

## KiwiSaver Member Tax Credits

(helpful comments from Civic Assurance – KiwiSaver SuperEasy)

### 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 KiwiSaver's first year of operation, 30 June 2008. If we are 18 or over, the Government will pay into our account an MTC matching our contributions up to a maximum of \$1,042.86 a year. To receive the full entitlement of \$1,042.86 we must have been a member for that entire member credit year (1 July to 30 June). So for those of us who have joined during this current year (that includes all of us as this is KiwiSaver's first year of operation) we will 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 KiwiSaver before the end of June 2008. (This does not include an amount paid by our employer)

### What will be our 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 KiwiSaver SuperEasy 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

This table provides a guide to our MTC entitlement.

MTC Start Date (calculated to the first of the month)	July 2008 MTC Entitlement	MTC Start Date (calculated to first of the month)	July 2008 MTC Entitlement
July 2007	\$1043	January 2008	\$ 518
August 2007	\$ 956	February 2008	\$ 429
September 2007	\$ 867	March 2008	\$ 349
October 2007	\$ 781	April 2008	\$ 261
November 2007	\$ 693	May 2008	\$ 175
December 2007	\$ 607	June 2008	\$ 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 can make up the difference by paying this shortfall amount direct to the IRD by either:

- 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"
- Pay 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 payroll dept.

**NB: Any shortfall payments need to be paid before the end of June 2008.**

## In any subsequent year

We are eligible to receive the full MTC irrespective of when or how we pay it into our KiwiSaver scheme (this could be by a lump sum or top-up payment) as long as it is paid in during that member credit year. 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. 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 in that member credit year (1 July to 30 June). Employer contributions or any contributions we may divert to our mortgage don't 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?

Civic Assurance, as your scheme provider will, after 30 June each year claim the tax credit from the IRD on your behalf and when received will invest it in your KiwiSaver 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