



KiwiSaver

This guide will help you navigate the complexity of KiwiSaver and make it as simple as possible to comply with your obligations.

Standard KiwiSaver

Permanent staff are required to join KiwiSaver except where membership is optional. This makes it compulsory, however staff can opt out, which makes it not compulsory...

It's up to you if you prefer a simpler approach by not enrolling staff who have no intention of remaining in KiwiSaver (*it saves a whole bunch of bizarre paperwork from IRD*), or follow the rules as prescribed (*especially if IRD direct you to do so*).

To enrol an employee in KiwiSaver, simply tick the option in their KiwiSaver tab and check the percentage rates are correct (*3, 4 or 8% for each of the employee and employer contribution rates - default values are set in Configure..KiwiSaver*).

Example of the employee's KiwiSaver setup

Un-enrol from KiwiSaver

Untick the "Enrolled in KiwiSaver" option.

KiwiSaver deductions and employer contributions cease immediately and the employee's opt-out status will be reported in the next IRD schedule (*a KS1 file is generated for any KiwiSaver changes each month*).

Leave any refunding to IRD - SmoothPay does not and will not support instant refunding.

KiwiSaver holiday

Simply tick the KiwiSaver holiday option (*you should only do this if you have received a holiday notification from IRD*).

KiwiSaver deductions and employer contributions cease immediately.

Costing options

You may choose to charge the CEC to a specific cost centre, or use the default rule as specified in Configure..KiwiSaver (*where you have an option to pro-rata over the cost centres used in each employee's pay, or charge all to a specific cost centre*)

KiwiSaver-compliant super fund contributions

SmoothPay supports additional KiwiSaver-compliant super funds that can be used instead of standard KiwiSaver.

SmoothPay does not support mixing funds for a single employee (*it has to be one or the other*).

Establishing a KiwiSaver-compliant super fund record

Select *Codes..Agencies and super funds* and add an entry:

The screenshot shows a web interface for managing super funds. On the left, a list under 'Current records' shows 'Baptist Union Super Scheme' and 'KiwiSaver'. The main area displays details for the selected record: Title (Baptist Union Super Scheme), Payee (Baptist Union Super Scheme), Phone (empty), Email (empty), Category (Superannuation), and Holding A/c (Superannuation Holding). A blue arrow points to a button labeled 'Payee account details' under the 'Payment' section. A link above the button says 'click to set KiwiSaver-compliance flag'.

Example additional super fund

Then, click Payee account details to set the KiwiSaver-compliant fund flag:

The 'Payee account' dialog box contains the following fields and options: Account # (text input), Account name (text input), Employer# (text input), Individual payment transactions? (checkbox, unchecked), and KiwiSaver-compliant super fund (NOT KiwiSaver) (checkbox, checked). An 'OK' button is at the bottom right.

Make sure this flag is only set for KiwiSaver-compliant super funds - **DO NOT** set it for the actual **KiwiSaver fund**

You now have a KiwiSaver-compliant super fund established and ready to use instead of KiwiSaver on the employee's KiwiSaver tab:

Personal	Pay	History	Contract	Leave	KiwiSaver	Payments	Bank	Notes
Provider	Baptist Union Super Scheme				Member #			
Employee %	6.000000							
Employer %	6.000000				Cost to	Default		
KiwiSaver options								
<input checked="" type="checkbox"/> Enrolled in KiwiSaver								
<input type="checkbox"/> KiwiSaver holiday								

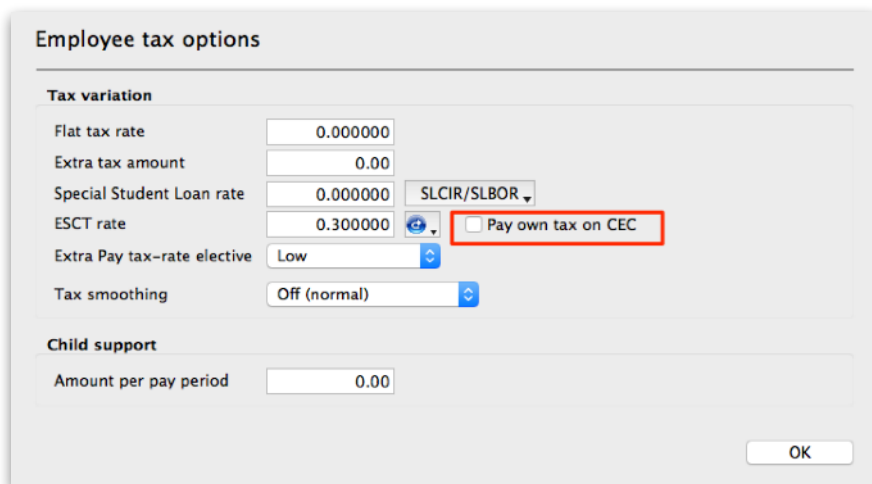
Example using a KiwiSaver-compliant fund instead of KiwiSaver

A couple of points to note:

- despite being “KiwiSaver-compliant” it is common to use non-standard contribution rates
- Super contributions will show on the employee’s payslip (*just as normal KiwiSaver does*) if the option is selected in *Configure..KiwiSaver*
- ESCT will be calculated automatically (*unless the employee is paying their own ESCT*)
- the super contribution amounts will not appear on the IRD schedules (*you will need to prepare separate schedules for each additional super fund, using the Reports..Super..Schedule report options*)

Employee's paying own tax on CEC

A little known option for employees is to pay the tax on the CEC instead of losing the default ESCT percentage. This option is available in the employee's tax settings (because it's tax):



The screenshot shows a dialog box titled "Employee tax options". It is divided into two sections: "Tax variation" and "Child support".

Tax variation

Flat tax rate	0.000000	
Extra tax amount	0.00	
Special Student Loan rate	0.000000	SLCIR/SLBOR
ESCT rate	0.300000	<input type="checkbox"/> Pay own tax on CEC
Extra Pay tax--rate elective	Low	
Tax smoothing	Off (normal)	

Child support

Amount per pay period	0.00
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An "OK" button is located at the bottom right of the dialog box. The checkbox "Pay own tax on CEC" is highlighted with a red rectangular box.

SmoothPay sets the employee's ESCT rate automatically at the start of each tax year, based on the employee's previous year's income.

You can/should override this if it's not correct - e.g. when a new hire starts and is likely to earn more than minimal income

The advantage to the employee is that their super fund receives the actual employer contribution in full - helping offset the significant ESCT losses that affect the employee's future savings.

It may also be that the extra tax paid by the employee is less than the amount that would have been lost at the standard ESCT rate (*to work it out, determine what percentage of tax is being paid on the employee's gross earnings and compare that with the employee's ESCT rate*).