



Media Release

31 March 2009

Make your tax cut work for you

Retirement Commissioner Diana Crossan is urging New Zealanders to make the most of their tax cut which comes into effect 1 April. An increase in the minimum wage also comes into effect tomorrow.

“Don’t let the extra money slip through your fingers. Find out how much you’ll be getting and make a conscious decision about what to do with it,” she said.

Workers on \$45,000 will receive an extra \$11.54 a week from their tax cut. For some families, that will go on everyday expenses and paying bills.

However, Diana Crossan says others who can afford to should think about reducing high interest debt first or saving the tax cut.

“Many New Zealanders are worried about the future. They feel anxious about how the global economic downturn will affect them. In particular, many are concerned about job security with unemployment at 4.6 per cent, the highest since 2003.

“If you can save the tax cut, I urge you to consider starting an emergency fund. In these uncertain times it’s important to be able to get hold of money in a hurry. Saving your tax cut will, over time, provide you with a financial buffer.

“If you are suffering from ‘recession depression’ turn it into something positive by taking control of your finances. Start with a [budget](#). Know where your money is going, and that will help you identify possible savings.

“If you already budget and have set financial goals, review them to take into account the tax cut,” said Diana Crossan.

[Changes to KiwiSaver](#) also come into effect today. The minimum employee contribution will reduce to two per cent and compulsory employer contributions will rise to a minimum of two per cent.

“[Sorted.org.nz](#) website has been updated to include new information about KiwiSaver. The website also has calculators which will help people work out the best way to get the most out of their tax cut, whether it’s [debt reduction or savings](#).

“There has been a significant increase in the number of people using [free Sorted resources](#) over the past three months. I hope this continues as even more people see the benefit in getting themselves financially sorted.”

1 April 2009 tax cuts

This table summarises what you could receive each week from today's personal tax cuts and introduction of the independent earner tax credit (IETC).

1 April Tax cuts		
Annual taxable income	Tax cut	with IETC
\$15,000 - \$20,000	\$0.00	\$0.00
\$25,000 - \$40,000	\$0.00	\$10.00
\$45,000	\$11.54	\$19.04
\$50,000 - \$70,000	\$18.46	\$18.46
\$75,000	\$19.42	\$19.42
\$80,000	\$20.38	\$20.38
\$85,000	\$21.35	\$21.35
\$90,000	\$22.31	\$22.31
\$95,000	\$23.27	\$23.27
\$100,000	\$24.23	\$24.23

Source: [Personal Tax Cuts - Fact Sheet](#)

Sorted's free booklets can be ordered from the Sorted website at www.sorted.org.nz/ordering/ or by calling 0800 SORT MONEY (767 866).

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