

The NZ Funds KiwiSaver Scheme is a Portfolio Investment Entity (PIE). 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 you select a PIR that is too high, there is no ability under current law to obtain a refund for the 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.

Where you reduce your interests in the Scheme, fully withdraw from the Scheme or transfer your investment to another scheme, we can deduct from the amount withdrawn or transferred an amount equal to your PIE tax liability as at the date of the withdrawal or transfer.

If we do not do this, we are entitled to treat you as having a 0% PIR. If we have treated you as having a 0% PIR, you may be required to file a tax return and pay tax on the income allocated to you. Any tax paid by the Scheme on your behalf is available as a tax credit against your tax liability.

If the amount of tax on income attributable to you exceeds the value of your interest in the Scheme you may have to satisfy the tax liability directly to Inland Revenue. If NZ Funds or the Supervisor pays this tax liability, you indemnify us or the Supervisor for that amount.