Information for resident individuals who invest in PIEs

This factsheet helps you understand your tax obligations as a resident individual when investing in a portfolio investment entity (PIE)

A portfolio investment entity (**PIE**) - such as a managed fund - invests the contributions from investors in different types of investments.

Entities that meet the eligibility requirements can elect to become a PIE if they are a:

- managed fund, such as a unit trust, or superannuation fund
- company
- benefit fund
- life fund
- group investment fund.

How PIEs calculate tax

Most PIEs will calculate their tax based on the prescribed investor rate (**PIR**) provided by their investors rather than at the entity's tax rate. This type of PIE is called a multi-rate PIE (**MRP**).

There are also 2 types of MRP for non-resident investors:

- a foreign investment zero-rate PIE
- a foreign investment variable-rate PIE

These MRPs allow qualifying non-resident investors (notified foreign investors) to have tax rates applied to their attributed PIE income similar to the tax rates that would apply if they invested directly in the assets of the PIE.

For details of who is a notified foreign investor refer to our factsheet **Information for non-residents who invest in PIEs - IR858**.

PIEs that are not MRPs include:

- listed PIEs
- benefit fund PIEs
- certain life fund PIEs.

These PIEs do not calculate their tax using their investors' PIR. Instead, their tax is calculated using the entity's basic tax rate.

What is a prescribed investor rate (PIR)?

A PIR is the tax rate that applies to attributed PIE income of the investor in a MRP. The PIR for resident individuals is based on 2 tests relating to your income in the last 2 income years.

- First is your taxable income such as income from salary, wages and any additional sources of income you would include in your income tax return. (Taxable income cannot be a negative amount).
- Second is your taxable income plus your attributed PIE income after subtracting any attributable PIE loss. (Net PIE losses do not reduce taxable income).

The prescribed investor rates for NZ tax resident individuals are 10.5%, 17.5% and 28%.

How to find the PIR that applies to me?

Your PIR is determined based on the lower rate from either of the last 2 years' income. For example, to determine your PIR income for the 2026 income year you use the income details for 2024 and 2025.

Note: Most individuals have a 31 March income year. If your income year ends later than March, the income you consider may be for the 2 years before the preceding year.

If in either of the previous 2 income years:

your taxable income was …	and your taxable income plus your PIE income was …	before the relevant tax year for …	then your PIR is …
$0 – $15,600	$0 – $53,500	Either year	10.5%
	$53,501 – $78,100	Either year	17.5%
$15,601 – $53,500	$0 – $78,100	Either year	17.5%
$53,501 or more	Any amount	Each year	28%
Any amount	$78,101 or more	Each year	28%

You must notify your PIE your IRD number and the PIR that applies to you.

What happens if you do not provide the MRP with your PIR?

If you do not provide the MRP with your PIR, the MRP will deduct PIE tax at the rate of 28% which may be higher than your actual PIR. You must also provide your IRD number.

Updating your PIR

You can notify the MRP your correct PIR at any time during the year. The MRP may be able to back-date the change.

When we identify you are on the wrong rate, we may advise the MRP of the rate that is appropriate for you.

Where you have not notified the correct PIR that applies to your income attributed by the MRP, or that rate is not applied to all your PIE income for the full tax year, further tax to pay or a refund may arise in the PIE calculation as part of your annual income tax assessment.

What happens if you do not provide the MRP with your IRD number?

You have 6 weeks from becoming an investor in a MRP to provide your IRD number. If you do not provide it the MRP must close your investment account and treat you as having exited on the last day of the 6-week period.

Arriving or leaving New Zealand and your PIR

If you're a New Zealand tax resident individual who has invested in a MRP and you then cease to be a resident and you are not a notified foreign investor, you should have a PIR of 28% from the date you leave New Zealand. You should tell the MRP of the change as soon as possible. Refer to our factsheet **Information for non-residents who invest in PIEs - IR858**.

Transitional residents (essentially new residents in New Zealand) have a 4-year tax exemption on their foreign-sourced investment income. However, you must include your worldwide income when determining your PIR in the first 2 years you're a New Zealand tax resident. However, transitional residents may choose not to include their foreign-sourced income when working out their PIR for either or both of the first 2 income years as a resident; but only if they reasonably expect their taxable income in that period will be significantly lower than their total income from all sources for the income year before the first resident year.

If you're a transitional resident who invests in a zero-rate PIE you can notify the 0% PIR for each year you're a transitional resident.

Transitional residents should send us a message in myIR or a letter attached to their income tax returns filed during the transitional period confirming how their PIR has been calculated.

Becoming and ceasing to be a notified foreign investor

For resident investors who become non-resident and notify the foreign investment PIE that they are notified foreign investors, the PIE should treat the investor as a notified foreign investor from the day it's notified of the change of status if possible, but no later than the start of the next tax year.

For a notified foreign investor who becomes a New Zealand tax resident investor, the foreign investment PIE has the choice of changing the investor's status immediately or waiting until the beginning of the next tax year to do so. If the PIE waits, the investor can continue to be treated as a notified foreign investor for the tax year and any income attributed to the investor during this transitional period will not be subject to further tax at the investor level. Among other things, this is to handle situations when residency applies retrospectively, due to the application of the 183-day residency rule.

The foreign investment PIE can rely on the notification from the investor of their entitlement to access a particular PIR(s). The PIE can continue to treat the investor's status as unchanged up to the end of the tax year even though the investor's residency status may have changed part-way through the tax year.

When a zero-rate may be applied for an individual

You may be taxed at a zero-rate by a MRP that files returns using the quarterly option, if you exit the MRP during a quarter.

A transitional resident who invests in a zero-rate PIE can have a 0% PIR for the period of transitional residence.

There are no other situations where you may have a zero-rate applied.

Ceasing to be represented by a proxy

If you're represented by a proxy for PIE investors (custodian) and then you cease to be represented by that proxy, its obligations will pass directly to the MRP that holds your investment. You should notify the MRP of your correct PIR and IRD number.

Record-keeping requirements

If your only New Zealand-sourced income, including your attributed PIE income, is taxed at source and you have provided your IRD number to all payers there are no record keeping requirements. If you're also required to provide details of your attributed PIE income for the purpose of a New Zealand student loan repayment obligation, then you must keep your records relating to that income for 12 months after the end of the income year in which the income was derived.

If you carry on a business or other activity with intention of earning income, records need to be kept for 7 years after the income year they relate to.

Income attributed by the MRP

PIE income or loss attributed by a MRP to resident individuals is included in the end-of-year PIE calculation in the income tax assessment to check that the PIR notified is correct for the year. If your correct PIR has not been applied to all your PIE income for the full year the under or overpayment is then included in your income tax assessment adjusting your tax liability or refund. It could also affect your liability to provisional tax.

Working for Families and student loans

PIE income from a retirement savings scheme or superannuation fund where the funds are locked in, such as a KiwiSaver scheme, will not affect Working for Families and student loans. All other MRP income needs to be included as family scheme income or adjusted net income. You can complete the 'Adjust your income' service in myIR or the **Adjust your income - IR215** form.

If you receive a distribution or dividend from a listed PIE that does not use your PIR, the dividend must be included in family scheme income and your adjusted net income. If you have not included the dividend in your income tax return, you'll need to show it using the 'Adjust your income' service in myIR or the IR215 form.

These dividends are not liable for resident withholding tax (RWT).

Income tested benefits or main benefit

All investments are cash assets for benefit purposes. Any income received from an investment is treated as income for benefit purposes. Capital gains from managed funds are not income. Income earned through a PIE, may affect entitlements to Working for Families and assistance provided by Work and Income such as an Accommodation Supplement and Childcare Assistance.

Attributed PIE income from locked-in funds such as KiwiSaver and other superannuation schemes are not treated as chargeable income or cash assets for benefit purposes.

Distributions from listed PIEs are treated as income for benefit purposes.

If you have any questions about the impact of investments on your benefit, please call Work and Income general enquiries on 0800 559 009.

When is your MRP income received?

You'll need to know in which income year your attributed MRP income is received so you can determine:

- your correct PIR
- the income tax return in which any income attributed by the MRP should be included.

PIE income is treated as being received in your income year that includes the end of the MRPs income year. If you and the MRP have standard 31 March balance dates, the year in which the MRP attributes the income and you receive it will be the same.

If you have a balance date other than 31 March, the year the income is received may be different from the year in which the MRP attributes the income.

If you have a ...	and ...	then ...
30 June 2025 balance date (your 2025 income year)	the MRP has a 31 March 2025 balance date	because the end of the MRP's 2025 income year falls within your 2025 income year, the income is also your 2025 attributed income.
31 December 2024 balance date (your 2025 income year)	the MRP has a 31 March 2025 balance date	because the end of the MRP's 2025 income year falls after the end of your 2025 income year, the income falls into your 2026 income year.

Dividends or distributions

You do not need to include dividends or distributions from a MRP in your income tax return as they are excluded income.

Dividends or distributions received from a listed PIE that does not use your PIR will not need to be included in your income tax return, unless you choose to include the dividend to claim imputation credits. If you choose to include the dividend in your tax return it is included in the dividend question and not the PIE calculation.

These dividends are not liable for RWT.

Investor statements

MRPs are required to issue investor statements providing investors with information about:

- their interest in the MRP
- the income received from their investment in the income year
- the tax calculated by the MRP on their investment.

Most MRPs need to provide you with information regarding your investment by 31 May following the end of the tax year. A few types of MRP may send that information to you by or after 30 June.

If you withdraw your investment from a MRP that files returns using the quarterly option and zero-rates exiting investors, the MRP has to provide the information within 1 month of the end of the quarter in which you exited.

If you do not receive any details from your MRP or you think the investor statement is wrong, you need to contact the MRP.

Listed PIEs may send a dividend statement to their investors.

Where there is a rate change during a year you may receive more than 1 investor statement; 1 for each rate applied during the year.

Residual interests

Any residual investor interest at the end of the quarter in which an investor exits a MRP that files PIE returns using the quarterly option will be paid to Inland Revenue by the MRP within 1 month of the end of the quarter in which the exit occurs.

This will be included as a credit in the PIE calculation in your income tax assessment.

Where does PIE income go in the income tax return?

Attributed PIE income or loss from a MRP is not included in your taxable income in your tax return. There is a separate end-of-year PIE calculation for resident individuals.

myIR has a PIE income section we will pre-populate with the details provided to us by the MRP. We will automatically include PIE income or loss in the PIE calculation as part of processing your income tax return.

The paper **Individual tax return - IR3** includes a PIE calculation with 3 boxes in the return and a worksheet in the guide to help complete them. We will automatically include the PIE calculation as part of processing your income tax return.

If the PIE calculation results in a debit this will be added to the tax on taxable income. This ensures any foreign tax credits or imputation credits you may have can be used to cover this tax liability. If the PIE calculation outcome is a credit it is added to a refund due or subtracted from tax to pay.

If you choose to include a distribution from a listed PIE in your tax return, add the dividend and imputation credits into the dividend and ICA credit fields in the IR3.

Excess New Zealand tax credits and losses

Most MRPs that have excess New Zealand tax credits or losses in a tax calculation period receive a tax credit calculated at the individual investor's PIR. The MRP then credits the investor by adjusting their interest in the MRP, or making a distribution. If the notified PIR is too high or low you may have further tax to pay or a credit amount in your PIE calculation in your income tax assessment.

Losses attributed to New Zealand tax resident individual investors in a MRP cannot be claimed as a deduction in their income tax return. The loss is included in the PIE calculation included in the income tax assessment.

The following table shows the result for an individual who notifies a PIR that is too high or too low and is attributed a loss:

The loss attributed by the MRP is:	And you notified a PIR of:	And your correct PIR is:	Then your PIE calculation will result in….
($1,000)	28%	17.5%	a $105 PIE debit added to your tax on taxable income. This is because you received more credit for the loss from the MRP than you were entitled to receive.
($1,000)	10.5%	17.5%	a $70 PIE credit added to your residual income tax. This is because you received less credit for the loss from the MRP than you were entitled to receive.

Withdrawing your investment

If you withdraw your investment from a MRP that files PIE returns using the quarterly option part-way through a quarter, the MRP may calculate tax at the zero-rate on your share of the attributed income. In all other cases the MRP will calculate tax on exit at your notified PIR. Your actual PIR will be applied to the PIE income when we process your income tax assessment.

A partial withdrawal may not be significant enough to be treated as an exit, or switching from 1 investor class to another within the same entity may not reduce your interest in the MRP. In these situations, the MRP may make voluntary payments of tax. If the tax calculation has been made at your correct PIR and is sufficient to meet the tax liability, there should not be a PIE tax outcome for underpaid PIE tax in your tax return.

PIE investments in overseas markets

If the PIE invests in overseas markets, you do not have to complete disclosures or make calculations for the purposes of the foreign investment fund (FIF) rules. Any calculations under the FIF rules will be made by the PIE.

Investor expenses

Generally, investor expenses charged by the MRP in relation to your interest will be taken into account when the MRP calculates the income to attribute to you. You will not be able to claim the expenses in your tax return.

Investments at the time of death

Investments held at the time of death will pass to the Estate. The transfer to the Estate is considered to be an exit and the MRP may zero-rate the income in the period to the date of death. In this case the MRP income will have to be included in the PIE calculation in the individual's tax return to the date of death.

If the investments are not distributed to the beneficiaries but continue to be held in the Estate, the resident executor should advise the MRP of the PIR chosen by a New Zealand resident trustee (either 0%, 10.5%, 17.5% or 28%).
For more information on options for trustees refer to our factsheet: **Information for trustees who invest in PIEs - IR856**.

PIE income received as a beneficiary of a trust

Attributed PIE income treated as a New Zealand tax resident individual's beneficiary income of a trust that is not a PIE is treated as trust income. It is excluded from the beneficiary's PIE calculation as part of their income tax assessment.

Joint investments and partnerships

Where an investment is held by a partnership or is in joint names, each partner/holder of the investment has tax obligations in relation to their share of the income. The separate individuals should advise the MRP of their IRD number and PIR that applies. If the partners do not provide their PIR and/or IRD number, the MRP will deduct PIE tax at the default rate of 28% which may be higher than the actual rate.

If the PIE holds the joint holder's details including their IRD number and reports the details to us, we will split the investment income and tax details equally according to the number of joint holders. If the share is not equal, you will need to manually change it in myIR or contact us to correct this.

Note: The MRP will apply the highest notified rate to the investment. Where joint investors have notified a rate that is lower than the rate applied by the PIE there may be a refund of PIE tax in the end of year PIE calculation.

Each New Zealand tax resident holder of a joint investment in a listed PIE can choose to declare their share of the dividend in their tax return.

Transferring your investments

Income from investments held in your name cannot be transferred to another person, for example, a spouse on a lower income. However, investments can be sold. There are rules about valuation of property sold to associated persons. Please refer to **Tax and your property transactions - IR361** booklet available on our website.

ird.govt.nz

Go to our website for information and to use our services and tools.

- **Log in or register for myIR** - manage your tax and entitlements online.
- **Calculators and tools** - use our calculators, worksheets and tools, for example, to check your tax code, find filing and payment dates or calculate your student loan repayment.
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