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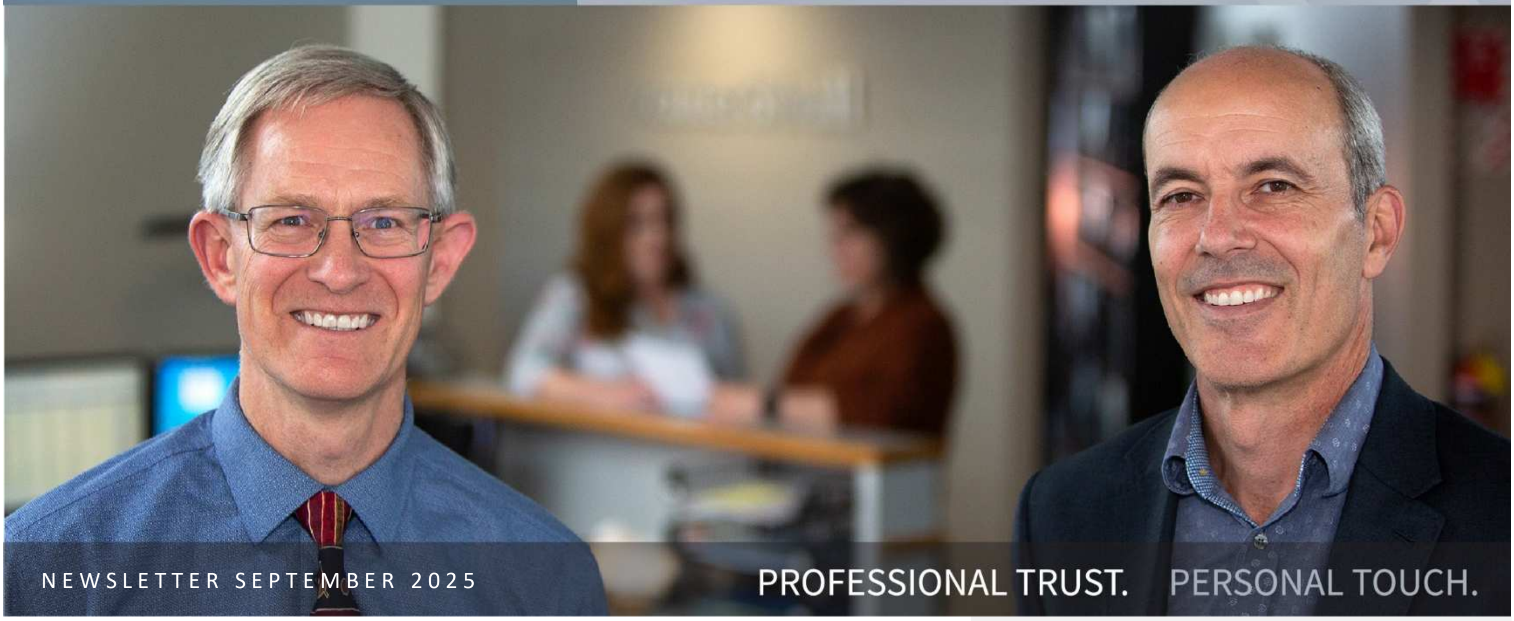

Government KiwiSaver Contributions

If you are an employer, make sure you are aware of several changes to KiwiSaver that came into effect on 1 July 2025, with other changes in 2026 and 2028 planned.

1 July 2025

People aged 16 and 17 will qualify for government contributions, so long as they meet other eligibility requirements. Prior to 1 July 2025, members must be 18 or older to qualify.

The government KiwiSaver contribution will halve, reducing the maximum government contribution from $521.43 to $260.72 each year.

People who earn more than $180,000 of taxable income in a year will no longer qualify for government contributions.

There'll be no change to government contributions for the year ending 30 June 2025. These will be paid in July and August at the current government contribution rate.

1 April 2026

The default KiwiSaver contribution rates for employers and employees will rise to 3.5% (from 3%).

Members will be able to apply for a temporary rate reduction from 1 February 2026 if they wish to continue contributing at 3% from 1 April 2026.

As an employer, you will be able to match your employee's temporary rate reduction. Once your employee moves to a higher contribution rate, you will need to increase your employer contributions to the default 3.5% rate. Inland Revenue will notify you of this.

People aged 16 and 17 will qualify for employer contributions. If they contribute to KiwiSaver from their wages, you will need to start making employer contributions.

1 April 2028

The default contribution rates for employers and employees will rise to 4% (from 3.5%).

Upcoming Tax Dates

22 September 2025
August PAYE payments due

29 September 2025
GST return & payment due for Period ending 31 August 2025

20 October 2025
September PAYE payments due

28 October 2025
GST return & payment due for Period ending 30 September 2025

20 November 2025
October PAYE payments due

KiwiSaver change dates

1 July 2025
People aged 16 and 17 will qualify for government contributions. The annual Government KiwiSaver contribution will halve to $260.72. Earnings over $180K taxable income in a year will no longer qualify for government contributions.

1 April 2026
Default KiwiSaver contributions rates for employers and employees will rise to 3.5%.

1 April 2028
Default KiwiSaver contribution rates to rise to 4%.

Is a Forfeited Deposit from a Cancelled Land Transaction Subject to GST?

Question

Property Limited ("PL") is a New Zealand GST-registered property developer in the business of building and selling residential properties. PL files GST returns on an invoice basis.

On 20 March 2025, PL enters into an unconditional sale and purchase agreement to sell a residential property to John for $1,500,000 including GST (if any). The settlement date is 21 April 2025. John is not GST registered and intends to use the property as his family home. John pays a 10% deposit of $150,000 to PL on the same day. The deposit is not held by PL as a stakeholder.

The time of supply is triggered when the contract becomes unconditional, and the deposit is received by PL. Therefore, PL records this land sale transaction in its GST return for the period ended 31 March 2025 and pays GST output tax of $195,652.17 on the full sale price. In April, John finds himself with financial issues and is not able to pay the remaining funds on settlement date. PL cancels the contract and retains the deposit.

Is the deposit retained by PL subject to GST?

Answer

When a land sale agreement is cancelled, settlement and registration of title will not take place. Without registration, there is no transfer of legal ownership of the land and as such, no supply of the legal interest in the land has occurred.

If a contract is cancelled due to the buyer's default and the seller retains the deposit, the Commissioner's view is that the forfeited deposit represents compensation for the buyer's failure to pay the remaining balance of the purchase price on settlement as promised (see QB 25/18, "Does GST apply to a deposit the seller retains in a cancelled land sale agreement?", para's 17-29). A compensatory payment does not generally involve a supply and is not subject to GST (see IS 23/07, "GST Court awards and out-of-court settlements", para 10).

In summary, the Commissioner's view is that when a land sale agreement is cancelled and the seller retains the deposit, there is no supply of land or any other supply in return for the deposit and as such, GST does not apply (see QB 25/18, para 37).

For completeness, PL should make a GST adjustment during the period that the supply is cancelled, which would be for the period ended 31 May 2025, and claim back the GST paid of $195,652.17 (S25 of the Goods and Services Tax Act 1985).

Think You're Ready to Grow? Ask Yourself These 4 Questions.

Growth is exciting, and with the right planning, it can be a turning point for your business. But whether you're taking on more clients, expanding your services, or launching into a new market, it's important to first make sure your financial foundations are solid enough to support what's next.

1. Do you have enough cash flow for the next stage?

Growth often means spending before you earn. You might need to stock up on supplies, hire more staff, or invest in new technology. Do you have the working capital to manage that gap? If not, it could be time to explore funding options, stagger your expansion, or adjust your timeline.

2. Are your systems and processes built to scale?

Can your current invoicing, inventory, and reporting systems handle increased demand? Review your software, automate what you can, and build in capacity now so your systems won't buckle under the pressure of a larger operation.

3. Is your pricing model sustainable as you grow?

Bigger business brings more overheads and greater complexity. Are your current margins wide enough to cover these costs? Now's the time to adjust your pricing so it reflects the extra time, effort, and resources needed to deliver at scale without eating into your profits.

4. Are there any tax or compliance implications?

Business growth can push you into new tax brackets, GST thresholds, payroll obligations or even overseas tax obligations if you are dealing with overseas customers or doing business overseas. Make sure you stay compliant. The last thing you want is a surprise tax bill just as your momentum is building.

Ready to grow, but unsure where to start? Let's chat about your financial readiness and help you plan for sustainable success.