

Remember to Deduct ESCT from your employer superannuation cash contribution!



ESCT (employer superannuation contribution tax) must be paid on any employer cash contributions you make to employees' KiwiSaver schemes, complying funds or other superannuation funds. Your employment agreements will determine if you need to deduct ESCT from, or pay it on top of, the employer cash contributions. In most cases you'll deduct ESCT from the gross employer cash contributions. However, where the employment agreement states the employer contribution is a net amount, you will need to calculate and pay ESCT on top of the net contribution.

Remember, you need to calculate ESCT using the ESCT tax rate unless your employee has asked (and you've agreed) to include your employer cash contributions with their salary or wages - in which case, do not use the ESCT tax rate but deduct PAYE from the total instead.

The rate of ESCT depends on either:

- if the employee worked for you the entire previous tax year, the combined gross employer cash contributions and the employee's gross salary or wage for the previous year (1 April to 31 March), or
- if the employee worked only for part, or none, of the previous tax year, an estimate of the total gross income for the year ahead, plus the gross employer contributions you will make to them in the current income year.

Any ESCT rate set for an employee must remain the same for the full year. Changes can only be made at the start of a new year.

The ESCT tax rates are shown in the table below:

Income range	ESCT rate
\$0 - \$16,800	10.5%
\$16,801 - \$57,600	17.5%
\$57,601 - \$84,000	30%
\$84,001 and over	33%