Workplace Savings NZ
Te māngai penapena ā-mahi

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Budget's KiwiSaver moves welcomed

Workplace Savings NZ - the voice of workplace savings - says KiwiSavers will be relieved the tax changes approved following last week's Budget do not single out KiwiSaver for any major changes.

The Government’s moves included lowering tax rates for investment products, including KiwiSaver, superannuation funds and PIE funds.

Workplace Savings NZ Chair David Ireland says the changes announced are generally positive. Combined with the rise in the GST rate, he says they will provide a good incentive for people to continue to save for their retirement.

"It is very pleasing to see that none of the tax incentives around KiwiSaver have been tampered with.

"Reducing the savings tax rate to 28% is a great step. We applaud the move to phase out Fund Withdrawal Tax (FWT), but this is no less than we would have expected given the reduction in the top marginal tax rate. It’s just a shame this compliance headache could not have been removed altogether.

Workplace Savings NZ Councillor and tax specialist Murray Sarelius says the loss of depreciation deductions will impact on KiwiSaver schemes that are exposed to property investments.

“Those KiwiSaver members who invested in property portfolios with legitimate expectations as to tax treatment - and therefore the likely performance of their investment – now have something of a bitter pill to swallow.

"Reducing the tax rates on any income they make from those investments may not fully compensate them for that impact," says Mr Sarelius.

David Ireland says overall, the Government is moving to create a stronger savings environment in New Zealand, and that is a very positive step – but we’ve still got a way to go.

“The next steps for New Zealand are improved financial literacy and a more coherent regulatory framework.

"We look forward to working with the Government as it implements the measures it has outlined," says Mr Ireland.

For further information

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