



12 March 2024

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 15 February 2024. You requested the following:

1. *GST to Income by decile – Figure 14.4 (page 113) – A large difference between HES and Thomas for decile one. What could be the explanation for this? Which figures are likely to be more accurate? (is HES a self-estimate?)? Could I get the same graph with exact HES figures included (figures on the bar labels are only for Thomas)?*
2. *Effective Tax Rates for high-income families and median Income – Could I get figures including only realised Capital Gains, excluding unrealised gains?*
3. *Transfers are much higher for deciles one and two than for deciles three and four. What are the main reasons for this (EITC?)?*

Item 1

In the high-wealth individuals research project report, footnote 109 on page 108 denotes that decile 1 incomes may not be representative of the resources of individuals. Decile 1 incomes can be volatile between HES years, this is because decile 1 can be affected by things such as losses and part time work. The increased ratio calculated for HES 2018/19 is due to decile 1 having higher average expenditure in 2019 but lower income than in 2016. This is likely in part due to data volatility. Generally, we suggest looking at deciles 2-10 and ignoring decile 1 due to the stated data issues. Our estimates for deciles 2-10 are close to those of Thomas (whose analysis is based on HES 2015/16).

These are the figures for the HES 2018/19 GST/income ratio, excluding housing and cars. The details of how HES data is constructed is available from Stats NZ.

Decile	1	2	3	4	5	6	7	8	9	10
	23.4%	12.5%	10.6%	8.6%	8.3%	7.2%	6.5%	6.2%	6.5%	6.1%

Item 2

There are several difficulties in estimating an effective tax rate based on realised gains, in particular determining the cost base for valuation and how to attribute tax. Further realised capital gains were not calculated for all asset categories. For this reason, this analysis was not done. As such, this part of your request is refused under section 18(g) of the OIA – the information requested is not held by the department, nor do I have grounds for believing the information is held by another department. Realised capital gains are calculated where possible in the report (for example, pages 68 and 105).

Item 3

This part of your request does not constitute a request for official information under the OIA, rather it is a request for advice. Official information is any information held by an agency subject to the OIA. This includes:

- Documents, reports, memoranda, letters, emails and drafts
- Non-written information, such as video or tape recordings
- The reasons for any decisions that have been made about you
- Manuals that set out internal rules, principles, policies or guidelines for decision-making
- Agendas and minutes of meetings, including those not open to the public

Responding to this part of your request would require Inland Revenue to engage in debate or to create justifications or explanations. The OIA does not require agencies such as Inland Revenue to do that (see the Ombudsman's website).¹

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.

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.

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

¹ [Your ability to request official information | Ombudsman New Zealand](#)

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (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



Felicity Barker

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