



1 February 2024

[Redacted]  
[Redacted]

Dear [Redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 18 December 2023. You requested:

1. *A breakdown of what % of tax (net transfer payments I think is what you call it internally), as well as # of people and \$ amount total, is paid by each of the following categories for the following years:*
  - *top 1% of income earners*
  - *top 10% of income earners*
  - *top 50% of income earners*
  - *and whatever the threshold is for net neutral taxpayer (the average amount someone would need to pay to neither contribute or receive benefit on net, I believe this use to be around \$70,000, however I'd like to see how this has changed over time), I'd like these numbers for 2000, 2010, 2015, 2020 and 2022 tax years.*
  
2. *The % income earners as well as the # of income earners by their marginal tax rate (do 5% buckets rather than absolute number to reduce the complexity) for the same financial years as above (2000, 2010, 2015, 2020, 2022). [...] If someone earns \$95,000 per year their effective/marginal tax rate is 24.97%, so it would make sense to do 5% buckets, 10-15%, 15-20%, 20-25%, 25-30%, etc.*  
  
*The point is to see how these proportions have changed over time, and the extent of the increase in marginal tax rate because of wage inflation.*
  
3. *I'm interested in understanding the movement of people between income tax brackets (either marginal or income tax brackets, I'd prefer marginal brackets).*  
  
*So for the same financial years as above, I'd like a table showing # of people in each bracket for that financial years as well as a column to specify the # of people who moved up or down to that bracket or joined/rejoined the work force at that bracket from the previous period). You'll need another income bracket category called "left the workforce" to retire or exit the work force (move overseas, or whatever, just 1 big category called "Left Workforce")*  
  
*The point of this is to show how much movement there is over time for individuals, it may also help illustrate the general upwards trend in marginal tax rates over time because of inflationary pressures on wages.*

**Question 1: A breakdown of the percentage of tax, numbers of people and amount paid by the top 1%, 10% and 50% of income earners, and net-neutral taxpayers for the 2000, 2010, 2015, 2020 and 2022 tax years**

Inland Revenue does not hold all the information required to comprehensively answer this part of your request. This is because we do not hold information on non-taxable transfers, such as the accommodation supplement.

This part of your request is therefore refused under section 18(e) of the OIA, as the information does not exist.

However, we do hold some of the information requested, and this is released to you below.

**Information about top 1%, 10% and 50% of income earners**

The following table provides information for the top 1%, 10% and 50% of individuals (when sorted by taxable income). The table includes the number of individuals for each of the above categories, the total amount of income tax for each category, each category's percentage of the total income tax collected, and each category's percentage of the net income tax collected.

Income tax is defined here as tax on taxable income less any relevant tax rebates/credits (such as Independent Earner tax credits), any company imputation credits and any overseas tax credits.

The net income tax collected is defined as income tax less taxable transfers for which Inland Revenue holds information (taxable social welfare benefits, New Zealand Superannuation, Student Allowance and Paid Parental Leave) and Working for Families tax credits, attributed to each family's nominated principal carer.

The table was created using full population data for the 2020 and 2022 tax years (1 April to 31 March) and weighted sample data for the 2000, 2010 and 2015 tax years. Please note that the coverage of tax data substantially increased from 2020 onwards, and now includes, for example, people whose sole income is from a bank account.

2022 tax year				
Income group	Individuals	Tax (\$M)	Tax %	Net tax %
top 50%	2,411,000	45,674	93%	172%
top10%	482,000	23,591	48%	101%
top 1%	48,000	7,380	15%	31%
2020 tax year				
Income group	Individuals	Tax (\$M)	Tax %	Net tax %
top 50%	2,402,000	38,990	93%	164%
top10%	480,000	20,350	49%	102%
top 1%	48,000	6,170	15%	29%

2015 tax year				
Income group	Individuals	Tax (\$M)	Tax %	Net tax %
top 50%	1,622,000	24,740	87%	228%
top10%	252,000	10,650	37%	110%
top 1%	19,000	2,470	9%	26%
2010 tax year				
Income group	Individuals	Tax (\$M)	Tax %	Net tax %
top 50%	1,591,000	21,220	87%	235%
top10%	258,000	9,310	37%	116%
top 1%	19,000	2,130	9%	27%
2000 tax year				
Income group	Individuals	Tax (\$M)	Tax %	Net tax %
top 50%	1,270,000	12,730	84%	252%
top10%	185,000	5,290	35%	114%
top 1%	15,000	1,310	9%	29%

*Please note:*

\* Overseas tax credits are not considered for the 2015, 2010 and 2000 tax years, as they are not stored in the sample data used to do calculations for these years.

\* Paid parental leave was introduced in 2002.

### **Break-even income group**

We have interpreted your request for a neutral threshold to be the taxable income group where amounts received as net transfers roughly equate to amounts paid in tax (within that group there will be people with different outcomes).

We grouped the individuals by \$1,000 income bands and calculated the aggregate net tax of each income group. The income group with aggregate net tax closest to zero is identified as the break-even income group.

In the 2022 tax year, the break-even income group is the group that earned \$38,000–\$39,000. Individuals in this group are closest to a tax-neutral position if only taxable transfers are considered. Results for the other years are listed below.

	2022	2020	2015	2010	2000
<b>Taxable income group</b>	\$39,000	\$37,000	\$34,000	\$29,000	\$20,000

**Question 2: The percentage and number of income earners by tax rate for the 2000, 2010, 2015, 2020 and 2022 years**

Based on your example for \$95,000, we have interpreted your request to be for average tax rates (total tax divided by total taxable income), not marginal tax rates (tax on the next dollar earned), which at \$95,000 would be 33%.

The OIA enables people to request official information from agencies. However, the OIA only applies to information that is already held. There is no obligation on agencies to create information in order to respond to a request.

The information you have requested would need to be created for us to respond to your request. I am therefore refusing this part of your request under section 18(g) of the OIA, because Inland Revenue does not hold the information in the format requested and we do not believe it is held by another agency.

The information can be calculated from publicly available information on the following websites:

- Individual incomes: [Taxable income distribution of individuals \(ird.govt.nz\)](https://www.ird.govt.nz/taxable-income-distribution-of-individuals)
- Current personal tax rates: [Tax rates for individuals \(ird.govt.nz\)](https://www.ird.govt.nz/tax-rates-for-individuals)
- Historic tax rates from 2009: [Income Tax Rates - New Zealand Parliament \(www.parliament.nz\)](https://www.parliament.nz/income-tax-rates-new-zealand-parliament)

The income distribution information is grouped into income \$1,000 bands, ranges from \$1,000 to \$150,000 for all years, and has further breakdowns for some more recent years.

**Question 3: The movement of people between income tax brackets**

Your request is for analysis rather than information that already exists. This part of your request is therefore refused under section 18(e) of the OIA, as the information does not exist.

However, you may be interested in the paper *Income Mobility in New Zealand 2007–2020: Combining Household and Census Data (Working Paper 12/2022)*, in the *Working Papers in Public Finance* series. The paper is published online at: [https://www.wgtn.ac.nz/cpf/publications/working-papers/2022-working-papers/WP12-2022-Family Income dynamics HLFS May-2022.pdf](https://www.wgtn.ac.nz/cpf/publications/working-papers/2022-working-papers/WP12-2022-Family%20Income%20dynamics%20HLFS%20May-2022.pdf)

**Rights 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**

We intend to publish our response to your request on Inland Revenue's website ([www.ird.govt.nz](http://www.ird.govt.nz)) as this information may be of interest to other members of the public. This letter, with your personal details removed, will be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you for your request.

Yours sincerely



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