver. The Driver must not send an invoice to Reach. Drivers must check the invoice and advise Reach of any errors. The implication of these provisions is that Reach will provide an invoice to Drivers before payment, with payment made fortnightly on a Wednesday. The invoice takes the form of a buyer-created tax invoice for GST-registered Drivers or a similar invoice for Drivers who are not GST-registered.

16) Schedule 3 of the Contract requires Drivers to provide their personal details to Reach, their bank details and, if they are GST-registered, their Inland Revenue number.

17) Under the heading "Taxation", the Contract states that the Drivers will register for GST with Inland Revenue if required to do so and provides the current registration threshold. The Contract specifies that:

- Drivers are responsible for the payment of their own taxes on payments Reach makes to them under the Contract;
- Reach may be required to withhold taxes from its payments; and

- if Reach is required to withhold taxes, the payment made will be reduced to the extent that tax is withheld. If Reach wrongly fails to withhold tax from its payment to a Driver, it will be entitled to recover such amounts from the Driver.

18) Under the heading "Termination of Contract", the Contract states that Reach or the Drivers may terminate the Contract for any reason whatsoever by giving 4 weeks' notice in writing. However, if Reach believes a Driver has made a serious breach of the Contract, then it may terminate the Contract immediately without notice. Under the Contract, Reach may also terminate the Contract for a serious breach of the Manual (including any amendments). Reach does not have the right to terminate the contract, with or without notice, where the Driver declines any work Reach offers that is additional to the work that the Driver has agreed to perform under the Contract.

19) Under the heading "Status of Contractor", the Contract defines the Driver's status as follows:

- The Driver is engaged by Reach under a Contract for Services, which means the Driver is an independent contractor. The terms of the Contract or its operation do not create an employment relationship between the Driver and Reach.
- The Driver is free to accept other engagements or work while they are engaged by Reach. However, the Driver agrees not to undertake other work that does or may conflict with the interests of Reach.

20) Under the heading "No Liability", the Contract states that the Driver is to undertake the services at their own risk. This means Reach will not be liable to the Driver (or any other person) for any loss resulting from the Driver's deliberate actions or negligence or where they breach any term of the Contract or the Manual (including amendments). The Driver agrees to indemnify Reach against any direct, indirect or consequential injury, loss or damage that Reach may suffer as a result of any breach by the Driver of the Contract or arising out of an act, default or omission or any representation the Driver makes. This indemnity will continue to apply after termination of the Contract.

21) Under the heading "Delivery Options", the Contract states the following:

- It is the Driver's responsibility to carry out the Services as required under the Contract.
- The Driver is responsible for arranging for someone else to carry out the services if the Driver is unable to work. When they do this, the Driver is solely responsible for payment and all other obligations to others who help them in this way.

22) Under the heading "Frequency of Deliveries", the Contract states that Reach does not guarantee any minimum amount of unaddressed mail for which the Driver will carry out the Services. The volume of unaddressed mail available for distribution will vary depending on the time of year and the needs of Reach's clients.

23) Under the heading "Independent advice", the Contract states that Drivers are entitled to take independent advice about the agreement, and Reach will provide them with a reasonable opportunity to do so before entering into this agreement.

Conditions stipulated by the Commissioner | Here i āta whakaritea e te Kaikōmihana

This Ruling is made subject to the following conditions:

(a) The terms of the Contract entered into between Reach and the Drivers are the same as those contained in the updated Contract provided to Inland Revenue on 9 March 2026 as part of the Ruling Application, except in relation to immaterial details such as fees, rates, frequency of invoices, defined areas, names and addresses that are in the Manual or specific Delivery Instructions.

(b) The relationship between Reach and any of the Drivers is, and during the period of this Ruling will apply, in accordance with all material terms of the Contract.

How the Taxation Laws apply to the Arrangement | Ko te pānga o te Ture Tāke ki te Whakaritenga

Subject in all respects to any conditions stated above, the Taxation Laws apply to the Arrangement as follows:

(a) For the purposes of the PAYE rules, any payment Reach makes to a Driver under the Contract will not be "salary or wages" or "extra pay" or a "schedular payment" within the meaning of those terms as defined in, respectively, ss RD 5, RD 7 and RD 8 of the Income Tax Act 2007.

(b) For the purpose of s DA 2(4) of the Income Tax Act 2007, any payment Reach makes to a Driver under the Contract will not be "income from employment".

(c) For the purposes of the Goods and Services Tax Act 1985, the provision of services by any Driver under the Contract will not be excluded from the definition of "taxable activity" (in s 6 of the Goods and Services Tax Act 1985) by s 6(3)(b) of the Goods and Services Tax Act 1985.

Period or income year for which this Ruling applies | Te wā, te tau moni whiwhi rānei i pāngia ai e tēnei Whakataunga

This Ruling will apply for the period beginning on 1 July 2026 and ending on 30 June 2031.

This Ruling is signed by me on the 15th day of May 2026.

Sarah Kiely
Group Lead | Kaihautū ā-rōpū
Customer and Compliance | Ratonga Kiritaki me te Tautukunga

About this document | Mō tēnei tuhinga

Product Rulings are issued by the Tax Counsel Office and Customer and Compliance Services. Product Rulings set out the Commissioner's view on how tax laws apply to a particular "product" – which is an arrangement that a specified taxpayer is likely to enter into with a number of people on identical terms. Taxpayers who enter into the arrangement described in a Product Ruling may apply the ruling but are not obliged to do so. Product Rulings are binding on the Commissioner. This means that if you are entitled to apply a Product Ruling and you have calculated your tax liability in accordance with the ruling, the Commissioner must accept that assessment. A Product Ruling applies only to the taxation laws and arrangement set out in the ruling, and only for the period specified in the ruling. It is important to note that a general similarity to an arrangement covered by a Product Ruling will not necessarily lead to the same tax result.