

# KiwiSaver employer guide

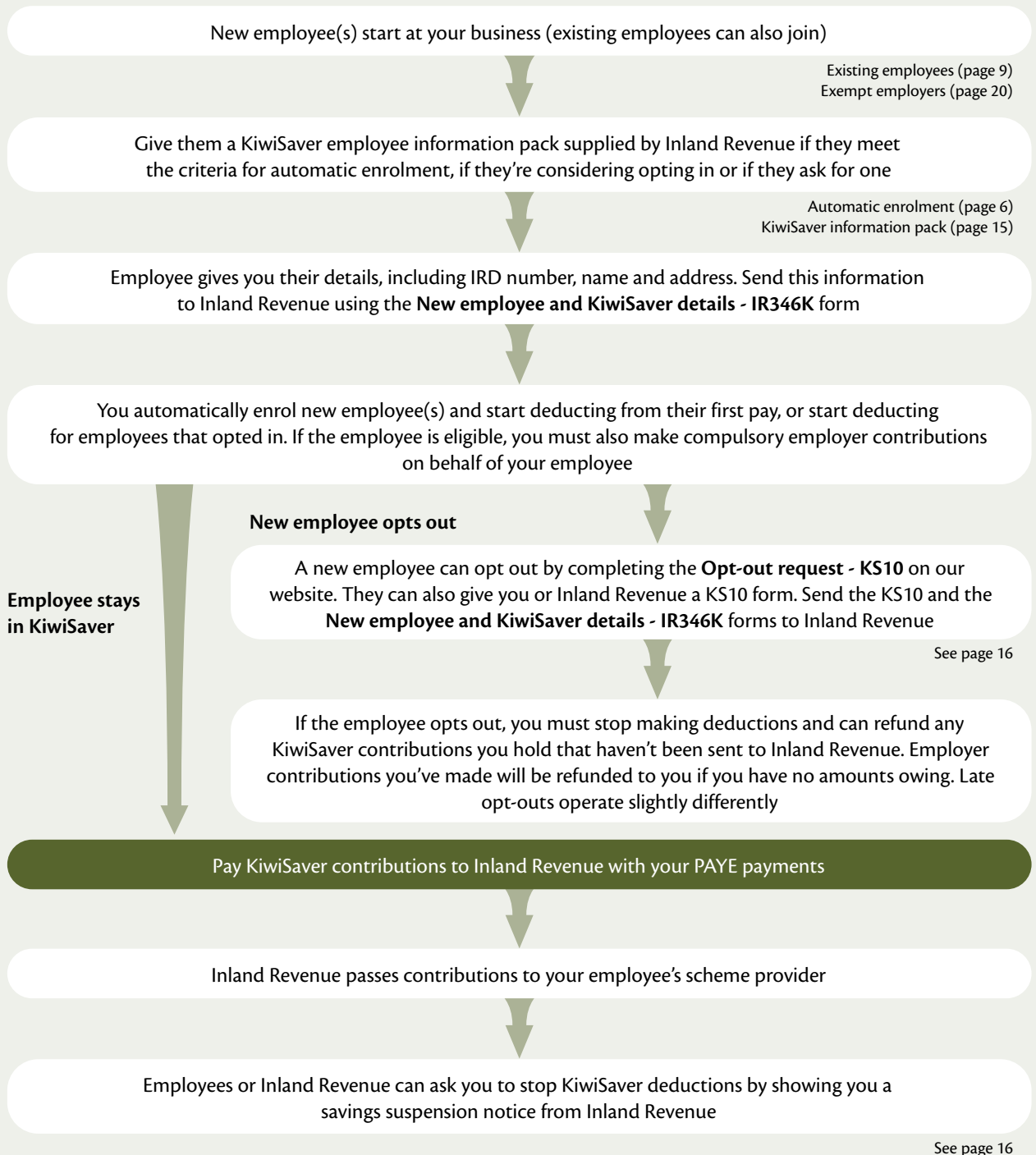
*What employers need to know about KiwiSaver*

## WHAT IS KIWISAVER?

KiwiSaver is a voluntary, work-based savings initiative designed to make regular saving for retirement easier for New Zealanders.

[www.ird.govt.nz/kiwisaver](http://www.ird.govt.nz/kiwisaver)

## An overview of your KiwiSaver responsibilities as an employer



## About this guide

This guide tells you about your KiwiSaver obligations as an employer. The KiwiSaver Act 2006 covers employers who are New Zealand residents or who carry on business from a fixed establishment in New Zealand. Employers who are not New Zealand residents or do not carry on business from a fixed establishment in New Zealand, may choose whether they offer KiwiSaver in their workplace. A non-resident employer may choose to make KiwiSaver deductions and contributions for their eligible employees. Non-resident employers who are intending to participate in KiwiSaver and who are not registered for PAYE should contact Inland Revenue for more information.

For more information about employer obligations for complying funds<sup>1</sup> go to [ird.govt.nz](http://ird.govt.nz)

The KiwiSaver employee information pack has more general information (page 15).

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<sup>1</sup> A complying superannuation fund (complying fund) is a section of registered superannuation schemes that have been approved by the Financial Markets Authority as having met certain criteria similar to KiwiSaver (eg KiwiSaver lock-in rules and portability).

# How KiwiSaver works

## Inland Revenue administers KiwiSaver

KiwiSaver is a voluntary savings initiative designed to make it easier for New Zealanders to save for their future. For most people, KiwiSaver is work based. This means they receive information about KiwiSaver from you as their employer, and their KiwiSaver contributions come straight out of their pay. You are also required to contribute to your employee's savings in KiwiSaver schemes or complying funds.

There are a number of membership benefits to encourage employees to save. These are set out in the KiwiSaver employee information pack.

## Enrolment

### Eligibility

KiwiSaver is open to all New Zealand citizens and people entitled to be in New Zealand indefinitely. A person needs to be living (or normally living) in New Zealand to join.

### New employees

You must automatically enrol eligible new employees who are not already KiwiSaver members. See page 8 to check if your new employee is eligible for automatic enrolment. Temporary and casual workers may be exempt from KiwiSaver automatic enrolment (page 4).

Make KiwiSaver deductions from the employee's first pay and continue unless they opt out. New employees who have been automatically enrolled in KiwiSaver can opt out any time on or after day 14 and on or before day 56 after starting their employment. Their contributions will be refunded. If your employee opts out, your employer contributions will be refunded if you have no amounts owing.

### Existing employees

Existing employees are not subject to automatic enrolment but, if eligible, they can choose to join KiwiSaver. They either sign up direct with the KiwiSaver scheme provider of their choice, or tell you they want to opt in. They will usually do this by giving you a **KiwiSaver deduction form - KS2**, which is in the **KiwiSaver information pack**. If you receive one of these, you need to determine if they are eligible to opt in (page 4), and send the information to Inland Revenue. You can then start making member and compulsory employer contributions, if applicable.

**Note:** If an existing employee opts in to KiwiSaver they can't opt out.

### Employees who return to work after an absence

If an employee was automatically ceased you may need to confirm their KiwiSaver status. For more information go to [ird.govt.nz/employing-staff/stop-employing-staff](http://ird.govt.nz/employing-staff/stop-employing-staff)

## Contributions

### Member contributions

Employees can choose a contribution rate of either 3%, 4%, 6%, 8% or 10% of their gross salary or wages.

### Employer contributions

The compulsory employer contribution rate is 3% of your employee's gross salary or wages. Your contributions to existing superannuation schemes may reduce the amount of compulsory employer contributions you're required to pay, if they meet certain conditions. For more information go to [ird.govt.nz/kiwisaver/kiwisaver-employers/contributions-and-deductions](http://ird.govt.nz/kiwisaver/kiwisaver-employers/contributions-and-deductions)

All employer superannuation cash contributions (employer contributions) to KiwiSaver and complying funds are liable for employer superannuation contribution tax (ESCT). The exception to this is if the employee and employer have agreed to treat some or all of the employer contributions as salary or wages under the PAYE rules (page 12).

**How contributions are collected**

You deduct KiwiSaver contributions from your employee’s salary or wages and pay them to Inland Revenue with your PAYE payments. Keep making deductions and employer contributions until your employee gives you an **Opt-out request - KS10** form, savings suspension notice, or Inland Revenue tells you to stop deducting contributions (page 14).

KiwiSaver member deductions and employer contributions are paid to Inland Revenue through the PAYE system. Inland Revenue forwards contributions to the member’s chosen KiwiSaver scheme provider. If you pay compulsory employer contributions to an employees complying funds, you pay these direct to the complying fund.

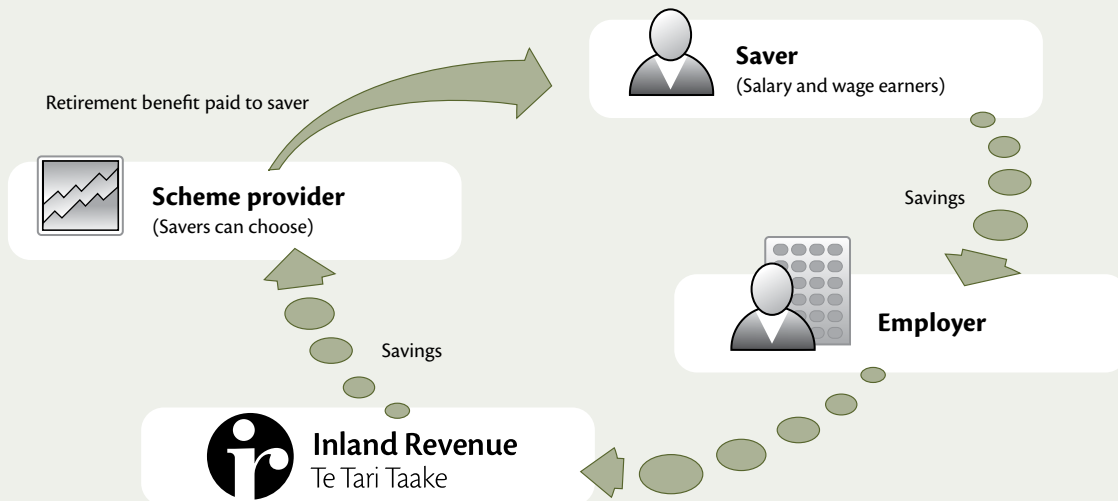
**Your options as an employer**

There are several options available if you would like to be more involved in encouraging retirement savings among your employees. These include making additional voluntary employer contributions and/or providing your own employer-based KiwiSaver scheme. You can also nominate a KiwiSaver scheme for your employees to join if they make no choice of their own. This is called an employer-chosen scheme (page 19).

**A note about providing financial advice**

*You should not provide financial advice to employees. Instead, refer them to the Commission for Financial Literacy and Retirement Income’s website [sorted.org.nz](http://sorted.org.nz) or encourage them to talk to an independent financial advisor. You do not have any liability if you only provide general savings or KiwiSaver information or select an employer-chosen scheme.*

**How KiwiSaver contributions are invested**



# Enrolment

This section sets out your responsibilities as an employer for enrolling employees in KiwiSaver.



## What's important

### You are required to:

- check whether a new or existing employee is eligible to be a KiwiSaver member (see below)
- check whether the new employee should be automatically enrolled (page 6)
- distribute the KiwiSaver information pack to new employees who are subject to automatic enrolment, and to existing employees who are considering opting in or who ask for a KiwiSaver information pack. This includes our factsheet **Your introduction to KiwiSaver - employee information - KS3, KiwiSaver deduction form - KS2** and the **Opt-out request - KS10** form
- provide new employees with a product disclosure statement if you have an employer-chosen KiwiSaver scheme and advise them they'll be allocated to this scheme unless they choose their own KiwiSaver scheme (page 19)
- automatically enrol all new employees who are subject to automatic enrolment
- send us the details of new employees who are enrolled automatically in KiwiSaver using the **New employee and KiwiSaver details - IR346K** form.

## Who can join KiwiSaver?

KiwiSaver is open to all New Zealand citizens and people entitled to live here permanently.

### *Citizenship and residency*

To join KiwiSaver, a person must be living (or normally living) in New Zealand and be a New Zealand citizen or entitled to be in New Zealand indefinitely. This means New Zealand citizens, Australian citizens and people who hold either a New Zealand or Australian residence permit can join KiwiSaver. State Services employees serving outside New Zealand can also join, subject to certain conditions being met (see below). People who hold temporary, visitor, student or work permits can't join KiwiSaver. Neither can people who are New Zealand citizens or who are entitled to be in New Zealand indefinitely, but are just visiting or on a holiday in New Zealand, eg a New Zealand citizen who normally lives in Australia who returns to New Zealand for a holiday.

### *State Services employees*

State Services employees who are serving overseas can join KiwiSaver if they remain employed on New Zealand terms and conditions and are serving in a jurisdiction where offers of KiwiSaver scheme membership are lawful and meet other eligibility requirements.

### *Employees under age 18*

New and existing employees under 18 can join KiwiSaver but only by contracting directly with a KiwiSaver scheme provider. Once an employee under 18 is accepted by the scheme provider, we'll write to you and ask you to start deducting their contributions. We'll provide you with the contribution rate for that employee and their name and IRD number. You aren't required to make compulsory employer contributions on behalf of employees under 18.

### *Employees 65 and over*

New and existing employees 65 and over can join KiwiSaver, either by opting in through you or by contracting with a scheme provider. They aren't subject to automatic enrolment, and you aren't required to make compulsory employer contributions for a newly enrolled employee 65 and over.

### *Temporary and casual employees*

Temporary employees employed for 28 continuous days or less are not enrolled automatically but can opt in to KiwiSaver. They can join either through you or by contracting directly with a KiwiSaver scheme provider.

A temporary employee is employed to work 'as and when required' without a specific end. Their period of employment starts each time they are engaged to work and stops each time that engagement ends. If an employee is engaged for future work before the last engagement has ended, the combined engagements are considered as one period of employment. As long as each period of employment remains 28 continuous days or less, these employees are not subject to automatic enrolment. The 28 continuous days refers to the period of employment, not the days or hours worked. For example, if an employee has a two-week contract but only works Tuesdays and Thursdays, this counts as 14 days' employment not four days.

The automatic enrolment rules apply to temporary employees if their employment is extended beyond 28 continuous days. Automatic enrolment applies on the 29th day of employment. You must then give them a KiwiSaver information pack and start member and employer contributions from their next pay. The normal opt-out rules apply.

Casual employees engaged on an irregular and intermittent basis and who receive holiday pay with their wages are not subject to automatic enrolment. They can join either through you or by contracting directly with a KiwiSaver scheme provider.

#### *Casual agricultural workers*

Casual agricultural workers who are employed on a day-to-day basis for no more than three months aren't enrolled automatically, but can opt in. They can either join through you or by contracting directly with a KiwiSaver scheme provider. The automatic enrolment rules apply to casual agricultural workers if their employment is extended beyond three months. You must then give them a KiwiSaver information pack and start member and employer contributions from their next pay. The normal opt-out rules apply.

#### *Private domestic workers and other IR56 taxpayers*

The automatic enrolment rules don't apply to IR56 taxpayers who pay their own PAYE. They can opt in to KiwiSaver only by contracting directly with a KiwiSaver scheme provider, but they may deduct contributions from their salary or wages and pay them to Inland Revenue in the same way as PAYE. Private domestic workers may also choose to make compulsory or voluntary employer contributions.

#### *Election day workers*

The automatic rules don't apply to election day workers. However, these employees may already be members of KiwiSaver. If they give you a completed **KiwiSaver deduction form - KS2** start deducting member contributions and making compulsory employer contributions from their pay.

#### *Changing jobs but not changing payroll*

Situations where an employee changes jobs but remains on the same payroll don't count as new employment, so the automatic enrolment rules do not apply. This includes company amalgamations and the purchase and subsequent operation of a going concern. Examples include an employee who transfers between two company branches where the company has a single centralised payroll, or a business bought as a going concern which retains existing staff but uses a different company IRD number. State and state integrated schools are treated as a single employer. You don't need to consider automatic enrolment for staff transferring between these schools.

#### *Contractors and the self-employed*

Contractors aren't employees and are treated as self-employed people for KiwiSaver purposes. This means they aren't automatically enrolled and can only join by contracting directly with a scheme provider. Don't make KiwiSaver deductions.

Shareholder-employees may be considered employees for KiwiSaver purposes if PAYE is required to be deducted from their salary or wage. If PAYE isn't required to be deducted, the shareholder-employee may join KiwiSaver as a self-employed person, by contracting directly with a scheme provider. If they join KiwiSaver as an employee, they'll have contributions deducted from their pay. Shareholder-employees should get advice to determine whether their remuneration is subject to PAYE.

Working partners of a partnership that pays them a salary or wage for services provided under a written contract of service will be considered employees for KiwiSaver purposes but won't be subject to the automatic enrolment rules. They can either join as an employee or by contracting directly with a KiwiSaver scheme provider.

#### *Seconded employees*

Employees who are seconded to a new employer and are paid on the new employer's payroll aren't subject to automatic enrolment. They may join KiwiSaver as an existing employee by opting in. Returning to their original job at the end of the secondment isn't considered new employment.

## New employees



### What's important

Your responsibilities (except if you're an employer exempt from the automatic enrolment rules - see page 20) are to check whether a new employee:

- is eligible to be a KiwiSaver member, and
- should be automatically enrolled.

If they meet the conditions above:

- give your new employee a KiwiSaver information pack. If you have an employer-chosen KiwiSaver scheme, give them the product disclosure statement for that scheme and advise them they'll be allocated to this scheme unless they choose their own KiwiSaver scheme (page 19)
- deduct member contributions from their first pay
- make compulsory employer contributions (unless an exception applies)
- pay ESCT on any employer contributions made
- give us the employee's details using the **New employee and KiwiSaver details - IR346K** form. Send this information through your online account (see below)
- pay the member and employer contributions to us with your next PAYE payment
- if the employee chooses to opt out of KiwiSaver, send their **Opt-out request - KS10** form to us. Employees can opt out between day 14 and day 56 of starting their new employment.

### New employees who meet the criteria for automatic enrolment

Start the automatic enrolment process by giving the new employee a KiwiSaver information pack. You must do this within seven days of the employee starting work. The information pack includes a **KiwiSaver deduction form - KS2**, which the employee can use to let you know whether they want member contributions to be deducted at 3%, 4%, 6%, 8%, or 10% of their gross salary or wages. If they don't advise you of their preferred rate, deduct member contributions at the default rate of 3%. Keep the KS2 for your records, do not send it to Inland Revenue.

If you have an employer-chosen KiwiSaver scheme, give your new employee the product disclosure statement for that scheme and advise them they'll be allocated to this scheme unless they choose their own KiwiSaver scheme (page 19). They can choose to move to another KiwiSaver scheme at a later date.

Deduct member contributions from the new employee's pay.

Make compulsory employer contributions (unless an exception applies).

Give Inland Revenue the full names and IRD numbers of new employees using the **New employee and KiwiSaver details - IR346K** form. You can also supply this information online. You're only required to give us the information the employee gives you. You are not responsible if an employee chooses not to provide information for privacy or other reasons. You must provide enrolment information supplied no later than the date your next employment information is due.



## New employees who are existing members

You need to send Inland Revenue a **New employee and KiwiSaver details - IR346K** form for new employees who are already KiwiSaver members.

Unless you are given or shown a valid savings suspension notice, you must deduct member contributions from their first pay. Start deducting member contributions at the default rate of 3% if they don't elect a rate.

You must also make compulsory employer contributions (unless an exception applies).

A new employee who is an existing KiwiSaver member must:

- tell you their full name and IRD number
- let you know whether they want member contributions deducted at the rate of 3%, 4%, 6%, 8% or 10% or give you a valid savings suspension notice (page 16).

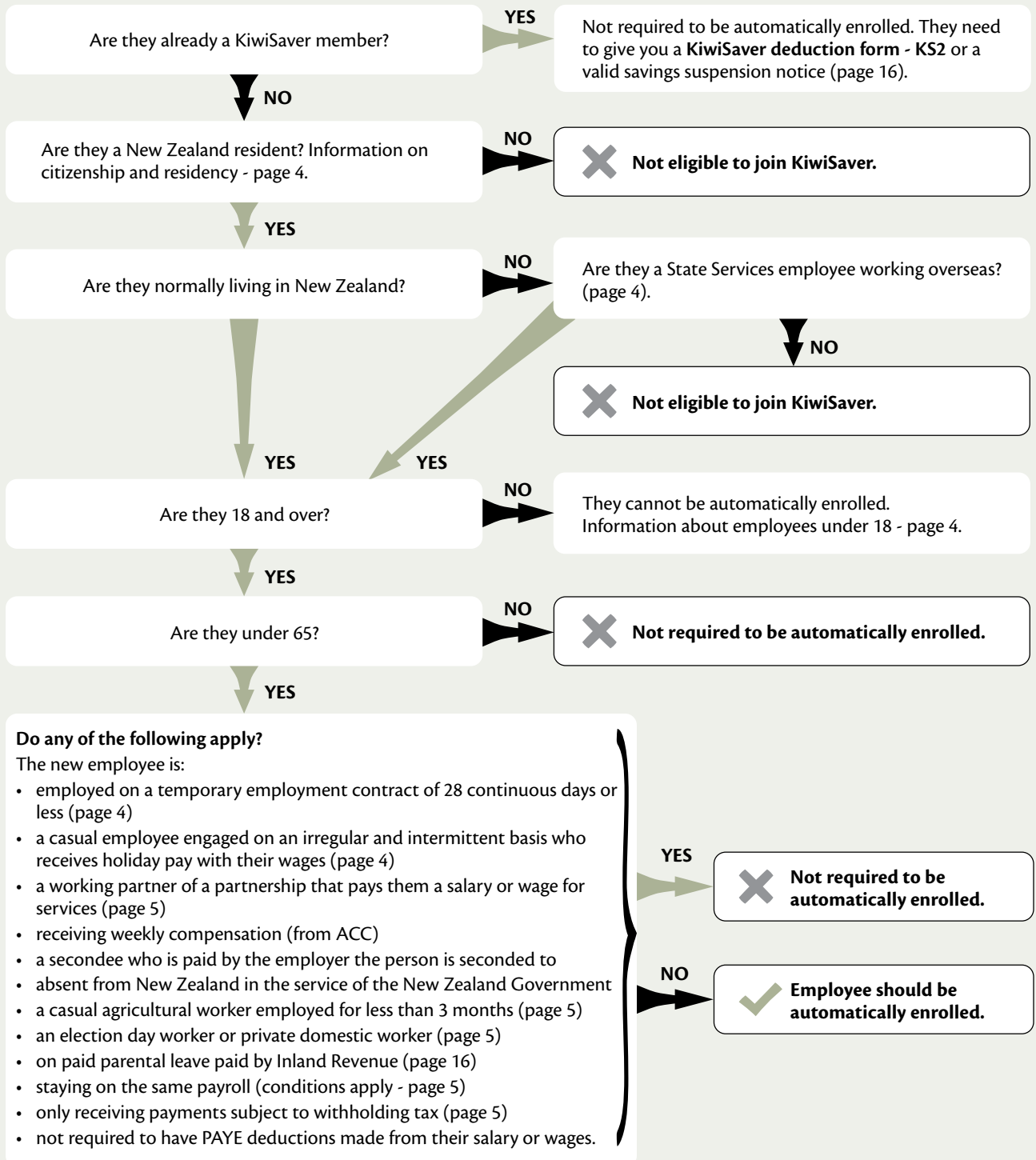
If your new employee is an existing member of KiwiSaver they should give you a completed **KiwiSaver deduction form - KS2**. Keep the KS2 for your records, do not send it to Inland Revenue.



# Are they eligible?

Use this chart to help work out whether a new employee should be automatically enrolled (unless you are an employer exempt from automatic enrolment - see page 20).

Eligibility rules for KiwiSaver - and rules around automatic enrolment - are covered in detail on pages 4 - 6.



# Existing employees



## What's important

For existing employees who are considering joining KiwiSaver, you must:

- check they're eligible to join KiwiSaver
- give them a KiwiSaver information pack within seven days. If you have an employer-chosen KiwiSaver scheme give them the product disclosure statement for that scheme (page 19).

If an existing employee has told you they'd like to join, you need to check if they're eligible and:

- start making member contributions, at the rate they've chosen, from their next pay
- make compulsory employer contributions
- give us their details using the **New employee and KiwiSaver details - IR346K** form.

Existing employees aren't enrolled automatically but they can join KiwiSaver as long as they meet the eligibility criteria (page 4).

There are two ways an existing employee can join KiwiSaver, by:

- contracting directly with their chosen KiwiSaver scheme provider or,
- joining through you as their employer if they are 18 or over.

If the employee decides to join KiwiSaver the information pack includes a **KiwiSaver deduction form - KS2**, which the employee can use to select a member contribution rate, 3%, 4%, 6%, 8% or 10% of their gross salary or wages. If they don't nominate a contribution rate, make deductions at the default rate of 3%. Keep the KS2 as part of your records - don't send it to us.

You'll need to:

- deduct member contributions
- make compulsory employer contributions
- give us your employee's details using the **New employee and KiwiSaver details - IR346K** form.

You're only required to give us the information the employee gives you. You're not responsible if an employee chooses not to provide information for privacy or other reasons. You must provide the enrolment information supplied no later than the date your next employment information is due.

If your employee is under 18 years old and wants to join KiwiSaver advise them they need to contract directly with a KiwiSaver scheme provider (page 4).

# Member contributions



## What's important

### You need to:

- make sure a new employee's member contributions start from their first pay
- make deductions at the rate they choose (3%, 4%, 6%, 8% or 10% of their gross salary or wages), or at the default rate of 3%. These are the only rates they can choose
- send deductions to us together with PAYE payments. You can complete your employment information in the payroll returns account in myIR. Go to [ird.govt.nz/myIR](http://ird.govt.nz/myIR)

You're also required to make compulsory employer contributions to your employees' KiwiSaver schemes and complying funds. Compulsory employer contributions are explained on page 12.

## Contribution rates

Employees can choose a contribution rate of either 3%, 4%, 6%, 8% or 10% of their gross salary or wages. The employee can make additional voluntary contributions direct to their scheme provider or to Inland Revenue. Make deductions at the default rate of 3% if an employee elects or doesn't select a rate.

Employees can change their contribution rate by providing you a **KiwiSaver deduction form - KS2** or contacting their KiwiSaver scheme provider or by submitting a contribution rate change using myIR. We will send you a letter with a list of contribution rate changes requested through scheme providers and myIR on a weekly basis.

Once you receive the **KiwiSaver deduction form - KS2** or letter from Inland Revenue, you'll need to:

- change the contribution rate from their next pay
- keep the KS2 or letter as part of your records.

An amendment to an employee's chosen rate can't be changed at intervals that are less than three months apart, unless you (the employer) agree. You don't need to notify us about this.

## Definition of gross salary or wages

### *KiwiSaver schemes*

For contributions to KiwiSaver schemes, gross salary or wages generally means total salary, wages or allowances, including bonuses, commission, extra salary, gratuity, overtime and other remuneration of any kind before tax. It does not include:

- redundancy payments
- payments under a voluntary bonding scheme funded by the Ministry for Primary Industries, the Ministry of Health or the Ministry of Education
- the value of overseas accommodation and cost of living allowances
- free or discounted shares received under an employee share scheme
- the value of providing board or lodging, or use of a house or part of a house, or the payment of an allowance instead of the provision of this benefit.

These are the main inclusions and exclusions from the definition of gross salary or wages. See glossary (page 21).

### *Complying superannuation funds*

For contributions to complying funds, gross base salary or wages has the same meaning as for a KiwiSaver scheme but excludes bonuses, commissions and other amounts that aren't included in the employee's gross base salary or wages by the relevant complying fund.

**Note:** If the employee is a member of both a KiwiSaver scheme and complying fund then deductions should be made to both.

## Calculating deductions

You can use the online calculator at [ird.govt.nz/calculators](http://ird.govt.nz/calculators) to work out member contributions at the same time as your employees PAYE. Member contribution calculation tables are also included in the **PAYE deductions tables - IR340 and IR341**.

### Here's an example:

An employee earns \$600.00 a week and contributes 3% to KiwiSaver.

|                             |                           |
|-----------------------------|---------------------------|
| Gross pay                   | \$600.00                  |
| Less PAYE                   | \$ 96.35                  |
| Less KiwiSaver contribution | \$ 18.00 (3% of \$600.00) |
| Net pay                     | \$485.65                  |

## Tailored tax code or deduction rate certificate - IR23

Any KiwiSaver contributions are in addition to their tailored tax code or deduction rate. For example, if an employee is on a deduction rate of 30% and they are making KiwiSaver contributions at 4%, total deductions from their salary or wages will be 34%.

## Employees under age 18

You'll need to deduct member contributions for KiwiSaver members under 18 if they're an existing KiwiSaver member or have joined KiwiSaver while employed with you.

You're not required to make compulsory employer contributions on behalf of employees under 18.

## Starting and stopping deductions

You must make KiwiSaver deductions from all payments of salary or wages if:

- the employee is subject to automatic enrolment
- the employee gives you a KS2
- we notify you and ask you to start deductions.

You must stop making KiwiSaver deductions from all payments of salary or wages if:

- an opt-out notice takes effect (page 16)
- a savings suspension is granted (page 16)
- we notify you and ask you to stop deductions
- the employee has reached eligibility to withdraw and gives you a **Non-deduction notice - KS51**.

## Forwarding member contributions

Forward your employee's KiwiSaver contributions to us along with your PAYE payments using the employment information. These include fields for member net employer contributions and ESCT for each employee. Every field must be completed.

Pay complying fund contributions direct to the scheme provider. Don't pay these through Inland Revenue.

## Additional contributions

If an employee wants to contribute more than the maximum allowed to their KiwiSaver scheme, pay the additional contributions direct to Inland Revenue or the scheme provider instead of using the PAYE system.

Scheme providers may offer extra services for members (eg group life insurance). Pay the scheme provider direct for these services.

## Inland Revenue payments to scheme providers

Inland Revenue is required to pass on member contributions received (or which should be received from an employer) to the employee's scheme provider. We'll make the payment even if we have not received the contributions. If we do not receive the contributions, we'll seek to recover the arrears from you in the same way we would recover unpaid PAYE tax debts.

# Employer contributions



## What's important

- You're required to contribute 3% of your employees' gross salary or wages to their KiwiSaver schemes and complying funds, excluding defined benefit scheme members (see Glossary for definition). This 3% is in addition to their gross salary or wages.
- Your contributions to existing superannuation schemes may reduce the amount of compulsory employer contributions you're required to pay, if they meet certain conditions. For more information go to [ird.govt.nz/kiwisaver/kiwisaver-individuals/joining-kiwisaver/kiwisaver-providers](http://ird.govt.nz/kiwisaver/kiwisaver-individuals/joining-kiwisaver/kiwisaver-providers)
- Employer contributions to KiwiSaver and complying funds are liable for employer superannuation contribution tax (ESCT). The exception to this is if the employee and employer have agreed to treat some or all of the employer contribution as salary or wages under the PAYE rules.
- KiwiSaver employer contributions are paid to Inland Revenue through the PAYE system. You can complete your employment information in the payroll returns account in myIR. Go to [ird.govt.nz/kiwisaver/kiwisaver-individuals/joining-kiwisaver/kiwisaver-providers](http://ird.govt.nz/kiwisaver/kiwisaver-individuals/joining-kiwisaver/kiwisaver-providers)
- If you don't make compulsory employer contributions, you may have penalties imposed. You're required to contribute to your employees' savings in KiwiSaver schemes and complying funds. Compulsory employer contributions can be made to either scheme but must total the minimum rate

Compulsory employer contributions may be backdated effective from the date:

- the employee should have been automatically enrolled, or
- the employee's savings suspension expired, or
- the employee turned 18, and
- deductions and compulsory employer contributions should have occurred.

## Starting and stopping contributions

For new employees, you start paying contributions from their first pay. For existing employees, you pay contributions from their first pay after Inland Revenue or the employee notifies you they are a KiwiSaver scheme or a complying fund member.

You can stop contributions if the employee elects to take a savings suspension and shows you their savings suspension notice, opts out (new employees only) or when Inland Revenue advises you to stop making contributions.

Don't cease employer contributions until you receive a letter from Inland Revenue advising that an employee has reached their withdrawal date. If you haven't received a letter and you or your employee think you should have, instruct your employee to check the withdrawal date with their scheme provider.

## Calculating contributions

Use this formula to calculate your contribution to your employee's superannuation:

Payment of gross salary or wages × compulsory rate = minimum employer contribution

e.g.

An employee earns \$2,600.00 a month and belongs to a KiwiSaver scheme. From the first full pay period, the gross compulsory employer contribution will be:

$$\$2,600 \times 3\% = \$78$$

You only need to pay the compulsory employer contribution if your employee is contributing to a KiwiSaver scheme or a complying fund through their salary or wages.

## Employer contributions and tax

All employer contributions to KiwiSaver and complying funds are liable for employer superannuation contribution tax (ESCT). The exception to this is if the employee and employer have agreed to treat some or all of the employer contribution as salary or wages under the PAYE rules.

ESCT must be paid to us along with PAYE deductions.

e.g.

Using the figures from the above example the employee earns \$2,600.00 a month and has an ESCT rate of 17.5%. The net compulsory employer contribution will be:

$$\$2,600 \times 3\% = \$78$$

$$\$78 \times 17.5\% = \$13.65 \text{ (ESCT)}$$

$$\$78 - \$13.65 = \$64.35 \text{ (net compulsory employer contribution)}$$

You'll need to ensure that you list the **net** employer contribution on the employment information and that ESCT is a separate figure for each employee.

For more information go to

[ird.govt.nz/kiwisaver/kiwisaver-individuals/joining-kiwisaver/kiwisaver-providers](http://ird.govt.nz/kiwisaver/kiwisaver-individuals/joining-kiwisaver/kiwisaver-providers) or read our **Employer's guide - IR335**.

## Forwarding contributions

### *KiwiSaver contributions*

As with employee KiwiSaver deductions, you pay KiwiSaver employer contributions to Inland Revenue through the PAYE system.

Employment information includes a field for KiwiSaver employer contributions and ESCT. You need to ensure the net amount of KiwiSaver employer contributions is listed, excluding the ESCT. There is a separate field for the ESCT amount.

Record compulsory and voluntary contributions as a single total. Inland Revenue will split contributions into compulsory and voluntary amounts.

You can complete these online. We pass your employer contributions on to the scheme provider.

If a new employee opts out of KiwiSaver, we'll refund any employer contributions to you if you have no amounts owing.

### *Other contributions*

Pay contributions other than retirement benefits (eg life insurance premiums) direct to the scheme provider.

### *Complying fund contributions*

Pay complying fund contributions direct to the scheme provider. Don't pay these through Inland Revenue.

# General administration



## What's important

### Opt-outs and savings suspension

- If a new employee you have automatically enrolled gives you the **Opt-out request - KS10** form within 2 to 8 weeks of starting work. You must:
  - send us the KS10 and the **New employee and KiwiSaver details - IR346K** form if you haven't already
  - stop deducting member contributions and making compulsory employer contributions from their next pay and refund any contributions you hold.
- If an employee gives you an opt-out form after 8 weeks, send it to us and continue to deduct member contributions and to make compulsory employer contributions until we advise you otherwise.
- Employees can opt out online at [ird.govt.nz](http://ird.govt.nz) or by sending us the **Opt-out request - KS10** form. We'll let you know when you can stop contributions.
- KiwiSaver members can take a break from saving after they have been a member for 12 months. This is called a savings suspension.

### General

- You need to keep a record of employees who are KiwiSaver members, their contribution rate, the amounts you've deducted, employer contributions you've made and any notification of savings suspensions or opt-outs.
- Penalties may apply if you don't comply with KiwiSaver processes (page 18).



# KiwiSaver forms and the KiwiSaver information pack

The New employee and KiwiSaver details - IR346K form is shown below. Use it to let us know the details of employees who join KiwiSaver. You can supply this information online if you're registered for myIR.

You must give a KiwiSaver information pack to all new employees who are eligible to be automatically enrolled and to existing employees who opt in or ask for one. The KiwiSaver information pack includes:

- the **KiwiSaver deduction form - KS2**, which an employee can use to let you know their full name, address and IRD number and whether they want member contributions deducted at 3%, 4%, 6%, 8% or 10%.
- the **Opt-out request - KS10** form, which new employees who were automatically enrolled can use to opt out of KiwiSaver.
- the factsheet **Your introduction to KiwiSaver - employee information - KS3**, which gives employees general information about KiwiSaver and tells them how to join.

The image displays four overlapping KiwiSaver forms from Inland Revenue (Te Tari Taake):

- IR346K (top):** "New employee and KiwiSaver details" form. It includes sections for "EMPLOYER DETAILS & WHEN TO COMPLETE THIS FORM", "EMPLOYER/EMPLOYEE KIWISAVER GUIDANCE SECTION", and "KiwiSaver status". It asks for employer business name, IRD number, and details about the employee's status and earnings.
- KS2 (middle right):** "KiwiSaver deduction form". It provides instructions on how to use the form to provide details to the employer and lists criteria for who should use it. It includes a "Section A" with questions about KiwiSaver membership.
- KS10 (middle left):** "Opt-out request" form. It explains how to opt out of KiwiSaver and provides a form with fields for personal details, contact information, and a signature.
- KS3 (bottom):** "Your introduction to KiwiSaver - employee information" factsheet. It provides a comprehensive overview of KiwiSaver, including how it works, how to join, contribution rates, and the benefits of participating.

## Requests to opt out

If a new employee who's subject to automatic enrolment gives you an **Opt-out request - KS10** form you need to:

- make sure they're within the two to eight week opt-out period (on or after day 14 and on or before day 56 of starting employment)
- stop deducting member contributions and making compulsory employer contributions from their next pay
- refund any member contributions you've made but not yet sent to us, or you can send them with your PAYE payment and we'll refund the employee direct. If you refund the member's contributions direct, they'll benefit by receiving the refund immediately
- send both the opt-out and the **New employee and KiwiSaver details - IR346K** forms to us so we know that the new employee was automatically enrolled and has opted out. You can complete these forms online.

We'll refund to you the employer contributions you've made and any ESCT made on these if you have no amounts owing. The refund will be paid with interest.

## Savings suspensions

KiwiSaver members can take a break from saving 12 months after they made their first contribution to their KiwiSaver. This is called a savings suspension. It can be for a minimum of three months, up to a maximum of one year.

An employee can apply for a savings suspension in myIR or by calling us. If we approve the request, either your employee will show you a valid savings suspension notice from Inland Revenue or we will notify you if your employee has asked us to. You can stop deducting member contributions and making employer contributions once you've seen a valid savings suspension notice.

An employee can give you notice to restart their deductions but they cannot ask you to start and stop deductions too often. The minimum period before requesting a change, unless you agree otherwise, is three months.

When an employee shows you a current savings suspension notice, you may refund any contributions you've deducted that you haven't passed to Inland Revenue, otherwise the employee should contact us to request their refund.

We'll write again asking you to restart deductions when the savings suspension finishes.

You aren't required to pay compulsory employer contributions if an employee is taking a savings suspension. If you choose, you can continue to make employer contributions. Any contributions you make to employees on a savings suspension are voluntary and will be liable for ESCT (page 13).

## Deductions from accident compensation payments

If you take part in ACC's partnership programme or have an ACC employer reimbursement agreement where you pay your employee's ACC payments, your employee's KiwiSaver member contributions must continue to be made. You aren't required to pay employer contributions, but you can on a voluntary basis if you wish. If your employee wants to stop their member contributions they must apply for a savings suspension.

When ACC pays the employee weekly compensation you don't need to make the employee deductions or employer contributions.

For more information go to [ird.govt.nz/kiwisaver](http://ird.govt.nz/kiwisaver)

## Parental leave payments

If you continue to pay your employee a salary or wage while they are on parental leave, keep deducting member contributions and making compulsory employer contributions unless they take a savings suspension.

## Contributions made in error

If you make an error relating to KiwiSaver in your employment information you can amend this. If you file online, you can amend your employment information in myIR. We'll refund any contributions made in error. If these include employer contributions and ESCT, these will be repaid to you. This process will take longer if we have to request the refund from the member's scheme.

**Note:** You have 4 years from the date you originally send an **Employment information – IR348** to make any changes. After 4 years, your assessment becomes final and changes can only be made to student loan or child support deductions.

## Record keeping

You need to record which employees are KiwiSaver members, their contribution rate, and any notification of savings suspensions or opt-outs. Your PAYE records should show the member contributions, net employer contributions and any ESCT you've deducted and passed on to us.

You must keep records for seven years after the person leaves employment with you.

In particular, employers must keep information about the total employer contributions made and gaps in employees' employment.

## Obligations and compliance

### Your obligations

- Determine if your new employees are eligible to be automatically enrolled into KiwiSaver. The automatic enrolment rules don't apply if you're an exempt employer.
- Determine whether any new employees or existing employees who wish to have KiwiSaver deductions from their salary or wages are eligible to be KiwiSaver members (pages 4 - 6).
- Determine whether any new employees or existing employees who wish to have KiwiSaver deductions from their salary or wages under the age of 18 are existing KiwiSaver members and provide you with a **KiwiSaver deduction form - KS2** (page 4).

**Note:** Employees under the age of 18 cannot join KiwiSaver through their employer. They must opt in through their chosen scheme provider.

- Provide a KiwiSaver information pack within seven days to:
  - a new employee who's eligible for automatic enrolment
  - an existing employee considering opting in
  - an existing employee who requests one.
- Provide an IRD number and name to Inland Revenue for each new employee who's eligible for automatic enrolment and each employee who opts into KiwiSaver.
- If you have an employer-chosen KiwiSaver scheme give the new employees the product disclosure statement for that scheme and advise they'll be allocated to this scheme unless they choose their own KiwiSaver scheme.
- Deduct member contributions. You're required to make compulsory employer contributions and pay them to Inland Revenue by the due date (page 11).
- Make deductions and contributions at the correct rate (page 12).
- Calculate ESCT (page 13).

## Compliance

There are KiwiSaver penalties for:

- failure to provide information - where you do not provide KiwiSaver information to your employees or to Inland Revenue
- failure to enrol a new employee eligible for automatic enrolment.

The penalties are:

- \$50 a month for employers who file monthly
- \$250 a month for employers who file twice monthly (page 22).

### Note:

- You won't be penalised if an employee refuses to supply information or supplies false information to you.
- You won't be penalised for failure to provide a KiwiSaver information pack when required if Inland Revenue does not provide employee information packs to you on time. You must notify us that further packs are required immediately after realising you don't have enough.

In addition, standard tax penalties and knowledge offences apply where either a KiwiSaver employee deduction or compulsory employer contribution is not paid to Inland Revenue or is paid late. This is exactly the same as PAYE deductions where you're subject to late payment penalties, late filing penalties and use-of-money interest. For more information see the **Employer's guide - IR335**.

## Penalties and interest

Compulsory employer contributions will be subject to late payment penalties and shortfall penalties, including any backdated compulsory employer contributions entitlement, short or unpaid. If an overdue amount isn't paid or an instalment arrangement agreed to, a 10% non-payment penalty (NPP) will be charged.

Each month that an amount remains outstanding, a further 10% NPP will be charged. If, after we've imposed the penalty, you pay in full or enter into an instalment arrangement, the last NPP will reduce to 5%.

Total NPPs imposed are capped at 150% of the unpaid tax per period.

Interest won't be charged on any outstanding compulsory employer contributions.

Interest and/or penalties won't be applied to short or non-payment of voluntary employer contributions.

## Right of review

Within 20 working days of Inland Revenue giving you notice of a decision that affects your KiwiSaver obligations, you can ask for it to be reconsidered. You may have to provide further information to Inland Revenue.

## Disputes resolution process

Not all decisions discussed in right of review above can be reconsidered under the KiwiSaver review process. Some of these other decisions can be disputed under Inland Revenue's disputes resolution process.

For more information about these processes and which one relates to a particular decision go to [ird.govt.nz/kiwisaver](http://ird.govt.nz/kiwisaver)

# Your options as an employer



## What's important

**As an employer, KiwiSaver gives you a number of options to offer in your workplace:**

- You can make voluntary contributions to employees' KiwiSaver accounts on top of the required compulsory employer contributions.
- You can choose the KiwiSaver scheme for your workplace.
- If you already offer a superannuation scheme, your options include establishing a KiwiSaver scheme as part of your existing scheme or continuing to operate independently of KiwiSaver. The Government contribution applies if you add a KiwiSaver section to an existing scheme.
- You can choose to do none of the above.

## Employer-chosen schemes

You can nominate a KiwiSaver scheme that your employees will join unless they choose their own scheme. This is called an employer-chosen KiwiSaver scheme. If you don't have an employer-chosen scheme and your employee does not choose a scheme of their own, Inland Revenue will allocate the employee to a default scheme.

Employers who select a KiwiSaver scheme for their employees will not have any financial obligation if the scheme fails.

You need to reach an agreement with the scheme provider and arrange for them to give you a supply of product disclosure statements to distribute to your employees.

When you give your employee a KiwiSaver information pack, you must also give them a:

- copy of the product disclosure statement for your chosen scheme, and a
- statement advising them they will be allocated to that scheme unless they choose their own scheme.

You need to let us know if you choose another scheme or decide not to offer a chosen scheme any more.

## Existing workplace schemes

KiwiSaver is intended to complement, rather than replace, existing registered superannuation schemes. It creates a number of options for existing registered superannuation schemes, including:

- establishing a KiwiSaver scheme as part of your existing scheme
- continuing to operate independently of KiwiSaver.

Your contributions to existing superannuation schemes reduce the amount of compulsory employer contributions you're required to pay. Contributions to existing superannuation schemes count towards compulsory employer contributions, if they meet certain conditions. For more information go to [ird.govt.nz/kiwisaver/kiwisaver-employers/contributions-and-deductions](http://ird.govt.nz/kiwisaver/kiwisaver-employers/contributions-and-deductions). A registered superannuation scheme may have been granted an exemption from the automatic enrolment rules, but may not be a complying fund. You should consult the superannuation scheme provider which administers the scheme to find out whether a specific scheme is a complying fund.

## Find out more

For more information about the options for existing schemes, talk to:

- your scheme trustees
- scheme provider or industry advisor, or
- visit the Financial Markets Authority website [fma.govt.nz](http://fma.govt.nz)

## Glossary

|                                       |  |
|---------------------------------------|--|
| Automatic enrolment                   | <p>If a new employee is aged 18 or over and under 65, they'll be automatically enrolled in KiwiSaver unless:</p> <ul style="list-style-type: none"> <li>• they don't meet the criteria</li> <li>• their employer is exempt.</li> </ul>   |
| Complying fund                        | <p>A complying fund is a superannuation fund within a registered superannuation scheme that has been approved by the Financial Markets Authority as having rules similar to those for KiwiSaver (eg KiwiSaver lock-in rules and portability).</p>  |
| Compulsory employer contribution      | <p>The contribution employers are required to make to their employee's savings in KiwiSaver schemes and complying funds. The compulsory employer contribution rate is 3% of your employee's gross salary or wages.</p>   |
| Savings suspension                    | <p>After 12 months a member can apply to Inland Revenue to take a break from making contributions to KiwiSaver. A savings suspension can be from three months to one year, and can be applied for more than once.</p>  |
| Default schemes                       | <p>If someone joins KiwiSaver without selecting a scheme provider, or if their employer doesn't have a preferred scheme. For a list of default scheme providers go to <a href="http://ird.govt.nz/kiwisaver/kiwisaver-individuals/joining-kiwisaver/kiwisaver-providers">ird.govt.nz/kiwisaver/kiwisaver-individuals/joining-kiwisaver/kiwisaver-providers</a></p> |
| Defined contribution scheme           | <p>A scheme where the benefit is based on contributions plus investment earnings. Most schemes in New Zealand are defined contribution schemes. All KiwiSaver schemes must be a defined contribution scheme.</p>   |
| Defined benefit scheme                | <p>A scheme where the benefit does not relate to the investments of the scheme but is based on a formula that takes into account factors such as a member's length of service and final salary.</p>  |
| ESCT                                  | <p>Employer superannuation contribution tax is a tax on any monetary contribution to a superannuation fund that is paid by an employer for their employee's benefit. All employer contributions to KiwiSaver and complying funds are liable to have tax withheld.</p>  |
| Employer-chosen scheme                | <p>An employer can choose the scheme their employee will become a member of if their employee does not select their own scheme when they join KiwiSaver.</p>   |
| Exempt employer                       | <p>An employer approved as exempt from the automatic enrolment rules by the Financial Markets Authority.</p>   |
| Financial advisor                     | <p>A financial advisor provides advice to assist financial planning and decisions. This doesn't include an employer who only gives their employees information about KiwiSaver or selects an employer-chosen scheme.</p>   |
| Financial hardship savings suspension | <p>If a member is suffering or likely to suffer from financial hardship during the first 12 months of Inland Revenue receiving a contribution, they may be granted a financial hardship savings suspension.</p>  |

|                             |   |
|-----------------------------|---|
| Financial Markets Authority | <p>The Financial Markets Authority:</p> <ul style="list-style-type: none"> <li>• is responsible for registering and regulating KiwiSaver schemes</li> <li>• supervises the management of registered KiwiSaver schemes and other superannuation schemes</li> <li>• monitors and encourages compliance with the Superannuation Schemes Act 1989 and the KiwiSaver Act 2006.</li> </ul>  |
| Government contributions    | <p>KiwiSaver members and complying fund members, if eligible, will receive a Government contribution tax credit of up to \$521.43 a year (equivalent to \$10 a week).</p>   |
| Gross salary or wages       | <p>For contributions to KiwiSaver schemes, gross salary or wages generally means salary, wages or allowances including:</p> <ul style="list-style-type: none"> <li>• bonuses</li> <li>• commission</li> <li>• extra salary</li> <li>• gratuity</li> <li>• overtime pay</li> <li>• other remuneration of any kind</li> </ul> <p>except:</p> <ul style="list-style-type: none"> <li>• redundancy payments</li> <li>• the value of overseas accommodation and cost of living allowance</li> <li>• the value of providing board or lodging, or use of a house or quarters, or the payment of an allowance instead of the provision of this benefit</li> <li>• free or discounted shares received under an employee share scheme</li> <li>• payments under a Voluntary Bonding Scheme funded by the Ministry for Primary Industries, the Ministry of Health or the Ministry of Education.</li> <li>• an overpayment of an amount of an employer's superannuation cash contribution that an employee chooses to have treated as salary or wages.</li> <li>• honoraria payments made under the Fire and Emergency Act 2017 paid by Fire and Emergency New Zealand to a volunteer.</li> </ul> <p>For contributions to complying funds, gross salary or wages has the same meaning as for a KiwiSaver scheme, but excludes bonuses, commissions and other amounts that are not included in the employee's gross base salary or wages by the relevant complying fund.</p> |
| KiwiSaver information pack  | <p>Inland Revenue provides a KiwiSaver information pack for employers to give to all new employees or for those existing employees who are considering opting in or who ask for one. It includes our factsheet <b>Your introduction to KiwiSaver - employee information - KS3</b>, <b>KiwiSaver deduction form - KS2</b> and the <b>Opt-out request - KS10</b> form.</p>  |
| KiwiSaver member            | <p>Someone who joins a KiwiSaver scheme and is entitled to benefits under the scheme.</p>   |
| KiwiSaver scheme            | <p>A registered superannuation scheme that meets prescribed requirements can be registered as a KiwiSaver scheme with the Financial Markets Authority.</p>  |

|   |   |
|---|---|
| Member contribution rate                                | An employee can choose to contribute to their KiwiSaver scheme at the contribution rate of either 3%, 4%, 6%, 8% or 10% of their gross salary or wages. If they don't choose a contribution rate, the default rate is 3%.   |
| New employment  | This is any new job you start. It doesn't apply to someone who: <ul style="list-style-type: none"> <li>• stays on the same payroll, eg an employee is transferred between branches or divisions of related companies</li> <li>• is an employee of an amalgamating company</li> <li>• is an employee of a partnership that has been dissolved and reconstituted</li> <li>• is employed by a business purchased as a going concern</li> <li>• is an employee who returns to their employer after a period of secondment.</li> </ul> |
| New Zealand Superannuation                              | The state-funded pension paid to eligible New Zealand residents, currently from age 65.   |
| Non-employee  | Someone who does not work for salary or wages, such as a self-employed person or a contractor/schedular payment earner. Non-employees may still be eligible to join KiwiSaver.  |
| Opt in  | Where an employee or other eligible person who is not currently automatically enrolled decides to join a KiwiSaver scheme.  |
| Opt out   | A new employee who is automatically enrolled can choose not to become a KiwiSaver member when they start new employment. This choice must be made during the opt-out period.  |
| Opt-out period  | The period in which a person who is automatically enrolled may choose to opt out of KiwiSaver. This is from two weeks and up to eight weeks of the person starting employment (ie on or after day 14 and on or before day 56).  |
| Commission for Financial Literacy and Retirement Income | A government-funded body set up to help New Zealanders prepare financially for their retirement.  |
| Scheme provider   | A superannuation provider registered by the Financial Markets Authority for KiwiSaver.  |
| Temporary employment                                    | Employment is temporary if: <ul style="list-style-type: none"> <li>• the employment is as a casual agricultural worker, or</li> <li>• the employment is under a contract of service that is for a period of 28 continuous days or less, or</li> <li>• the employment is described in section 28(1)(a)(ii) of the Holidays Act 2003.</li> </ul>  |
| Twice-monthly filer                                     | An employer with gross annual PAYE and ESCT totalling more than \$500,000.  |
| Vest/vesting  | An employer may choose the length of time a member needs to work for them before they can keep all their employer's contributions. Some employers may use a sliding scale, eg 1 year = 10%, 5 years = 50%, 10 years = 100%; others may let the contributions 'vest' immediately. Compulsory employer contributions must vest in the employee immediately.   |
| Voluntary employer contribution                         | An additional contribution to an employee's superannuation scheme made by an employer over and above the compulsory employer contribution.  |



# Quick reference guide

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## Answering employees' KiwiSaver questions

The Commission for Financial Capability is an excellent source of information for employees.

The Commission's role is to help New Zealanders prepare financially for retirement through education, information and promotion. It offers free, independent and impartial resources through the Sorted website at [sorted.org.nz](https://sorted.org.nz)

A range of Sorted resources are available, so you can help your employees make decisions about KiwiSaver and increase their financial knowledge in the process.

**sorted.org.nz**  
YOUR INDEPENDENT MONEY GUIDE

### Disclaimer

The information contained in this guide is for general information only. It should not be used as a substitute for financial, legal, business, accounting, tax or other professional advice.

This guide is intended to provide general information to the public, and all reasonable measures have been taken to ensure its quality and accuracy. However, Inland Revenue:

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