

# Government Superannuation Fund

## Schemes Administration Newsletter

### UPCOMING CHANGES TO TAX LEGISLATION

### ACTION REQUIRED – DO NOT IGNORE

**Employer Update**

January 2021

### Changes to Employer Superannuation Contribution Tax (ESCT)

Legislation was passed in December 2020 increasing ESCT, that is the rate of tax paid by employers on employer contributions to **defined benefit superannuation schemes** such as GSF, from 33% to 39% with effect from 1 April 2021.

The employer contribution rates payable to GSF are advised to you inclusive of ESCT. The current employer contribution rates, advised to you in early 2020, are inclusive of ESCT at 33%.

Employer contribution rates are determined annually by the Authority's Actuary and would usually be in due to change from 1 July 2021.

The Authority has agreed that, instead of implementing two changes to the employer rate this year - one at 1 April 2021 to accommodate the ESCT change and one at 1 July 2021 as a result of the annual review, only one change will apply incorporating both changes.

**Your employer contribution rate to GSF will therefore change this year from 1 April 2021.**

**You will need to implement the change to the employer contribution rate to GSF and you may also need to change your payroll system for the new ESCT rate of 39%.**

Changes to employer contribution rates for GSF require ministerial approval. We will advise you of your new employer contribution rate as soon as ministerial approval is received. We expect this to be in late January/early February 2021.

A separate newsletter is being prepared for members as they may be impacted by the change if they are on total remuneration packages.

#### Datacom, GSF Schemes Administration

#### 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.

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.