



22 August 2023

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 28 July 2023. You requested:

*I notice my kiwisaver has tax charged to it from time to time, can you tell me how this works (is it a Capital Gains Tax?) and also what was the amount the Government claimed from Kiwisaver accounts each year, for the last 5 years please?*

**Information to release**

Regarding your question on how tax on KiwiSaver works, I refer you to Inland Revenue’s response from Tony Donoghue, dated 1 August 2023 (ref: 22918184).

Regarding tax that has been charged on your KiwiSaver, you may be referring to tax deducted from the income you have earned on your invested KiwiSaver funds. The income earned from KiwiSaver investments is taxed by your Portfolio Investment Entity (PIE) at your chosen Prescribed Investment Rate (PIR).

In calculating any additional tax payable the PIE will account for any credits for tax already paid on those investments.

For example, if the PIE had invested your KiwiSaver in an interest-bearing deposit (e.g. at a bank), and the interest on that deposit already had some tax paid on it at the bank, the PIE will give you a tax credit for that amount already withheld and consider it when determining your additional tax payable once the return on all of your investments for that PIE are taken into account.

The amount withheld by the PIE itself can sometimes be negative (a net refund) if the tax already withheld exceeds the tax payable on the net investment return.

The table below shows the total amount of net PIE tax paid by KiwiSaver schemes on behalf of members for the years ended 31 March 2018 to 2022.

Year ending 31 March	Net PIE Tax (\$ million)
2018	261.6
2019	295.2
2020	42.3
2021	660.5
2022	-16.1

If you are interested in further information on PIE taxation, a guide is available at the following link:

<https://www.ird.govt.nz/roles/portfolio-investment-entities/eligibility-to-be-a-portfolio-investment-entity>

The total taxation paid by KiwiSaver schemes as reported in their annual financial accounts is published annually by the Financial Markets Authority in the KiwiSaver annual reports. The 2022 report can be found at the following link:

<https://www.fma.govt.nz/library/reports-and-papers/kiwisaver-report/>

### **Publishing of OIA response**

Please note that Inland Revenue regularly publishes responses to requests that may be of interest to the wider public on its website. We consider this response is of public interest so will publish this response in due course. Your personal details, and any information that would identify, you will be removed before it is published.

Thank you for your request.

Yours sincerely



Sandra Watson

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