



Tax Facts – Kiwisaver

All New Zealand residents and people entitled to live here permanently up to the age of 65 are eligible for KiwiSaver. All new eligible employees must be automatically enrolled in KiwiSaver. However there are some employees who are exempt from automatic enrolment. These include:

- Those under 18 years of age
- Casual agricultural workers or Election Day workers
- Private domestic workers
- Casual and temporary employees employed under a contract of service that is 28 days or less

Employees who are automatically enrolled can opt out but must do so within a specified time (from the end of week 2 of their employment to the end of week 8) by filing the prescribed form (KS10).

All eligible existing employees can join the scheme at any time they wish by notifying their employer.

There are 3 employee contributions rates, being 3%, 4% or 8%. The employee can elect the rate at which they want their contributions deducted. If an employee does not elect a rate then the default rate of 3% will be used by the employer for contribution deductions made.

Compulsory Employer Contributions

From 1 April 2008 it became compulsory for employers to contribute to their eligible employees' KiwiSaver scheme unless the employer is already paying into another registered superannuation scheme for the employee.

This minimum compulsory contribution rose to 3% from 1 April 2013.

Employer contributions are subject to Employer Superannuation Contribution Tax (ESCT) on a progressive scale based on the employees' marginal tax rate.

Government Assistance

The government also:

- Contributes \$1,000 (tax free) when a member first joins
- Pays annual member tax credit (for those 18 and over) of up to \$521.43 (effective from 1 July 2011)
- Funds first home deposit subsidy through Housing NZ if the relevant criteria are met

Note: There is no Crown guarantee of KiwiSaver schemes or investment products of KiwiSaver schemes.

Employers must:

- Give new employees and other existing staff who are interested an Employee information pack (KS3)

- Pass employees' details to Inland Revenue to enable them to be enrolled
- Deduct contributions from employees' gross salary and pay these to IRD through the PAYE system

A list of KiwiSaver providers is available at www.kiwisaver.govt.nz

For more information on KiwiSaver and how this may apply to you give us a call or refer to the KiwiSaver for Employers information available on the IRD website.