

# How is KiwiSaver taxed?

Information Sheet  
July 2020

## 1 | Portfolio Investment Entities (PIEs)

The NZ Funds KiwiSaver Scheme has elected to be a Portfolio Investment Entity (PIE) under the PIE rules.

The PIE rules allow you to effectively pay tax on your investment in the Scheme at a maximum tax rate of 28%.

The amount of taxable income or loss of the Scheme allocated to you is calculated daily and attributed to you on a quarterly basis within five Business Days of the end of each quarter.

For a quarter in which there is tax to pay, the Scheme will cancel a number of your units to fund your tax liability and will then pay this amount to Inland Revenue.

If the Scheme receives a tax refund, it will allocate that refund to Members during that quarter on a daily basis, and attribute it to them quarterly. Where you are a member in the Scheme at the time the refund is paid, the refund will be used to purchase additional units in the Scheme. If you are no longer in the Scheme at the time the refund is paid, your refund will either be paid to your new KiwiSaver Scheme or will be paid directly to you.

## 2 | How much tax do you pay?

The amount of tax you pay is based on your Prescribed Investor Rate (PIR). It is important that you select the correct PIR. To select your correct PIR you need to calculate your taxable income (which includes your worldwide income and may include income when you were not resident in

New Zealand) and PIE income for each of the previous two income years (an income year is the period from 1 April in one year to 31 March the next year). The PIR applying to you is then determined based on the year which has the lower combined income amount.

### The PIR rates for an individual are:

Taxable Income		Taxable Income + PIE Income	PIR
\$0 – \$14,000	and	\$0 – \$48,000	10.5%
\$0 – \$14,000	and	\$48,001 – \$70,000	17.5%
\$14,001 – \$48,000	and	\$0 – \$70,000	17.5%
Over \$48,001	and	Any amount	28.0%
Any amount	and	Over \$70,000	28.0%

If you do not provide us with a PIR or you are not a resident of New Zealand then income attributed to you will be taxed at 28%.

If your correct PIR is lower than your elected PIR, you may be able to obtain a refund of excess tax paid. If you select a PIE tax rate that is too low, you may have to file a tax return and pay tax at your marginal tax rate (you will get a credit for tax paid on your behalf by the Scheme).

You can change your PIR at any time by completing a 'Notice to Change PIE Details' form. This form is available from us or your financial adviser.