

# Payroll News

Issue 97  
June 2007

## Welcome to Payroll News

In this issue we tell you about an Ir-File enhancement, give you a KiwiSaver update, and tell you about our Look at Account Information service.

If you have an employer topic you'd like to see covered in this newsletter, please write to the Editor, *Payroll News*, PO Box 2198, Wellington 6140 or email us at [payroll.news@ird.govt.nz](mailto:payroll.news@ird.govt.nz) and we'll aim to cover it in a future edition.

## Ir-File enhancement

For those of you who use Ir-File June will be the last time you will receive a paper *Employer deductions* form (IR 345/IR 346). From July we will no longer send you the IR 345/IR 346 you will be required to file this electronically at the same time you file your *Employer monthly schedule* (IR348).

As a result of this change we will also stop sending you a paper version of *Payroll News*. If you would like to continue to receive *Payroll News*, please complete the subscription at [www.ird.govt.nz/aboutir/newsletters/payroll-news](http://www.ird.govt.nz/aboutir/newsletters/payroll-news)

## KiwiSaver—update

In previous editions we have provided an overview of your responsibilities for KiwiSaver that starts on 1 July 2007. In this edition we provide:

- an update on the timing for the distribution of the *KiwiSaver employer guide* (KS 4) and the *Employee information packs* (KS 3)
- an update on the changes we have made to employer forms, *Employer monthly schedule* and *Employer deductions* forms
- an overview of KiwiSaver scheme providers and how the enrolment process works.

### *KiwiSaver employer guide* (KS 4)

Distribution of the employer guides started at the end of May and should be finished by the end of the second week in June. If you haven't received a guide by then ring 0800 257 777 and follow the prompts to request a *KiwiSaver employer guide* (KS 4). Remember to have your IRD number when you call, ask for a *KiwiSaver employer guide* (KS 4).

It's important that you read your guide thoroughly. It gives you key information about your role and responsibilities for KiwiSaver.

It also gives you some answers to questions your employees may ask you such as opting out and contributions holidays. If they want further information they can go to [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz) or call 0800 549 472.

### *Employee information pack* (KS 3)

This month we'll send you copies of the *KiwiSaver employee information pack* (KS 3). As an employer you'll need to give a pack to every new employee who is eligible to join KiwiSaver within seven days of them starting work for you, or to existing staff who ask for one or join through you.

## Forms changes for KiwiSaver

### *Employer monthly schedule* (IR 348) or (IR 349) (EMS)

Your primary role in KiwiSaver is to deduct contributions from eligible employees. We've altered the layout of the EMS to include two new KiwiSaver columns as follows:

- **KiwiSaver deductions** – show here the contribution deductions you've made from your employee's salary and wages to their KiwiSaver account.
- **KiwiSaver employer contributions** – show here any contributions that have been paid by you into a KiwiSaver scheme, that have not been deducted from your employees salary or wages (what you have contributed to the scheme on your employee's behalf).

### *Employer deductions forms* (IR 345) or (IR 346)

In line with the KiwiSaver changes to the EMS, the employer deductions forms have had changes made to include KiwiSaver deductions and KiwiSaver employer contributions.

**Note:** KiwiSaver deductions commence for salary and wages earned in July, your first EMS with the KiwiSaver columns will be due on 5 August for large employers and 20 August for small employers. It should also be noted both the EMS and deduction forms will be printed in black and white from July onwards.

## KiwiSaver scheme providers

We have been asked to explain how employees choose a savings scheme provider.

Employees can choose their own KiwiSaver scheme from a published list of providers. This list will be available on the KiwiSaver website from 1 July 2007. They are able to change providers as often as they wish while they are enrolled in KiwiSaver.

Employers are also able to choose a scheme provider, their employees will become members of this scheme when they start KiwiSaver unless they choose their own.

Where neither the employee nor their employer chooses a scheme provider, we will allocate a default provider. The Government has appointed six default scheme providers.

When an employee is automatically enrolled in KiwiSaver, or opts in through their employer, allocation works as follows:

1. If they choose their own scheme provider then they are allocated to that provider.
2. If they don't choose but their employer has chosen a scheme provider then they are allocated to their employer's chosen provider.
3. If neither the employee nor their employer chooses a scheme then the employee is allocated to a default scheme provider.

## Default KiwiSaver scheme providers

If an employee has been allocated to a default scheme by us, we will advise them of the scheme they have been placed in. They are able to choose a different scheme. If they chose their own scheme the default allocation will be cancelled and they will be transferred to their chosen provider. If the three month period ends and the employee hasn't chosen their own provider they will be allocated to the default scheme.

The following is a list of the KiwiSaver default providers:

- AMP Services (NZ) Limited
- ASB Group Investments Limited
- AXA New Zealand
- ING (NZ) Limited
- Mercer Human Resource Consulting Limited
- TOWER Employee Benefits Limited.

For more information on the role of a scheme provider go to [www.ird.govt.nz/kiwisaver/providers/how/provider-role/](http://www.ird.govt.nz/kiwisaver/providers/how/provider-role/)

## Contribution deductions - what happens to them?

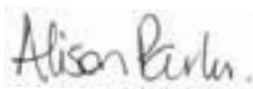
Any contribution deductions you make from an employee's wages are paid to us and then subsequently passed onto the relevant scheme provider, along with any interest earned while the money was with us.

## KiwiSaver website

KiwiSaver have a dedicated website for the latest information, this can be viewed at [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz) or for independent advice go to [www.sorted.org.nz](http://www.sorted.org.nz) This website will assist employees who ask questions that you may feel uncomfortable in answering.

## Look at Account Information

Look at Account Information enables account balances, transaction details, earnings information and due dates for your accounts to be viewed online. Currently, this service is only available to individual customers and tax agents. The Look at Account Information service was updated recently to include income from employers. Now employees can view their monthly and yearly income details as soon as the PAYE schedules are filed. This means if your employees want to find out how much they have earned during the year, they can log onto the internet and see for themselves. Child Support customers can also access information we hold about their relationships. If an employee wants to register for access to the service, they can find the Look at Account Information registration at [e-services.ird.govt.nz/registration/account-information](http://e-services.ird.govt.nz/registration/account-information)



Alison Parks  
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### Budget proposals

You will have seen a number of proposals outlined in Budget 2007. These include proposals for:

#### Business tax reform package

- A cut in the company tax rate to 30%
- A 15% tax credit for Research & Development

#### KiwiSaver changes

- A new member tax credit that matches their contributions up to \$20 per week
- Compulsory matching employer contributions to be phased in over four years
- A new tax credit to reimburse employers for the cost of matching contributions, capped at \$20 a week

#### Other measures include

- Tax incentives to boost charitable giving
- Increased funding for Inland Revenue to strengthen auditing of property transactions

Further details of these are available on the tax policy website [www.taxpolicy.ird.govt.nz/](http://www.taxpolicy.ird.govt.nz/)

We will provide more information on how this might affect you in the next issue of Payroll News.



Inland Revenue  
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