



7 February 2023



Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 19 December 2023. You requested the following:

*... for early childhood education providers, with data organised by financial year for the last 7 financial years where you have data available:*

- *Income data (average, range, median, etc)*
- *Company tax paid*
- *Unpaid tax debt*

With your request you provided some context, noting that your objective was to understand financial data for the early childhood education (ECE) sector and whether there was a declining or improving trend. You also supplied a list of ECE centres from a publicly available register but noted that these entities are not all necessarily taxpaying entities, as some will be structured into corporate groups and/or be tax exempt.

### **Information being released**

#### ***Company tax***

For incomes and company tax we are releasing summary statistics from IR4 company tax returns where the customer has used a pre-school education industry code.

The register, which you supplied, does not hold IRD numbers and could not easily be matched to Inland Revenue data without significant analytical effort. However, we do already hold industry codes (also known as business industry classification, or BIC codes) for our business customers. Codes with the first four characters "P801" cover the pre-school education sector. The information provided in tables 1 and 2 in the Appendix is filtered by taxpayers using this code, who are also structured as a company, and who filed an IR4 company tax return. Because your request is focussed on company tax, the information supplied does not include other entities such as partnerships, trusts, or unincorporated businesses which may be operating in this sector.

We have interpreted your request to be for the last seven complete financial years. The seven-year period you have requested covers 2014/15 to 2020/21 as the most recent year for which complete information is available. Tax returns for 2021/22 are still being filed.

This period incorporates a major systems change for Inland Revenue as part of our business transformation programme. Income tax returns for 2018/19 onwards were filed under the new system, and there is a structural break in the series volumes because customer accounts (i.e. branches) are now handled slightly differently. One consequence of this change is that there are now a greater volume of customer returns identified with nil taxable income.

A structural change in overall volumes will affect statistics, such as means and medians, and will make any trends difficult to interpret. Because of this, we have provided the requested income and company tax data tables twice. Table 1 includes nil returns, and Table 2 excludes them. Table 2 may be more useful for your stated intent as it provides a more consistent time series, without being heavily impacted by the structural break from our systems migration.

The income variable provided is taxable income. This is calculated after any brought forward losses have been claimed which may have reduced taxable income to nil. Any current-year net loss is also treated as nil taxable income in these tables.

The company tax variable is residual income tax. This is tax payable by the company directly and is net of any withholding tax credits from any income streams on which the tax has already been paid.

### **Debt**

Aligning what we are providing for company tax, we are releasing debt information for companies that have used a pre-school education industry code. This information is provided in table 3 in the Appendix.

To align with our standard debt reporting methodology, the debt information provided is the total value of debt as at the last day of each respective tax year, rather than the debt attributed to that tax year.

The debt information has been separated by tax product including Income Tax, Employer (PAYE), GST. The remainder of smaller tax products have been grouped into the "Other" category.

The average, median and quartile information provided applies to the total debt value.

### **Information being refused**

Data related to income ranges (maximum amounts) is considered sensitive revenue and therefore refused under section 18(c)(i) of the OIA as making the requested information available would be contrary to the provisions of a specified enactment, namely Inland Revenue's confidentiality obligation in section 18 of the Tax Administration Act 1994 (TAA). Disclosure of this information does not fall within any of the exceptions to the confidentiality obligation listed in sections 18D to 18J of the TAA.

### **Right of Review**

If you disagree with my decision on your OIA request, you can ask an Inland Revenue review officer to review my decision. To ask for an internal review, please email the Commissioner of Inland Revenue at: [CommissionersCorrespondence@ird.govt.nz](mailto:CommissionersCorrespondence@ird.govt.nz).

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman by email at: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz).

If you choose to have an internal review, you can still ask the Ombudsman for a review.

### **Publishing of OIA response**

Please note that Inland Revenue regularly publishes responses to requests that may be of interest to the wider public on its website. We consider this response is of public interest so will publish this response in due course. Your personal details or any information that would identify you will be removed prior to it being published.

Thank you again for your request.

Yours sincerely



Sandra Watson  
**Policy Lead, Forecasting and Analysis**

## Appendix

**Table 1: ECE corporate taxpayers including those with nil taxable income**

Year	Number of IR4s with Industry 'P801' (ECE)	Number with		Taxable income					Residual Income tax				
		positive taxable income	nil taxable income	Total	Mean	Lower Quartile	Median	Upper Quartile	Total	Mean	Lower Quartile	Median	Upper Quartile
				(\$M)	(\$)	(\$)	(\$)	(\$)	(\$M)	(\$)	(\$)	(\$)	(\$)
2014/15	256	256	0	37.8	147,515	13,518	50,765	131,463	10.1	39,315	2,628	12,892	34,531
2015/16	275	273	2	55.3	201,063	11,697	55,089	161,822	14.8	53,816	2,498	14,379	42,505
2016/17	289	281	8	62.6	216,472	9,835	58,290	133,942	16.8	58,221	2,628	15,877	36,809
2017/18	285	261	24	45.7	160,238	8,800	48,012	121,137	12.2	42,922	2,433	13,212	33,576
2018/19	440	281	159	46.9	106,534	0	12,245	72,994	12.9	29,279	0	3,346	20,046
2019/20	434	277	157	33.8	77,769	0	16,161	82,285	9.3	21,524	0	4,484	22,490
2020/21	451	330	121	75.2	166,808	0	42,010	130,134	21.0	46,530	0	11,463	36,438

**Table 2: ECE corporate taxpayers excluding those with nil taxable income**

Year	Number of IR4s with Industry 'P801' and positive taxable income	Taxable income					Residual income tax				
		Total	Mean	Lower Quartile	Median	Upper Quartile	Total	Mean	Lower Quartile	Median	Upper Quartile
		(\$M)	(\$)	(\$)	(\$)	(\$)	(\$M)	(\$)	(\$)	(\$)	(\$)
2014/15	256	37.8	147,515	13,518	50,765	131,463	10.1	39,315	2,628	12,892	34,531
2015/16	273	55.3	202,536	13,529	55,692	161,822	14.8	54,213	2,774	14,830	42,505
2016/17	281	62.6	222,635	13,180	60,392	135,676	16.8	59,879	3,514	16,624	37,326
2017/18	261	45.7	174,973	14,697	58,658	128,062	12.2	46,874	3,923	15,829	35,284
2018/19	281	46.9	166,815	17,120	52,781	124,311	12.9	45,916	4,741	14,598	34,807
2019/20	277	33.8	121,847	17,854	55,018	114,440	9.3	33,769	4,992	15,016	32,037
2020/21	330	75.2	227,971	28,687	84,934	171,866	21.0	63,620	7,923	23,685	48,099

**Table 3: ECE debt figures**

Year	ECE Companies with debt	Debt Values (\$)					Stats based on total debt value (\$)			
		Income Tax	Employer	GST	Other	Total debt value	Mean	Lower Quartile	Median	Upper Quartile
2014/15	155	221,644	880,431	1,642,528	4,563	2,749,166	17,737	70	550	5,952
2015/16	138	311,884	881,503	1,760,408	4,504	2,958,298	21,437	98	1,474	15,027
2016/17	113	557,840	393,758	251,611	2,227	1,205,436	10,668	54	287	5,006
2017/18	133	1,627,763	727,149	2,348,012	17,883	4,720,807	35,495	247	1,352	7,829
2018/19	162	353,237	723,866	1,837,919	13,162	2,928,184	18,075	156	1,220	8,639
2019/20	200	222,775	1,392,924	3,882,751	46,188	5,044,637	25,223	104	524	9,234
2020/21	127	479,080	1,360,714	6,007,681	126,631	7,974,105	62,788	250	8,864	31,553