

KiwiSaver Member Tax Credits

From 1 July 2011

(helpful comments from Civic Assurance – SuperEasy KiwiSaver)

How Much Member Tax Credit (MTC) Will You Receive?

It's important to ensure you know how much KiwiSaver Member Tax Credit (MTC) you will be entitled to receive at the end of each KiwiSaver Year. The KiwiSaver Year runs from 1 July to 30 June of each year. If you are 18 or over, at the end of each KiwiSaver Year the Government will pay into your KiwiSaver account a MTC at a rate of \$0.50 cents for each dollar you pay in up to a maximum of \$521.

NB: It is only your own personal contributions that qualify towards your MTC, employer contributions do not count towards your MTC entitlement.

So this means that you will have to personally pay in at least \$1042 each KiwiSaver Year to receive the full MTC from the Government. To receive the full entitlement of \$521 you must have been a member for that entire KiwiSaver Year (1 July to 30 June). So if you have joined during this current KiwiSaver Year you will only receive a proportion of this entitlement depending on two things:

- Your Member Tax Credit (MTC) Start Date, and
- How much you have personally paid into your SuperEasy KiwiSaver Scheme before the end of the KiwiSaver Year (30 June). This does not include any amount paid by your employer.

What will be my MTC Start Date?

There are a few variations depending on whether you joined up through your employer or direct with your provider (Civic). As all SuperEasy KiwiSaver Scheme members make their payments either through their employer or via the IRD we are able to provide the following guide to what your MTC entitlement will be.

Based on being the earlier of:

- the first of the month in which your first deduction came out of your pay, or
- the first of the month in which your first payment was received by the IRD, or
- the first of the month in which your first payment was received by Civic, or
- when your account was opened with Civic

You will be entitled to a proportion of the full MTC entitlement as set out in the table below:

MTC Start Date (calculated to first of the month)	MTC Entitlement	MTC Start Date (calculated to first of the month)	MTC Entitlement
July (full entitlement)	\$ 521	January	\$ 259
August	\$ 478	February	\$ 215
September	\$ 434	March	\$ 175
October	\$ 391	April	\$ 131
November	\$ 347	May	\$ 88
December	\$ 304	June	\$ 43

What do you need to do to ensure you receive your full MTC entitlement?

If you have already paid in double the amount or greater to the entitlement figure in the table then **nothing**. If you have paid in a lesser amount then you need to make up the difference by paying this shortfall into your KiwiSaver account before the end of the current KiwiSaver Year. You pay these amounts direct to the IRD (not to Civic) either by:

- Using the "IRD Payments" option through internet banking, drilling down to the KiwiSaver member account. You need to include the following details; your IRD number, tax type "KSS", period "O", or
- Paying over the counter at any Westpac Branch

If you are unsure of how much you have already paid and are having these payments deducted from your salary you can check this with your Employer's Payroll Dept.

NB: To qualify for this entitlement any shortfall payments need to be paid before the end of the current KiwiSaver Year. The KiwiSaver Year runs from 1 July to 30 June of each year.

If you are no longer in your first KiwiSaver Year what is your MTC entitlement?

You are eligible to receive the full MTC irrespective of when or how you make payments into your KiwiSaver scheme. This could be through your employer or by a lump sum or top-up payment, as long as it is paid in during that KiwiSaver Year it will qualify for that year's entitlement. Let's say you sign up for KiwiSaver and are paying in 4% of your gross salary and a few years down the track your situation changes and you put your contributions on hold. Provided you are over the age of 18 and pay in the required amount you are still entitled to your full MTC. You can still make personal payments whenever you like and these will still qualify for your MTC.

Who and what is included

The member tax credit applies to your personal (not employer) contributions received by the scheme during the current KiwiSaver Year. Employer contributions do not qualify for your member tax credit. To qualify for your member tax credit you must be 18 or over, your principal place of residence must be in New Zealand, except if you are a:

- government employee serving outside New Zealand, or
- person working overseas as a volunteer

When and how will the Member Tax Credit be paid?

There is nothing for you to do. Civic Assurance, as your scheme provider will, after 30 June of each year claim the tax credit from the IRD on your behalf and when received will invest it in your SuperEasy KiwiSaver Scheme account. You will be entitled to receive an annual MTC each year until you are eligible for NZ Super (currently 65) or after five years' membership, whichever is later. For example if you join between the ages of 60 and 65, you will not be able to access your savings until you have been a KiwiSaver member for five years. So if you join at the age of 62, you will be entitled to receive 5 yearly MTCs, one each year, and be able to access your savings at 67.

This bulletin is based on current legislation and information received from the IRD.