How is KiwiSaver taxed?
Information Sheet

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.

How much tax do you pay?

The amount of tax you pay is based on your Prescribed Investor Rate (PIR). Your PIR is based on 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 tax years, and is based on the year which has the lowest combined income amount. You can use the table below to help work out your PIR.

Taxable Income		Taxable Income + PIE Income	PIR
$0 – $15,600	AND	$0 – $53,500	10.5%
$0 – $15,600	AND	$53,501 – $78,100	17.5%
$15,601 – $53,500	AND	$0 – $78,100	17.5%
Over $53,501	AND	Any amount	28.0%
Any amount	AND	Over $78,101	28.0%

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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%.

It is important that you choose the correct PIR.

If you select a PIR that is too high, then as part of the annual tax return process:

- you will be able to get any overpaid tax refunded (either directly or by a reduced tax bill); or
- you may have to pay further tax if you have received refunds during the year based on your incorrect PIR.

If you select a PIR that is too low, then as part of the annual tax return process:

- you will have to pay more tax on your income from a Portfolio at your correct PIR; or
- you may be entitled to a further tax refund based on your correct PIR.