

12 June 2026

N. Cleator
fyi-request-34705-f56ba6f0@requests.fyi.org.nz

Dear N. Cleator

Thank you for your request made under the Official Information Act 1982 (OIA), received on 14 May 2026. You requested information regarding Inland Revenue's operational handling of KiwiSaver non-compliance concerns raised by workers. Your full request is attached to this response as **Appendix A**.

Item one

Concerns about potential KiwiSaver employer non-compliance may initially be raised through Inland Revenue's frontline service channels (including myIR, voice, or written correspondence), where a frontline officer undertakes an initial assessment. Not all such contacts are recorded as complaints. A matter is recorded as a complaint where a frontline officer is unable to resolve the issue at first point of contact and escalation is required, or where the customer raises the concern directly with the Complaints team for example, via an online complaint submission.

Once recorded as a complaint, the customer's KiwiSaver position is assessed by the responsible officer by reviewing enrolment status, opt-out documentation (if applicable), and employer filing records (including payday filing information). Triage is applied on a case-by-case basis, guided by the complexity of the issue, available evidence, and whether further investigation is required.

Item two

Following an initial assessment of a complaint, the responsible officer determines the appropriate course of action. Based on the outcome of the assessment, the complaint may be resolved through provision of information and explanation or escalated to a specialist team where further review is required. Where no employer non-compliance is identified, the complaint is typically resolved through guidance. In cases where deductions appear to have been made correctly through the employer, the employee may be advised to raise any queries about amounts or payslip discrepancies directly with their employer.

Where potential non-compliance is identified, such as missing or incomplete employer deductions or contributions, the complaint may be referred to specialist or employer-focused teams for further investigation. In a smaller number of cases, this includes referral to compliance functions to contact the employer, assess their obligations, and determine whether corrective action is required. Where appropriate, this may result in enforcement of compulsory employer contributions. These activities are undertaken within the broader legislative framework, including section 15B of the Tax Administration Act 1994 (TAA), which sets out taxpayers' obligations to

correctly determine and pay tax, deduct or withhold amounts where required, maintain appropriate records, and provide information to Inland Revenue.

Decisions to investigate, escalate, or take enforcement action are made on a case-by-case basis, based on the available information and the outcome of enquiries.

Item three

Inland Revenue's operational guidance relating to KiwiSaver employer obligations for existing members is clear that employers must make deductions from employees' salary or wages, generally from the first pay, and must continue deductions unless a valid opt out, savings suspension, or other approved process applies.

Guidance addresses situations where deductions are not made or are made incorrectly, treating these as employer non-compliance and providing for compliance activity, correction of employment information reporting, and follow up where errors are repeated or ongoing.

However, while this guidance establishes the obligation to deduct and provides processes to address non-compliance, it does not provide specific operational direction for situations where employers delay deductions, fail to act on employee requests, provide incorrect advice regarding waiting periods, or informally suspend deductions outside established processes. As with other areas, the guidance is primarily process focused and does not establish a structured framework for assessing or resolving these types of disputes.

The documents and internal pages listed in **Table 1** below are identified as relevant to your request, and my decisions on release are outlined. Documents 1 to 6 are attached as **Appendix B**. Some documents and internal pages have been refused under the following sections of the OIA, as applicable:

- 18(d) – This information is publicly available.
- 18(c)(i) – Making the requested information available would be contrary to the provisions of section 18(3) of the Tax Administration Act 1994 (TAA). The Commissioner of Inland Revenue is not required to disclose any item of revenue information if the release of the information would adversely affect the integrity of the tax system or prejudice the maintenance of the law.

Table 1

Item	Document	Decision
1.	KiwiSaver employer obligations	Release
2.	Employer obligations	Release
3.	KiwiSaver enrolment overview	Release

Item	Document	Decision
4.	KiwiSaver deductions and contributions overview	Partially released. Some information refused under section 18(c)(i) of the OIA, section 18(3) of the TAA
5.	Compulsory employer contributions	Release
6.	Extend or cancel a KiwiSaver savings suspension	Release
7.	KiwiSaver employer guide (KS4)	Refused under section 18(d) of the OIA. Publicly available: KiwiSaver for employers
8.	Action a KiwiSaver no holding period contributions work item	Refused under section 18(c)(i) of the OIA, section 18(3) of the TAA
9.	Action an EMP schedules issues lead	Refused under section 18(c)(i) of the OIA, section 18(3) of the TAA
10.	KiwiSaver savings suspension	Refused under section 18(c)(i) of the OIA, section 18(3) of the TAA
11.	KW01 – KiwiSaver – Employer	Refused under section 18(c)(i) of the OIA, section 18(3) of the TAA

Item four

Inland Revenue's operational guidance relating to historic or retrospective KiwiSaver contribution issues focuses on the correction and recovery of contributions. Existing guidance includes processes for; correcting Employment Information reporting, recovering unpaid amounts (including employee deductions and employer contributions where legally recoverable), and assessing entitlement to backdated compulsory employer contributions through compliance-based cases. Guidance also provides for contributions to be treated as relating to the relevant contribution period and for technical correction of contribution errors.

However, while this guidance addresses contribution correction and recovery, it does not provide specific operational direction for historic disputes involving worker awareness, misunderstanding of KiwiSaver enrolment status, or situations where employer conduct may have affected a worker's understanding. As with other areas, the guidance is primarily process focused and does not establish a structured framework for assessing or resolving such disputes. I am therefore refusing this part of your request under section 18(e) of the OIA, as the documents alleged to contain the information requested do not exist.

Item five

Inland Revenue does not hold any policies or guidance concerning the interaction between Inland Revenue and MBIE / Labour Inspectorate where employment relationship issues overlap with KiwiSaver contribution concerns.

Accordingly, your request for this information is refused under section 18(e) of the OIA.

Item six

Inland Revenue does not have specific operational guidance on supporting vulnerable workers (for example, those with communication or comprehension difficulties) in identifying or reporting KiwiSaver non-compliance.

While internal guidance includes general principles on supporting vulnerable customers and adapting communication to meet customer needs, this guidance is high level and does not provide specific direction for KiwiSaver compliance or complaint processes, which remain primarily process focused.

As such, your request for this information is refused under section 18(e) of the OIA.

Item seven

KiwiSaver related complaints are managed within Inland Revenue's standard complaint processes. KiwiSaver-related complaints are not prioritised separately from other complaint types. However, these types of complaints may be allocated to staff with relevant knowledge or experience where appropriate.

There are no defined escalation thresholds specific to KiwiSaver complaints. Matters may be escalated where there is increased complexity, customer impact, or where resolution cannot be achieved at the initial stage. These complaints are managed in line with Inland Revenue's broader complaints processes and service expectations, including timeliness of response and quality assurance practices such as peer review of correspondence.

Item eight

While the circumstances around late filing or payment are not considered at the point of penalty application, Inland Revenue does consider contextual information when looking to apply remission of those penalties.

Section 183A of the TAA details the circumstances under which 'employer misunderstanding or administrative error' would be reasonable grounds for remission to be granted. Negligent failures and intentional avoidance are unlikely to meet those requirements under the TAA, and so are unlikely to result in a successful application for remission.

Within audit activities, there are several dimensions by which customer intent distinguishes outcome. Where instances of non-compliance result in a tax shortfall, whether self-identified or discovered through audit, the circumstances around the shortfall change the class of penalty that may be applied, and as a result, the amount of penalty. A penalty for not taking reasonable care is 20% of the tax shortfall, while a penalty for evasion is 150% of the tax shortfall. All

shortfall penalties may also be increased by 25% for obstruction or decreased as a result of voluntary disclosure.

At the higher end of intentional non-compliance, we also consider prosecution and criminal penalties in addition to corrected tax obligations, which are not considered in instances of clear misunderstanding or accidental omission.

Right of review

If you disagree with my decision on your OIA request, you have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the OIA. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely



Rian Shearman

Group Lead – Customer and Compliance Services - Individuals

Appendix A – Full OIA Request

I am writing to make a request under the Official Information Act 1982 regarding Inland Revenue's operational handling of KiwiSaver non-compliance concerns raised by workers.

I seek information or related guidance regarding situations where employers may delay, ignore, or fail to action KiwiSaver deduction requests and enrolment obligations for workers. While general information about employer obligations and backdated compulsory employer contributions is publicly available, I remain unclear about Inland Revenue's operational processes for receiving, recording, assessing, and escalating KiwiSaver-related concerns raised by workers.

I am requesting any policies, operational guidance, manuals, workflow documents, staff instructions, escalation criteria, decision-making guidance, or similar material relating to the following matters:

- 1. How Inland Revenue assesses and triages KiwiSaver non-compliance complaints submitted through:
 - o MyIR,*
 - o written communications,*
 - o online reporting portals,*
 - o telephone reporting,*
 - o advisor interactions*
 - o and complaint escalation pathways.**
- 2. The process used to determine whether a complaint will:
 - o receive general guidance only,*
 - o be referred for further investigation,*
 - o be escalated to compliance staff,*
 - o or if and when it may result in enforcement or recovery action.**
- 3. Any internal guidance relating to situations involving existing KiwiSaver members where employers:
 - o delay KiwiSaver deductions for extended periods,*
 - o or may repeatedly fail to action employee requests,*
 - o incorrectly advise workers they must complete probationary or waiting periods before deductions commence,*
 - o or informally suspend deductions without approved opt-out or saving suspension processes.**
- 4. Any operational guidance concerning historic or retrospective KiwiSaver contribution disputes, including situations where:
 - o workers were unaware deductions were not occurring,*
 - o workers believed they remained enrolled,*
 - o or if potential employer conduct may have prevented workers from understanding their KiwiSaver status.**
- 5. Any policies or guidance concerning the interaction between Inland Revenue and MBIE / Labour Inspectorate where employment relationship issues overlap with KiwiSaver contribution concerns.*

6. *Any guidance provided to Inland Revenue staff about responding to vulnerable workers, including workers who may have communication, literacy, neurodiversity, or comprehension difficulties affecting their ability to identify or report KiwiSaver non-compliance concerns.*
7. *Any information about complaint monitoring, prioritisation systems, workload allocation, escalation thresholds, or performance measures used when handling KiwiSaver-related complaints or MyIR communications.*
8. *Any information which explains whether Inland Revenue distinguishes between:*
 - o *employer misunderstanding or administrative error,*
 - o *or negligent failures,*
 - o *and situations where Inland Revenue suspects intentional avoidance or non-compliance.*

If portions of this request are considered too broad, I would appreciate reasonable assistance to refine the request rather than refusal where possible.

I am content for personal identifying information to be removed where necessary. I am primarily seeking policy, operational, and procedural information.




KiwiSaver employer obligations

Published 1/04/2026

Information on what an employer must do when they have new employees or existing employees for KiwiSaver.

On this page

- [The employer's obligation](#)
- [Employer not meeting obligations](#)
- [Failure to deduct](#)
- [Failure to provide](#)
- [Policing](#)
- [Penalties](#)
- [Government contributions](#)
- [Related reading](#)

 **Note:** Employers who are not NZ residents or do not carry out their business from a fixed establishment in NZ may choose for KiwiSaver legislation to apply for them, such as to make KiwiSaver employee deductions and employer contributions for their eligible employees.

The employer's obligation

All employers must comply with KiwiSaver legislation if they are:

- New Zealand residents and carry out their business from a fixed establishment in New Zealand (NZ), or
- If they are a non-resident, carry out their business from a fixed establishment in New Zealand

All employers must determine all new employee's [eligibility to join KiwiSaver](#) and if they are subject to [KiwiSaver automatic enrolment](#) criteria, unless they are exempt employers.

They must:

- Give the employee a current version of the [KS3](#) 'Your introduction to KiwiSaver - employee information' within 7 days from the start date of employment
- Complete the new employees details on the Employee Details. For more information refer to [Employer filing requirements](#)
- Have the employee complete [KS2](#) 'KiwiSaver deduction' form for their records
- Make deductions and [compulsory employer contributions](#) (CEC) from the employee's 1st pay, even if they know that their employee intends to opt out. (But if an employee has in fact opted out after their 1st 2 weeks but before Day 57, the employer is no longer required to make compulsory employer contributions for that employee even if they have not received the opt-out confirmation from Inland Revenue yet.)

Exempt employers are not required to **automatically** enrol new employees.

However, they must:

- Provide a [KS3](#) 'Your introduction to KiwiSaver - employee information' to any employee who asks for information about KiwiSaver
- Make deductions for employees who:
 - are new employees and existing KiwiSaver members
 - opt in to KiwiSaver (either new or existing employees)
- Make [compulsory employer contributions](#) (CEC) to their employees' KiwiSaver or complying fund schemes if:
 - the employee is having member contributions deducted from their salary or wages, and
 - is between 16 years old (or 18 for periods prior to 1 April 2026), and the age they are entitled to withdraw their funds from KiwiSaver or a complying fund scheme.

Complying funds

For the purposes of complying funds (and many other registered superannuation schemes), amounts not included in the gross base salary or wages (such as bonuses, allowances and commissions) are often excluded. The types of payments excluded vary from scheme to scheme and are determined by the trustees (often as a part of the trust deed). This is defined in the complying fund trust deed, with the minimum being the gross salary or wages for the purpose of calculating employee deductions and matching employer contributions.

For further information, refer to [Complying funds](#).

Employer not meeting obligations

The summary in the table below provides the information required to advise employees who are KiwiSaver or complying fund members and are in the situation where their employer:

- Has not automatically enrolled their employee and/or is not making employee deductions (and/or employer contributions) or
- Making deductions but not passing them through to Inland Revenue.

First the employee should speak to their employer about the situation and if the employer still disagrees, then re-contact IR to follow the relevant process based on their situation:

Enrolment Type	Description
New employee and their employer has not automatically enrolled the employee, and/or is not making employee deductions and/or employer contributions	The employee should: <ul style="list-style-type: none">• Ensure they provide the required enrolment information to their employer. <p>Note: The employee may need to give their employer the required KiwiSaver enrolment information again. The employee could take a copy of their enrolment information as a record of their instructions to their employer to make KiwiSaver deductions.</p> <ul style="list-style-type: none">• Inform Inland Revenue of the situation, who will qualify the customer for backdated CEC. Refer to Backdating compulsory employer contributions.

The employee may choose to contact a KiwiSaver scheme provider directly to enrol and make voluntary contributions. It benefits the employee to contact the scheme provider rather than wait until Inland Revenue follows up with the employer because:

- The Government contribution (GVC) start date is set as soon as Inland Revenue is notified by the scheme provider that the member's account is opened and that a 1st contribution has been received, so the scheme provider can make a government contributions claim at the end of the [Government Contribution \(GVC\) year](#)
- Their eligibility to apply for the HomeStart Grant or Withdrawal to purchase 1st home benefits start from the date their scheme provider receives their 1st contribution. For more information on these benefits, refer to [KiwiSaver first home withdrawal](#)

New employee and their employer has automatically enrolled the employee and is making employee deductions and/or employer contributions, but [the deductions have not been passed to Inland Revenue](#)

The employee should:

- Inform Inland Revenue of the situation, who will qualify the customer for backdated CEC. Refer to [Backdating compulsory employer contributions](#)
- Provide copies of pay slips as evidence (if required) that employee deductions have been made and deductions for that employee do not display on the Employment Information form (IR348).

This ensures that:

- The Government contribution (GVC) start date set as soon as Inland Revenue is notified by the scheme provider that the member's account is opened and that a 1st contribution has been received so the scheme provider can make a government contributions claim at the end of the [Government Contribution \(GVC\) year](#).

	<ul style="list-style-type: none"> • Their eligibility to apply for a Savings suspension, HomeStart Grant or Withdrawal to purchase 1st home benefit start from the date their scheme provider receives their 1st contribution.
Complying fund member	<p>The employee should contact their scheme provider who:</p> <ul style="list-style-type: none"> • Monitors employer non-compliance for complying funds • Contacts the Financial Markets Authority if non-compliance persists.

Failure to deduct

Employers will be subject to late payment penalties as set out in the Tax Administration Act 1994. This penalty is applied when an employer fails to:

- Make KiwiSaver deductions from an employee's pay who is a member of KiwiSaver or subject to automatic enrolment
- Make KiwiSaver deductions at the correct rate
- Short paid compulsory employer contributions

From 1 April 2021, compulsory and voluntary contributions will now be liable for UOMI. Voluntary employer contributions will now be liable for late payment penalties and non-payment penalties. Periods prior to 1 April 2021 will not be affected.

Failure to provide

An employer is required to:

- Give a [KS3](#) 'Your introduction to KiwiSaver - employee information' pack (and a Product Disclosure Statement for an employer chosen scheme - if the employer has one) within 7 days of the employee commencing new employment.
- Provide details of new employees who have been automatically enrolled, or employees who opt in via the employer.

- Forward to Inland Revenue all [KS10](#) 'New employee opt-out request' forms given to them.

This information is required to be sent to us no later than their next employment information return.

If the employer fails to do this the employer will be subject to the [late payment penalties](#) as set out in the Tax Administration Act 1994.

Note: The employer will not be penalised for failure to provide an information pack, if the employer contacted IR as soon as they realised they did not have sufficient packs and IR failed on this request. The employer will not be penalised if an employee fails to supply or supplies incorrect information to them.

Policing

All employers are responsible for making various deductions and ensuring that the related payments and documentation is sent to Inland Revenue on time. It is a serious matter if an employer does not properly deduct, make payments or notify Inland Revenue of deductions via returns. Employers face penalties if they do not meet their responsibilities.

KiwiSaver penalties are not disputable but can be considered for remissions under sections 183A and 183D of the Tax Administration Act 1994.

For further information on the EMP policing, refer to [Return policing - filing expectations](#).

Penalties

Deductions not forwarded to Inland Revenue

If KiwiSaver deductions are made but not forwarded to Inland Revenue the PAYE penalty regime of the Tax Administration Act 1994 will apply (late payment penalties, UOMI and possibly shortfall penalties).

Late payment penalty

Before 1 April 2009 - Late payment penalties and incremental penalties were applied to the KSE tax type only.

From 1 April 2009 - Late payment penalties and incremental penalties are applied to the KSE tax type and [compulsory employer contributions](#) (CEC) only. No late payment penalties were charged on voluntary employer contributions (VEC).

From 1 April 2021 - Late payment penalties and interest apply to VEC and interest applies to CEC. This applies to VEC and CEC in periods from 1 April 2021.

For information on how the penalties are applied, refer to [Penalties and interest](#).

Non-payment penalty

A non-payment penalty is a shortfall penalty that applies to employers who have filed their IR348 showing an amount of tax payable (the returned amount) but have not paid it in full.

The penalty will be either 10% or 5% depending on what action the employer takes, and the maximum non-payment penalty applied in relation to any one schedule is 150% of the amount owing the day before the 1st non-payment penalty is chargeable. For further information on the non-payment penalty, refer to [Non-payment penalty on employment deductions](#).

Normal late payment penalties and interest will still apply.

From 1 April 2009 non-payment penalties apply to CEC only. Interest is not charged on KSR.

Before 1 April 2009 non-payment penalties applied to the KSE tax type.

Use of money interest

From 1 April 2009 credit interest applied to KSR tax type but not debit interest. For more information on interest refer to [Use of money interest \(UOMI\)](#).

Before 1 April 2009 debit and credit interest applied to KSE tax type only.

Government contributions

Employer non-compliance which results in a KiwiSaver or complying fund member not receiving their employee deductions in their account at the end of the [Government Contribution \(GVC\) year](#) may impact on when the member receives their [government contributions \(GVC\)](#) entitlement and how much GVC they receive.

Related reading

KiwiSaver Act 2006

- [Section 23](#) Employers must give information to Commissioner
- [Section 40](#) Commissioner must supply information pack
- [Section 42](#) Employer must supply information pack to certain employees
- [Section 43](#) Employer must also supply investment statement for employer's chosen KiwiSaver scheme (if any)
- [Section 66](#) Obligation to make deductions: general rule
- [Section 69](#) Unremitted deductions made by employers
- [Section 98](#) Short payments by employers if not enough money remitted to Commissioner to cover all of employees' deductions and employer contributions (Repealed)
- [Section 215](#) Penalty for employer to fail to provide information

Tax Administration Act 1994

- [Part 9](#) Penalties

Employment Relations Act 2000

- [Section 4](#) Parties to employment relationship to deal with each other in good faith

IR website

- [KiwiSaver for employers](#)
- [Opt an employee into KiwiSaver](#)



EMPLOYMENT ACTIVITIES

Employer obligations

Published 7/05/2026

Information regarding the obligations employers have to Inland Revenue in relation to deductions from payments made to people who work for them.

On this page

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[Overview](#)

[Ways to register as an employer](#)

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[Child support deductions](#)

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[Overseas Employees](#)

[PAYE special arrangements](#)

[Fringe benefit tax \(FBT\)](#)

[Payroll information that must be supplied to employees](#)

[Paid parental leave \(PPL\)](#)

[Related reading](#)

Knowledge is gold. Share yours and help us grow Te Mātāwai.

Overview

Employers are required to register with Inland Revenue and to make deductions from payments made to people who work for them. The employer must always keep full and accurate wage records and file pay information to Inland Revenue. For information regarding employer filing obligations refer to [Employer filing requirements](#)

The employer must pay PAYE to Inland Revenue by the due date, for information on payment due dates for employers refer to [EMP payment due dates](#).

Ways to register as an employer

The preferred methods for EMP registration are through myIR or via the [Companies Office](#) at the time of incorporation, see [Employers - registration](#) for more information.

Tax codes

All employees must fill in either an IR330 Tax code declaration (for employees) or an IR330C Tax rate notification for contractors (for contractors receiving a schedular payment). This is retained by the employer. The employer may retain an electronic record of the paper form or the original IR330.

If an IR330 or IR330C is not completed, tax must be deducted at the no-notification rate of 45 cents per dollar (plus ACC earners levy for employees) or 20 cents per dollar for non-resident companies receiving schedular payments.

Employers may be contacted by Inland Revenue asking them to change their employees tax codes. They will be advised which employees are using the incorrect tax codes and let them know which code the employee should be on. This change will need to be made in the next pay period.

This may also happen for contractors using an incorrect rate for schedular payments, they will be advised of the correct rate to use. This change will need to

be made in the next pay period. More details are included in the letter that we issue.

Child support deductions

Inland Revenue assess and collect child support from liable parents and may require employers to deduct child support from any employee's wages, they are legally required to do so on request. For more information, refer to [Child support employer deductions](#)

Student loan repayments

Employee with M SL tax code

Any employee with the tax code M SL you must deduct student loan repayments along with the normal PAYE and pay them to Inland Revenue. The IR340 and IR341 PAYE deduction tables show the amount of PAYE and student loan repayments to be made. The [PAYE/Kiwisaver deductions calculator](#) on our website also show the deductions to be made.

Deductions are made at the rate of 12 cents for every dollar earned over the pay period threshold. For pay threshold information, refer to [Tax codes](#).

Example

Keegan has a tax code of M SL, his weekly gross pay is \$500.00. Taking into account the \$380 weekly repayment threshold, Keegan has \$120 subject to student loan repayment deductions. Keegan will have a \$14.40 student loan repayment deducted from his wages.

Employee with secondary tax code

For an employee with an SB SL, S SL, SH SL, ST SL or SA SL from 1 April 2021) tax code, student loan repayments are to be made at 12 cents in the dollar from the first dollar earned.

No student loan deductions from some income types

You do not deduct student loan repayments for any of the following:

- Casual agricultural employees (CAE)
- Election day workers
- People on schedular payments
- People on the no-notification rate

Paying the student loan deductions to Inland Revenue

The employer must show the employee's student loan repayment deductions on their Employment Information (EI) return.

Additional deduction requests

If an employer is asked to deduct arrears (e.g. section 157, section 154) from an employee's wages, legally they must make these deductions. This is set out in various legislation.

Refer to [Deduction notices - Bank, employer or other third party](#).

KiwiSaver

Kiwisaver deductions

If an employer has an employee who is eligible to be automatically enrolled in KiwiSaver, or is currently a member of KiwiSaver they must make deductions from the employee's wages at the specified rate. If a rate is not specified the default 3.5% should be applied.

Refer to [KiwiSaver employer obligations](#)

KiwiSaver compulsory employer contributions

Employers are required to make compulsory employer contributions (CEC) to their employees KiwiSaver schemes or complying funds if:

- The employee is having member contributions deducted from their salary or wages, and
- Is between 16 years old (or 18 for periods prior to 1 April 2026), and the age of eligibility for withdrawing from KiwiSaver or the complying fund.

Refer to [Compulsory employer contributions](#)

Employee share scheme (ESS) benefits

If an employer provides an employee with benefits under an employee share scheme they will be required to show the value of the ESS benefits on their Employment Information (EI) return. Refer to [Employee share schemes \(ESS\)](#).

Payroll giving

The payroll giving scheme is voluntary for both employers and employees. If employers choose to implement the scheme in their workplace their employees do not have to take part if they do not wish to.

If their employees do choose to make donations via payroll giving employer's are required to pass any donations to the donee within 2 months of the PAYE period in which the donation was deducted. They also need to calculate the tax credit for payroll donations each employee is entitled to for that pay period and include this on their Employment Information (EI) return. Refer to [Payroll giving](#)

Horticultural or viticultural industries

Contractors including companies who are operating in the horticultural and viticultural industries will be required to have tax deducted for work on or in connection with land used or intended to be used for horticulture, or viticulture, being other work or services in the nature of any of the following:

- Picking and packing of fruit or grapes
- Pruning or thinning of fruit trees or grapes

An IR330C must be completed and tax deducted using the rate on that form.

Refer to [Tax deductions for horticulture, viticulture and agriculture contractors](#)

Labour hire arrangements

Contractors (including companies) that receive payments under labour hire arrangements must have tax deducted under the schedular payments rules.

An IR330C must be completed and tax deducted using the rate on that form. This is retained by the employer.

Overseas employers

Overseas employers with employees working in New Zealand will need to register as an employer with Inland Revenue if:

1. They have a 'sufficient presence' in New Zealand; or
2. They provide their employees with non-cash benefits or make contributions to their superannuation scheme or fund, (unless they agree with the employee that the employee is responsible – this must be documented)

For help in determining if a Non-resident employee has sufficient presence refer to [OS 21/04](#) - Non-resident employers' obligations to deduct PAYE, FBT and ESCT in cross-border employment situations.

Treatment of contributions to a foreign superannuation scheme

FBT is the default treatment however, an employer may choose to apply employer superannuation contribution tax (ESCT) to cash contributions to a foreign superannuation scheme. This includes contributions to sickness, accident, or death benefit funds within that scheme (so that apportionment of the contribution is not required).

An employee may also agree with the employer to treat the cash contribution as salary or wages to be taxed under the PAYE rules.

Safe harbour for incorrect determination

When a non-resident employer is not paying payroll taxes on payments made to New Zealand based employees, they may need to correct their position. Such a situation may arise where the non-resident employer had not properly understood their obligations or had incorrectly determined they had no obligations to pay these taxes.

To correct matters the employer should consider making a voluntary disclosure and pay the outstanding tax along with any penalties and interest that may be required.

From 1 April 2023 a safe harbour is available for those non-resident employers who had not been deducting and paying the taxes as they should have been.

The safe harbour will apply where the non-resident employer has:

- either two or fewer employees present in New Zealand at any point in the income year, or pays \$500,000 or less of gross employment-related taxes in New Zealand for the income year, and
- within 60 days of the failure, taken reasonable measures to manage their employment related tax obligations.

Where the safe harbour requirements are met, the non-resident employer would be protected from penalties and interest on the unpaid tax.

Refer to [Voluntary Disclosures](#).

60-day grace period

From 1 April 2024, employers who are required to deduct tax and have not done so, will have 60 days to file the required return and make a payment if certain criteria are met.

The grace period applies as long as the employer has taken reasonable measures to manage their employment-related tax obligations, and the employee is present in New Zealand for a period during which the employee has:

- Breached a threshold for exemption under section CW 19 of the Income Tax Act 2007; or
- Breached a threshold for exemption under a relevant double taxation agreement; or
- Received an unexpected PAYE income payment.

The 60-day grace period runs from the earlier of the date of breach or payment (as applicable) or the date on which the employer could reasonably foresee that a breach or payment would occur. Refer to [Explain non-resident employer contractor filing tax obligation](#).

The 60-day grace period also applies to non-resident contractors. Refer to [Explain non-resident contractors tax obligations](#).

Overseas Employees

If a resident employer either employ's non-residents in a foreign country or sends current employees to a foreign country to work there may be a change in obligations.

- Employing a current non-resident of NZ in a foreign country. There is no taxing right on the employees income as it is non-resident foreign sourced income. The employer will need to consider their obligations in the foreign country. There may be a requirement to deduct PAYE should the employee come to NZ to work for any period of time. This will depend upon the applicable DTA.
- Sending a current NZ tax resident to work in a foreign country will have consequences for PAYE dependant upon the applicable DTA. Generally if the employee remains a NZ tax resident there will be relief from foreign tax provided there are no local rules which require tax to be deducted. If there is such a requirement the employee can apply for a tailored tax code or the employer can apply for an annual PAYE arrangement (see following section). If the employee is permanently transferring to a foreign country and will become a non-resident, the employer should cease deducting PAYE and ascertain their obligations in the foreign country. If the employer incorrectly deducts PAYE the employee can seek a refund by filing an IR3N or by the employer amending their EI's. see operational memo [Interim Position on PAYE refunds for non-resident employees](#).

PAYE special arrangements

From 1 April 2024, anyone who employs cross-border workers can apply to us for an annual PAYE arrangement. This special arrangement means PAYE can be paid by May 31 following the end of the tax year, instead of after each payday. Requests can be made under RA 15(4B) of the ITA and section 23Q of the TAA.

An annual PAYE agreement is only approved when 'special circumstances' exist, and employers establish the scenarios that qualify for annual payments of tax.

Examples of special circumstances could include:

- short-term international business travellers
- trailing compensation, for example FBT benefits, bonus/share payments made to employees who have left New Zealand already
- tax equalised individuals.

Non-resident employers are required to set up a shadow payroll before they can file employment information and make payment.

Requests can be made through myIR, or by contacting Inland Revenue. Please make sure the customer includes:

- name and IRD number of the employee
- a description of the class of employees the arrangement relates to
- the special circumstances relating to the arrangement

<p>Short-term International business travellers</p>	<p>An employee whose activities in the <i>host country</i> will typically be of a limited duration within a 12-month period.</p> <p>A short-term business trip may be exempt under either the 92-day rule in CW 19, or the 183-day rule as contained in applicable double tax agreements. However, if the duration exceeds the applicable exemption, New Zealand income tax will be due. The Commissioner may agree with the employer that this is a special circumstance and allow the employer until 31 May to report and pay this additional payment.</p>
<p>Tax equalisation</p>	<p>As tax rates differ between countries, <i>tax equalisation</i> is an approach that ensures a worker is neither advantaged nor disadvantaged by accepting an <i>assignment</i> to a particular country. The employee and <i>home country employer</i> agree net pay on a "neither better nor worse off" or "stay at home" basis. The <i>home country employer</i> deducts a hypothetical <i>home country</i> tax from the employee's remuneration, excluding any components that are paid purely because of the <i>assignment</i>. The <i>home country</i> and <i>host country employers</i> are responsible for the payment of tax due to the respective revenue authorities, as per the terms of the <i>assignment</i>.</p>
<p>Trailing payments</p>	<p>A payment received by an employee for services provided in New Zealand that are made after the employee has ceased to live/work in New Zealand, but relating to the <i>assignment</i> period; for example, a bonus/share payment, or FBT benefits. The Commissioner may agree with the employer that this is a special circumstance and allow the employer until 31 May to report and pay this additional payment.</p>

Fringe benefit tax (FBT)

If employers provide Fringe benefits to their employees, shareholders or other people associated with their business, they must generally pay fringe benefit tax (FBT) on the value of the benefits. Refer to [Fringe benefit tax](#)

Payroll information that must be supplied to employees

An employer will need to give payroll information to their employees only if any of these apply:

- There is no IRD number for that employee on the employer's Employment Information (EI) return
- The employee needs their details early because they're leaving the country
- Deceased employees (but don't mention this unless relevant).

In other situations the employee can request a summary of income (previously called summary of earnings) from Inland Revenue.

If the employee believes their summary of income is not accurate they can approach the employer for the relevant payroll information.

If the employer does need to give payroll information to their employee, the required information is:

- Gross income
- PAYE deducted
- Period employed
- Any child support amounts deducted
- Any student loan amounts deducted
- Any KiwiSaver employee deductions
- Any KiwiSaver employer contributions
- Any donations made via payroll giving
- Any tax credits for payroll donations

If the employee receives a payslip each payday and these payslips show the year to date totals, the year's last payslip will show the totals for the year.

A formal written letter to the employee would be ideal, but the important thing is that they get the correct information, so verbal advice is okay. Giving this information to an employee does not exempt the employer from filing the missing schedules.

Paid parental leave (PPL)

For information on employer obligations for PPL, refer to [Paid parental leave \(PPL\) employer obligations](#)

Related reading

Knowledge is gold. Share yours and help us grow Te Mātāwai.

[About Te Mātāwai](#) [About Employment activities](#) [Contact us](#) [Support Portal](#)

KiwiSaver enrolment overview

KiwiSaver enrolments can be received via paper, through myIR, from the KiwiSaver scheme provider and in some instances over the phone.

- ⚠ From 1 April 2026, the minimum contribution (default) rate increased from 3% to 3.5% and the age for compulsory employer contributions lowered from 18 to 16.


On this page

- [Required information](#)
- [Existing KiwiSaver members](#)
- [Re-enrol in KiwiSaver](#)
- [Automatic enrolment](#)
- [Non-salary or wage earners](#)
- [Enrol directly through a KiwiSaver scheme provider](#)
- [Children joining KiwiSaver](#)
- [Related reading](#)

Required information

Customers who want to join KiwiSaver are required to provide the following to an employer by completing a "KiwiSaver deduction form" ([KS2](#)) or in writing:

- Name and contact details
- IRD number
- Whether they are a KiwiSaver member
- Deduction rate (the default rate is 3.5%)
- Signed as correct by the employee

 This includes customers who requested to be enrolled into KiwiSaver via their employer.

Existing KiwiSaver members

Employees who are KiwiSaver members must contribute to KiwiSaver through their employer and have deductions taken from their salary or wages (subject to eligibility). They cannot bypass their employer by contributing directly to a KiwiSaver scheme provider although, they can apply for a [KiwiSaver savings suspension](#) after being a member for 12 months. When starting new employment, members must provide the [required enrolment information](#) to their employer upon commencing work. This advises their employer that they are a KiwiSaver member, what rate to make their deductions (either 3.5%, 4%, 6%, 8% or 10%, or 3% if they are on a temporary rate reduction), or whether they are on a savings suspension.

Re-enrol in KiwiSaver

This is for when an employee has either; opted out and has changed their mind or had their account closed previously.

Once the member has opted out or their KiwiSaver account has been closed, members will need to re-enrol either through their employer or directly through a KiwiSaver scheme provider of their choice. If the member has completed an opt out Inland Revenue cannot stop the opt out process. The member will need to either:

- Enrol through their chosen KiwiSaver provider
- Wait until they have received an opt out confirmation letter and refund of their deductions before they re-enrol through their employer.

Automatic enrolment

Automatic enrolment does not apply where the person does not meet the [Eligibility to join KiwiSaver](#).

All eligible new employees who meet the [KiwiSaver automatic enrolment](#) criteria and are not already KiwiSaver members will be automatically enrolled in KiwiSaver unless their employer is an exempt employer. Refer to [Employer exemption from KiwiSaver auto-enrolment](#)

When an employer files the Employment Information (EI) and indicates they have a new employee they are required to complete the new employee section which along with a KiwiSaver deduction creates an automatic enrolment. An [IR346/IR346K](#) 'New employee details' form can still be created however is not necessary.

To meet their [KiwiSaver employer obligations](#) employers must:

- Determine whether a new employee is eligible to be a KiwiSaver member and is subject to automatic enrolment
- Complete a [IR346/IR346K](#) and submit it to Inland Revenue
- Deduct KiwiSaver from their employees first pay
- Make [Compulsory employer contributions](#) (CEC) where applicable

It is a requirement of KiwiSaver legislation that the employer must enrol their employee, make deductions and contributions from the employees first pay even if they know that their employee intends to opt out.

Some employers may not realise that they still have to make deductions and contributions when an employee intends to opt out.

To find out who can be excluded from the automatic enrolment process, refer to [KiwiSaver automatic enrolment](#).

Non-salary or wage earners

If someone is not a salary or wage earner (for example self-employed or beneficiary) and wants to become a KiwiSaver member, they need to enrol directly through their chosen KiwiSaver scheme provider by completing an enrolment application, once this has been completed there is no ability for a member to opt out.

If the member becomes a salary or wage earner, they will be required to have deductions and CEC, unless they apply for a savings suspension.

Non-salary or wage earners who are entitled will receive the [Government contributions \(GVC\)](#) however will not have CEC until they receive a salary or wage subject to PAYE and contribute to KiwiSaver from that salary or wage.

Enrol directly through a KiwiSaver scheme provider

A new member can join KiwiSaver by contacting a scheme provider directly, rather than by joining through an employer. The member will need to complete an enrolment form with their chosen provider. Once Inland Revenue receives this information from the scheme provider, we do not need another copy from the employer.

When an employee advises that they have enrolled directly with a scheme provider, the employer must still complete the IR346 form.

The KiwiSaver scheme provider will provide the member a copy of the Product Disclosure Statement for their scheme. Once a member has chosen to enrol through a KiwiSaver scheme provider, they are unable to opt out.

The active choice enrolment date is the date of the B2B message from the KiwiSaver provider or account open date, whichever was earlier.

Children joining KiwiSaver

A child must meet the [eligibility to join KiwiSaver](#) as well as the following:

- A child under 16 requires 1 of their legal guardians to enrol them directly with their chosen scheme provider
- A child aged 16 or 17 requires 1 legal guardian to co-sign the enrolment. If the child does not have a legal guardian, they may enrol themselves directly with a scheme provider

Children must enrol into KiwiSaver directly through a scheme provider, it is at the scheme providers discretion to accept or refuse the application. If accepted all correspondence between the child and the scheme provider must be treated as if the child was 18 years old.

Once an employee under 18 is accepted by the scheme provider, we will write to the employer and ask them to start deducting their contributions. We will provide the employer with the contribution rate for that employee and their name and IRD number.

Conditions for members under 16 years

- No entitlement to government contributions until the child turns 16 (18 prior to 1 July 2025)
- No entitlement to employer contributions until the child turns 16
- The member must have KiwiSaver deductions from their salary or wage

For more information around children opting out of KiwiSaver refer to [KiwiSaver opt out](#).

Related reading

KiwiSaver Act 2006

- [Section 9](#) Outline of how people become members of overall KiwiSaver scheme
- [Section 10](#) Who automatic enrolment rules apply to
- [Section 22](#) Employees giving information to employers
- [Section 23](#) Employers must give information to Commissioner
- [Section 35](#) Opting in by persons under 18
- [Section 36](#) Effect of opting in by employees

IR website

- [KS4](#) KiwiSaver employer guide
- [IR333](#) New employer information
- [IR335](#) Employers guide
- [IR320](#) Smart business guide

KiwiSaver deductions and contributions overview

Published 20/04/2026

Information on the deductions of KiwiSaver from salary or wages and employer contributions.

Related content



KiwiSaver gross salary or wages
Definition of this term.

On this page

Expand All

[Related content](#)

[Employee with salary or wages](#)

[Tax on scheme contributions](#)

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[Employee belongs to multiple schemes](#)

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[Members over 65 years](#)

[When KiwiSaver member receives income under the Veterans' Support Act 2014](#)

[When KiwiSaver members receive ACC payments](#)

[When KiwiSaver members go on leave](#)

[When KiwiSaver members change employers or start a new job](#)

[Contributions to KiwiSaver when a member moves overseas](#)


[Member on a savings suspension](#)

[Contributions to KiwiSaver when a member is a shareholder employee](#)

[Contributions refunded to employee and included on IR348](#)

[Related reading](#)

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Employee with salary or wages

New or existing employees who are KiwiSaver members must contribute to KiwiSaver through their employer and have deductions made from their gross salary or wages, regardless of any other retirement scheme they may also be contributing to, unless they:

- Are on a valid [KiwiSaver savings suspension](#)
- Have reached the age of eligibility to withdraw and have completed a [KS51 Non-deduction notice](#).

There is no minimum or maximum income thresholds for deductions (such as contributions apply to all gross salary or wages). They can also make [KiwiSaver voluntary contributions](#) directly to their scheme provider. Employees use their usual tax code and employers continue to deduct PAYE based on this code.

Tailored tax codes - If an employee is using a tailored tax code, any KiwiSaver contributions are in addition to the rate given on the tailored tax code certificate.

Example

If an employee has a tailored tax deduction rate of 30% and makes KiwiSaver contributions of 4%, the total deductions from their salary or wages will be 34%.

Each member's KiwiSaver contributions are paid to Inland Revenue and held for an initial holding period of 2 months. The 2 month holding period takes effect from the date of the member's first contribution. Refer to [When KiwiSaver scheme provider receives member contributions](#) for details.

Interest is paid on the contributions while they are with Inland Revenue - refer to [KiwiSaver interest](#).

State and integrated schools

Refer any education sector employees or employers to the [Novopay](#) website for information about KiwiSaver.

Casual employee engaged on irregular and intermittent basis receiving holiday pay with wages

If a casual employee is not an existing KiwiSaver member, they are not subject to automatic enrolment. KiwiSaver deductions are not required unless the employee opts in by providing their employer with a KS2. Each time the employee accepts an offer of work it is treated as a new period of employment, so is considered temporary. An [EMP deduction exemption](#) (Type: Casual Employee) can be added to record that the employee is casual so not eligible for KiwiSaver automatic enrolment.

If a casual employee is an existing KiwiSaver member, then KiwiSaver deductions and contributions are required unless the employee has a current [KiwiSaver savings suspension](#)

Tax on scheme contributions

KiwiSaver or complying fund member contributions are calculated on gross salary or wages and deducted from the **net** salary or wage.

Tax is deducted at the same time the deduction is made, so any withdrawals from a KiwiSaver or complying fund scheme will not be taxed again (such as, withdrawals are tax-free).

Salary sacrifice arrangements

An employer and employee may mutually agree that the employee's salary will be reduced by the amount of the employer's contribution to their KiwiSaver or complying fund scheme. For more information refer to [KiwiSaver salary sacrifice](#).

Deceased employee

A person is deemed to no longer be a member of KiwiSaver from the date of death. There should be no more contributions or deductions made from salary or wages after this date.

Non-employee contributions

The member makes KiwiSaver contributions directly to their scheme provider or through Inland Revenue. The contribution rate, payment method and frequency are agreed between the member and scheme provider.



Examples of a non-employee

IR56 taxpayer, self-employed, persons who receive schedular payments (WT) or beneficiary.

Employer contribution

Employers generally must make compulsory employer contributions (CEC), these must start from the next calculation of salary or wages for the employee, with the KiwiSaver deductions. For more information on when an employer must contribute or not, refer to [Compulsory employer contributions](#).

Employee belongs to multiple schemes

If an employee is a member of both KiwiSaver and a complying fund, the employer is required to make only 1 set of compulsory employer contributions (CEC). The employer and employee should agree between them which fund the CEC are to be paid to. If they are unable to agree, then the contributions must go to the employee's KiwiSaver scheme.

If the employer's contribution to a complying fund is at a rate less than the CEC rate, they will need to pay any difference as a CEC to the employee's KiwiSaver scheme. For more information, refer to [Contributions to superannuation schemes](#).

If an employee is a member of both KiwiSaver and another superannuation scheme, the employer is required to make KiwiSaver employee deductions, unless the employee has a current savings suspension.

KiwiSaver contributions when income source changes

Multiple jobs

When an employee has multiple jobs:

- **Prior to joining KiwiSaver** - Deductions are only required from the job they started at the date of joining KiwiSaver (if automatically enrolled) or the job they nominated (if they opted-in). They don't have to have deductions from any of their other jobs.
- **After joining KiwiSaver** - Deductions are required from any new employment started since joining KiwiSaver. They can apply for a [KiwiSaver savings suspension](#) to stop deductions from each/all jobs, as required.
- **Active choice enrolment** - Deductions are required from all jobs. We are required to send notification to each of their employers to start deductions at the time of their enrolment. They can apply for a [KiwiSaver savings suspension](#) to stop deductions from each/all jobs, as required.

If deductions are being made from an employee's pay, generally the employer will need to make [compulsory employer contributions] as well.

Two jobs with 1 employer

KiwiSaver deductions are taken from the total gross salary or wages paid by that employer regardless if this is for more than 1 position with the same employer.

Members over 65 years

Employees can stop deductions from their salary at any time after reaching their eligible withdrawal date by giving their employer a [KS51 Non-deduction notice](#).

If they wish to continue or restart deductions, they can by:

- Making voluntary payments to their provider or Inland Revenue, or
- Giving their employer a [KS2](#) - Employers must continue to make deductions from their employees salary, if the employee choses to continue to contribute to KiwiSaver.

When KiwiSaver member receives income under the Veterans' Support Act 2014

The following applies to customers who are receiving Weekly Income Compensation or Weekly Compensation under the Veterans' Support Act 2014. These customers:

- Need to contact a scheme provider directly to opt in if not already a KiwiSaver member
- Can choose to pay directly to the scheme provider by negotiating the terms and conditions of their enrolment, for example contribution rate, payment method and frequency, or
- Can request deductions be made from their payments by contacting Veterans' Affairs New Zealand (VANZ) but they will NOT be entitled to [compulsory employer contributions \(CEC\)](#).
- Must have KiwiSaver employee deductions made by their employer if they are working as well as receiving Weekly Income Compensation or Weekly Compensation

- Can't opt out of KiwiSaver, but will be able to apply for a [KiwiSaver savings suspension](#)
- May be entitled to receive a [government contributions \(GVC\)](#) on the contributions (employee deductions and/or voluntary) they have made in the GVC year.

When KiwiSaver members receive ACC payments

The following applies for KiwiSaver members who receive ACC payments:

Applies to	Description
<p>An employer takes part in the Accident Compensation Corporation's (ACC) partnership programme or has an ACC employer reimbursement agreement</p>	<ul style="list-style-type: none"> • The employer continues to: <ul style="list-style-type: none"> ◦ pay their employee after an accident ◦ make any KiwiSaver employee deductions that were in place before their employee's accident • The employer can choose to make compulsory employer contributions but are not obliged to • The employee must apply to IR for a savings suspension to stop KiwiSaver contributions being made from their salary or wages
<p>ACC pays weekly compensation to the employee</p>	<p>The employer does not make:</p> <ul style="list-style-type: none"> • employee deductions from those payments • compulsory employer contributions (CEC)

When KiwiSaver members go on leave

The following applies for KiwiSaver members who go on leave:

Applies to	Description
On sick leave, annual leave (whether staying in New Zealand or going overseas), or paid parental leave (PPL) and still being paid by their employer	Continue from salary or wages unless they go on a KiwiSaver savings suspension
On paid parental leave (PPL) and not receiving any payments from their employer	Customers can choose to have KiwiSaver deducted from their PPL payments refer to Paid parental leave (PPL) deductions from entitlement
Unpaid leave	Stop automatically Note: Members can remain contributing by contacting their provider.

When KiwiSaver members change employers or start a new job

The following applies for KiwiSaver members who change employer or start a new job:

Applies to	Description
Still earns a salary or wage	The member will need to provide the required enrolment information to their new employer so that: <ul style="list-style-type: none"> Employee deductions will continue at the requested contribution rate and Their employer knows they are required to make compulsory employer contributions and deduct ESCT from their contributions.
Is not earning a salary or wage	Any arrangement to make KiwiSaver contributions between the member and their scheme provider will continue.
Starts a new job, becomes an employee and starts earning a salary or wage	The member will need to: <ul style="list-style-type: none"> Provide the required enrolment information to their new employer so that:

	<ul style="list-style-type: none"> ○ Employee deductions will continue at the requested contribution rate and ○ Their employer knows they are required to make compulsory employer contributions and deduct ESCT from their contributions • Contact their scheme provider to confirm they are now earning a salary or wage and cancel any contribution arrangement they had with the scheme provider
Stops earning a salary or wage, eg they become self-employed	<p>Employee deductions and compulsory employer contributions (CEC) will stop from their old job.</p> <p>Contact their scheme provider to confirm they are not earning a salary or wage and make an arrangement to make KiwiSaver contributions such as establish an automatic payment for contributions.</p>

Contributions to KiwiSaver when a member moves overseas

When a member returns to New Zealand they can re-join KiwiSaver if they're eligible. The following applies for KiwiSaver members who move overseas:

Applies to	Description
Joins KiwiSaver before they go overseas	<p>The member is eligible for the:</p> <ul style="list-style-type: none"> • \$1,000 KiwiSaver Kick-start (if they joined before 21 May 2015) • Government contributions (GVC) until they leave New Zealand
Is a KiwiSaver member and has since moved overseas	<p>The member:</p> <ul style="list-style-type: none"> • Can continue to make voluntary or lump sum contributions • Is not entitled to receive the government contributions unless they're a: <ul style="list-style-type: none"> ○ New Zealand state sector employee living overseas, or

- New Zealander volunteering or working overseas for token payment for a specified charitable organisation.
- Can apply to withdraw their funds and close their KiwiSaver account after 1 year if they permanently emigrate (to countries other than Australia). Refer to [Withdraw KiwiSaver contribution requests](#)

Member on a savings suspension

Any employer contributions made while the employee is on a savings suspension or not earning salary or wages will be voluntary and are liable for employer superannuation contribution tax (ESCT) as normal.

Contributions to KiwiSaver when a member is a shareholder employee

Companies generally pay out their shareholders at the after the end of the income year, out of the company's profits. Companies may choose to pay their shareholder-employees a salary/wage part way through the income year to help relieve the end-of-year burden.

Shareholders who are paid salary or wages for less than a full year from a Close company are subject to the following rules.

They are not required to have KiwiSaver deductions made from their shareholder-employee's salary, unless:

- they receive the salary or wage payments in regular pay periods throughout the income year or
- they derive 66% or more of their annual gross income from the company in that income year.

Generally, this means that if a company starts paying a salary to the shareholders part-way through the income year, they may only have to deduct KiwiSaver from the start of the next income year. The relationship between the company and the shareholder doesn't become an employer/employee relationship until the beginning of the new income year.

Example

A close company makes annual payments to shareholders each year from the company profits. In August, they decided to start paying their shareholder-employees a salary/wage. Assuming the company has a 31 March balance date, the legal requirement for the company to deduct KS from the shareholder-employees doesn't commence until the following 1 April.

A company (or shareholder-employee) may still choose to have deductions/CEC made from when they start receiving salary/wages.

With the abolition of the ETC claims there is no risk to the revenue.

Contributions refunded to employee and included on IR348

The trigger for this call is if an employer receives a statement with a debt. Some employers have:

- Refunded employee deductions to their employees when they opt out, and
- Displayed the amount of employee deductions on their employment information form (IR348)

This results in the following:

- A debt in the employers account (because they put an employee deduction amount on their IR348 but didn't make the payment)
- The employee receiving a refund from their employer and an automatic refund from Inland Revenue.

KiwiSaver legislation doesn't allow Inland Revenue to refund the employer. They will need to retrieve the refund from their employee.

Related reading

KiwiSaver Act 2006

- [Section 38](#) Providers must give notice to Commissioner if they contract directly with members
- [Section 39](#) Commissioner must give notice to employer
- [Part 3](#) KiwiSaver contributions
- [Section 66](#) Obligation to make deductions: general rule
- [Part 3 Subpart 2](#) Miscellaneous provisions relating to contributions Inland Revenue KiwiSaver Holding Account
- [Section 84](#) Interest on money in holding account
- [Section 85](#) Time when contributions treated as received for interest purposes
- [Section 90](#) Position if Commissioner's paying rate changes
- [Part 3 Subpart 3](#) Contributions other than deductions from salary or wages
- [Section 229](#) Regulations relating to mortgage diversion facility

IR website

- [KS2](#) KiwiSaver deduction form
- [KS3](#) Your introduction to KiwiSaver - employee information
- [KS4](#) KiwiSaver employer guide

External websites

- [Sorted](#) - KiwiSaver savings calculator

Compulsory employer contributions

Published 1/04/2026

Information on Compulsory employer contributions (CEC), that are the contributions employers are required to make to their employees' savings in KiwiSaver and complying funds schemes. They provide a further incentive for people to continue saving for their retirement.

On this page

- [How contributions are paid](#)
- [Employer obligations](#)
- [Employment contracts](#)
- [Employer contributes to another superannuation scheme](#)
- [View CEC and VEC](#)
- [Calculating CEC](#)
- [IR56 workers](#)
- [Related reading](#)

How contributions are paid

KiwiSaver employer contributions are paid to Inland Revenue (IR) through the PAYE system and complying fund contributions are paid directly to the scheme provider. Employers are required to pay CEC at the same time as they pay PAYE and employee deductions to Inland Revenue, refer to [EMP payment due dates](#).

⚠ It is the employer's responsibility to know what kind of scheme they contribute to in their workplace on behalf of their employees. If an employer is unsure, refer them to their scheme provider to confirm.

Be aware that the advice you provide could determine whether an employer makes CEC or not. If an employer chooses not to make CEC and they are required to, they could accrue a debt.

Employer obligations

Employers must provide CEC if any of the following apply:

- They have automatically enrolled a new employee, or
- They have been advised the employee has joined KiwiSaver (either by IR or by the member)
- The employee is on a [KiwiSaver savings suspension](#), but has asked for deductions to restart
- The employee is over the age of 16 (or 18 for periods before 1 April 2026) and has not yet reached the age of eligibility to withdraw their KiwiSaver funds
- If the employee has a [KiwiSaver temporary rate reduction](#), the employer may choose to lower their employer contributions to match the reduced rate of 3% for that period.

But if an automatically enrolled employee has opted out after their 1st 2 weeks but before day 57, the employer is no longer required to make compulsory employer contributions for that employee even if they have not received the opt-out confirmation from Inland Revenue yet.

⚠ KiwiSaver members who were aged 60 years or older and joined prior to 1 July 2019 were required to be KiwiSaver members for at least 5 years before they could withdraw their savings under the retirement option. However, from 1 April 2020 members could choose to exit from KiwiSaver after they turn 65 - they did not need to be locked in for 5 years.

The 5-year lock in period ended on 1 July 2024.

If an employee reaches the age of eligibility to withdraw their funds for retirement (currently 65), regardless of how long they have been a KiwiSaver member, they will no longer be required to receive employer contributions from their employer.

If an employer chooses to contribute more than the required amount or makes employer contributions when they are not required to (for example employee on a savings suspension, over 65 years of age and so on) these amounts are voluntary employer contributions (VEC).

KiwiSaver deductions and CEC must start from the next calculation of salary and wages for the employee.

It is the employer's discretion to start or stop deductions if the request is within 3 months of the last change.

Employers must make employer contributions if they have a contractual obligation* to the employee. Otherwise, they can choose to continue or stop employer contributions for the time the employee is not earning a salary or wages.

***Contractual obligation:** An agreement between the employer and employee in which an offer is made and accepted.

Employer Superannuation Contribution Tax (ESCT) - From 1 April 2012 all employer superannuation contributions, including to KiwiSaver accounts and complying funds, are liable for tax. Employer contributions made prior to this date are exempt subject to some limitations. For more information, refer to [Employer Superannuation Contribution tax \(ESCT\)](#).

Penalties and interest - From 1 April 2021 CEC and VEC will be included with all billing items for EMP, for LPP and NPP penalties and UOMI. For periods on/after 1 April 2009 to 31 March 2021 penalties applied to CEC only. For further information refer to [Penalties and interest](#).

Wage bargaining

An employer or employee may contact about the following employment matters:

- Employers negotiating lower pay increases for KiwiSaver members to cover the costs of CEC
- Employers incorporating KiwiSaver CEC into total remuneration
- Employers who have incorporated KiwiSaver CEC into total remuneration, not increasing them (to non- KiwiSaver member's levels) when the member is on a savings suspension.

⚠ Do not make comments or offer advice to employers or employees about employment related matters.

Refer the customer in all instances to the Ministry of Business, Innovation & Employment, refer to [Government contact details](#).

Employment contracts

Employment contracts which require employees to have a reduction of salary or wage with the compulsory employer contributions to make up the shortfall will not be valid. If employment contract relating to CEC arrangement from 1 April 2008 is signed:

- **Before 13 December 2007** - Will not be valid if it requires:
 - The employee's gross salary or wages to be reduced, and
 - CEC to be paid to make up that shortfall, this is, it must stipulate that any employer contributions will be in addition to the employee's gross salary or wages.
- **On or after 13 December 2007** - May stipulate an arrangement for payment of CEC that has been negotiated as the terms and conditions of employment and done in 'good faith'.

For more information , refer to [KiwiSaver salary sacrifice](#).

Backdating CEC

To check the employee is entitled to backdated CEC, refer to [Backdating compulsory employer contributions](#).

Employee backpay

Employers must make CEC on backdated payments (backpay) of salary or wages if their employee makes KiwiSaver or complying fund contributions from them.

Employer Tax Credit (ETC)

This credit applied between 1 April 2008 to 31 March 2009 to help offset the cost of CEC to employers. Refer to [Employer tax credit](#) for more information.

Employer contributes to another superannuation scheme

Some employers may already offer their employees access to a registered superannuation scheme that existed prior to 1 July 2007 (the start of KiwiSaver) and make employer contributions to that scheme. Employer contributions made to existing superannuation schemes may count as

CEC. For further information on when CEC applies, refer to [Contributions to superannuation schemes](#).

Complying funds - Employer contributions do not/cannot count towards the employee's minimum contribution and are not eligible for government contributions (GVC).

View CEC and VEC

Compulsory employer contributions (CEC) and voluntary employer contributions (VEC) will show under the employers EMP account **Financial** tab, **Transactions** sub-tab (KSR debit and Voluntary KSR debit).

Any voluntary contributions made by an employer will count towards compulsory employer contributions when they are for employees:

- Enrolled in a registered superannuation scheme
- Under the terms of a collective agreement that was settled before 17 May 2007 (this is, Budget date in 2007).

Calculating CEC

If the employer needs assistance calculating CEC refer them to the [PAYE calculator](#) or the relevant PAYE tables ([IR340/IR341](#)).

From 1 April 2020, START calculates the CEC using the net employer contribution plus the ESCT amount as a proportion of gross salary or wages for the pay period. Employer contribution + ESCT is:

- **0** then we consider the employer to be taxing the employer contribution as PAYE instead of ESCT
- **Less than or equal to 3.5%** of the gross salary or wages (less any exempt income for KiwiSaver purposes) the entire employer contribution will be deemed to be CEC
- **Greater than 3.5%** of the gross salary/wages (less any exempt income for KiwiSaver purposes), the amount in excess of 3.5% will be deemed to be VEC and the 3.5% is CEC + ESCT

For the definition of gross salary or wages, refer to [Gross salary or wages \(KiwiSaver\)](#).

Vesting KiwiSaver employer contributions

Employer contributions to existing superannuation schemes will count towards the CEC rate to the extent to which they are vested by the end of the 5th year. For the definition of vesting refer to the [Glossary](#).

CEC and VEC calculation prior 1 April 2020

IR treated any employer contribution above 2.01% as VEC. The 2.01% was applied to FIRST validation as FIRST could only apply 1 rate. The 2.01% is 3% CEC – minus the highest ESCT rate that was 33%. However, this also means that employees whose ESCT rates were 10.5%, 17.5% or 30% are incorrectly showing with VEC.

$\frac{([\text{Gross earnings}] - [\text{Gross employer contributions adjustment}]) * \text{rate}}{> [\text{Net KiwiSaver employer contributions}]}$	<ul style="list-style-type: none">• Then CEC = [Net KiwiSaver employer contributions]• Otherwise CEC = $\frac{([\text{Gross earnings}] - [\text{Gross employer contributions adjustment}]) * \text{rate}}$
$\text{VEC} = [\text{Net KiwiSaver employer contributions}] - \text{CEC}$	

Interest on employer contributions

To check when interest will apply to the contribution, refer to [KiwiSaver interest](#).

IR56 workers

IR56 customers can opt into KiwiSaver by contracting directly with a provider. The following rules apply once they have opted in.

Private domestic workers

IR56 workers who are private domestic workers can **choose** to apply the KiwiSaver rules to themselves as **both** an employer and an employee.

If a private domestic worker does opt in, they:

- Can make deductions of KiwiSaver contributions from their wages
- May choose to make CEC if they treat themselves as an employer and record these amounts on their IR348

- Need to negotiate with their provider if they wish to take a break from contributing.

⚠ Private domestic workers are not liable for ESCT.

All other IR56 workers

IR56 workers who are not private domestic workers can choose to make KiwiSaver deductions and record these on their IR348, however they are not entitled to CEC.

⚠ For a full list of IR56 workers who are not private domestic workers, refer to [IR56 workers](#).

Related reading ⇄

KiwiSaver Act 2006

- [Part 3](#) - KiwiSaver contributions
- [Section 63A](#) - How subpart applies to private domestic workers
- [Section 66](#) - Obligation to make deductions: general rule
- [Subpart 2](#) - Miscellaneous provisions relating to contributions Inland Revenue KiwiSaver Holding Account
- [Section 101D](#) - Compulsory employer contribution amount: general rule

IR website

- [Employer contributions to KiwiSaver and complying funds](#)

Extend or cancel a KiwiSaver savings suspension

Published 26/06/2025

How to extend or cancel a KiwiSaver savings suspension.

On this page

[Extend a savings suspension](#)

[Cancel a savings suspension](#)

[Related reading](#)

^ Extend a savings suspension

A member can apply for a new savings suspension at any time. They do not need to wait for a current suspension to expire.

Refer to [Apply for a KiwiSaver savings suspension](#).

^ Cancel a savings suspension

Once approved, a savings suspension can not be cancelled or the effective to date modified.

An employee has the options of:

- making voluntary contributions
- asking their employer to start or stop deductions
 - start/stopping within 3 months of the last change can only be done if the employer agrees
 - starting employee deductions means the employee is eligible for employer contributions and government contributions (GVC).

Any KiwiSaver funds received while on a Savings suspension will still pass as normal to the scheme provider.

Related reading

KiwiSaver Act 2006

- [Section 102](#) Who may apply for a savings suspension
- [Section 22](#) Employees giving information to employers

IR website

- [Taking a savings break](#)