

House of Representatives

Supplementary Order Paper

Tuesday, 22 June 2010

Taxation (Annual Rates, Trans-Tasman Savings Portability, KiwiSaver, and Remedial Matters) Bill

Proposed amendments

John Boscawen, in Committee, to move the following amendments:

Clause 2:

Clause 2 is amended by adding the following subsection:

- (13) Section 76A comes into force on 1 October 2010.

New clause 76A:

To insert the following clause after clause 76:

76A Contribution rate

Section 64 is amended by repealing subsection (1) and substituting the following subsection:

- “(1) The **contribution rate**, in relation to an employee and to an employer and to each payment of salary or wages, is—
- “(a) 2% of the employee’s gross salary or wages, if—
- “(i) section 60(1)(a), (b) or (c) first applied in respect of the employee on or after 1 April 2009 and the employee has not given his or her employer a notice under subsection (2); or
- “(ii) section 66A applied in respect of the employee immediately before 1 April 2009; or
- “(b) 4% of the employee’s gross salary or wages, if section 60(1)(a), (b) or (c) first applied in respect of the employee before 1 April 2009 and the employee has not given his or her employer a notice under paragraph (b); or
- “(c) 6% of the employee’s gross salary or wages if the employee gives his or her employer a notice requiring contributions to be deducted at that rate; or

- “(d) 8% of the employee’s gross salary or wages if the employee gives his or her employer a notice requiring contributions to be deducted at that rate; or
 - “(e) 10% of the employee’s gross salary or wages if the employee gives his or her employer a notice requiring contributions to be deducted at that rate.”
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Explanatory note

This Supplementary Order Paper increases the flexibility of the KiwiSaver scheme by extending contribution rates to include 6% and 10% contribution rates in addition to the 2%, 4% and 8% rates currently in place. These changes will better enable KiwiSaver members to contribute the amount that is right for them. The 6% rate is a logical step given the current rates of 2%, 4% and 8%, while the 10% rate will give older savers an opportunity to contribute more near their retirement, or for younger savers to contribute more in saving for a first home deposit.
