

KiwiSaver Member Tax Credits

(helpful comments from Civic Assurance – SuperEasy KiwiSaver)

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

It's important to ensure we know how much KiwiSaver Member Tax Credit (MTC) we will each 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 we are 18 or over, at the end of each KiwiSaver Year the Government will pay into our KiwiSaver account an MTC matching our contributions up to a maximum of \$1,042.86. To receive the full entitlement of \$1,042.86 we must have been a member for that entire KiwiSaver Year (1 July to 30 June). So for those of us who have joined during this current KiwiSaver Year we will only receive a proportion of this entitlement depending on two things:

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

What will be my MTC Start Date?

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

Based on being the earlier of:

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

If we joined KiwiSaver during this current KiwiSaver Year what is our MTC entitlement?

We will receive a proportion of the 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)	\$ 1043	January	\$ 518
August	\$ 956	February	\$ 429
September	\$ 867	March	\$ 349
October	\$ 781	April	\$ 261
November	\$ 693	May	\$ 175
December	\$ 607	June	\$ 86

What do we need to do to ensure we receive our full MTC entitlement?

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

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

If we are unsure of how much we have already paid and are having these payments deducted from our salary we can check this with our 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 we are no longer in our first KiwiSaver Year what is our MTC entitlement?

We are eligible to receive the full MTC irrespective of when or how we make payments into our KiwiSaver scheme. This could be through our 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 we sign up for KiwiSaver and are paying in 4% of our gross salary and a few years down the track our situation changes and we put our contributions on hold. Provided we are over the age of 18 and pay in the required amount we are still entitled to our full MTC. We can still make personal payments whenever we like and these will still qualify for our MTC.

Who and what is included

The member tax credit applies to our personal (not employer) contributions received by the scheme during the current KiwiSaver Year. Employer contributions do not qualify for our member tax credit. To qualify for our member tax credit we must be 18 or over, our principal place of residence must be in New Zealand, except if we 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 us to do. Civic Assurance, as our scheme provider will, after 30 June of each year claim the tax credit from the IRD on our behalf and when received will invest it in our SuperEasy KiwiSaver account. We will be entitled to receive an annual MTC each year until we are eligible for NZ Super (currently 65) or after five years’ membership, whichever is later. For example if we join between the ages of 60 and 65, we will not be able to access our savings until we have been a KiwiSaver member for five years. So if we join at the age of 62, we will be entitled to receive 5 yearly MTCs, one each year, and be able to access our savings at 67.

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