

Government Superannuation Fund

Schemes Administration Newsletter

CHANGES TO TAX LEGISLATION and EMPLOYER CONTRIBUTION RATE

ACTION REQUIRED – DO NOT IGNORE



Employer Update

March 2023

GSF Employer Contributions from 1 July 2023

We are writing to:

- let you know about recent [legislative changes](#) to employer superannuation contribution tax (ESCT) rates; and
- confirm [employer contribution rates for GSF](#) are changing from **1 July 2023**.

Explanation of these two changes is provided below.

LEGISLATIVE CHANGES TO ESCT RATES

There have been two legislative changes regarding ESCT rates applying to defined benefit schemes in the last two years. Both changes are effective from 1 April 2021. The second legislative change replaces the first legislative change.

1. *First legislative change*

The first legislative change to ESCT was passed on 1 April 2021 (*the Taxation (Income Tax Rate and Other Amendments) Act 2020*). As a result, the ESCT rate applying to employer contributions to defined benefit superannuation schemes, such as GSF, was increased from 33% to 39% with effect from 1 April 2021.

2. *Second legislative change*

The second legislative change to ESCT was passed on 30 March 2022 (*the Taxation (Annual Rates for 2021–22, GST, and Remedial Matters) Act 2022*). This change is effective from (backdated to) 1 April 2021 and replaces the first legislative change.

This second legislative change provides for different ESCT rates for defined benefit superannuation schemes, not just one flat rate of ESCT. Under this change, from 1 April 2021, ESCT rates for defined benefit superannuation schemes may be determined by reference to an individual employee's income, at 33% or at 39%.

EMPLOYER CONTRIBUTIONS TO GSF

What this means to you

As a **non-funding employer**, we confirm you are required to pay employer contributions to GSF gross of ESCT.

The gross employer contribution rates for GSF advised to you with effect from 1 July 2022 included ESCT at 39%.

The second legislative change means gross employer contribution rates from 1 July 2023 include ESCT at 33%.

From 1 July 2023, your organisation is required to implement a new gross of ESCT employer contribution rate for GSF for the 2023/2024 financial year – Datacom will write to you with your new gross employer contribution rate in March 2023.

Contact Details

If you have any questions about the GSF schemes, please contact us and we will be happy to assist. If possible, please quote your GSF employer number when contacting us.

Datacom, GSF Schemes Administration

Phone	0800 654 731 or (04) 470 6348
Fax	(04) 470 6366
Email	gsf@datacom.co.nz
Website	www.datacomgsf.co.nz
Address	PO Box 3614, Wellington 6140

Disclaimer

This newsletter is a summary of some of the provisions of the GSF Act, regulations made pursuant to the GSF Act and policy decisions including those set out in the statement of policies. While every effort is made to ensure the information contained in this newsletter is accurate, it is intended as a guide only and is in no way binding on any person and does not prevail over any applicable law or policy decision. To the fullest extent permitted by law, neither the Authority, Datacom, nor any person accepts any liability for any loss, damage, cost or expense that may arise from any reliance on any information contained in this newsletter. This newsletter does not create any legal or equitable rights exercisable by any person.