

20 April 2020

J B
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Dear J B

Thank you for your request made under the Official Information Act 1982 (the OIA), received on 21 March 2020. You requested the following:

Data covering the period since the introduction of the current Foreign Investment Fund (FIF) in (I believe) 2008, up until the current day.

A. A table broken down by tax year and by marginal income tax bracket, of:

- 1. the number of taxpayers who reported FIF income.*
- 2. the number of taxpayers who were assessed by the IRD as having FIF income.*
- 3. the self-assessed value of such income.*
- 4. the value assessed by the IRD of such income.*
- 5. Losses made on the FIF investments (this may have to be figured by comparing the balance on 1 April of one year to the balance on 1 April of the next year).*
- 6. Losses made on the FIF investments allowed by the IRD to be deducted for income tax.*
- 7. Losses made on the FIF investments allowed by the IRD to be carried forward to subsequent tax years.*

B. A table giving the above information, but also broken down by the method of calculating FIF income (FDR, CV, etc). (As well as by tax year and by marginal income tax bracket.)

Information to be withheld: Questions A1, A3 to A7 and B

Details of FIF calculations are provided on a form that is not held in a database format by Inland Revenue. Your request for information relating to questions A1, A3 to A7 (inclusive) and B is refused under section 18 (f) of the OIA, as the information requested cannot be made available without substantial manual searching through each individual return.

Information being released: Question A2

There are yes/no questions on the parent *Individual tax return* (IR3) and *Income tax return Companies* (IR4) which indicate whether or not the more detailed disclosures are required from the taxpayer. These yes/no questions are accessible in database form, and are provided in the following tables for the tax years ending 31 March 2008 to 31 March 2018 (inclusive). No data is provided for the tax year ending 31 March 2019 as this is not finalised yet.

The relevant yes/no questions on the IR3 and IR4 tax returns are:

IR3, question 36: Did you at any time during the income year hold rights in a foreign company, unit trust, superannuation scheme or life insurance policy for which disclosure is required?

IR4, question 34: *Has the company calculated CFC or FIF income under Question 18?*

IR4, question 18: *Did the company receive any income from overseas?*

I note that both returns are asking for broader information than just FIF income to be disclosed. The IR3 question is also asking about unit trusts, superannuation schemes and life insurance policies. The IR4 question includes investments in controlled foreign companies (CFCs), which in terms of value is arguably a much larger investment category. In both cases FIF data cannot be separately isolated, and hence the figures in the following tables form upper bounds on the volumes.

Table 1 below shows the number of individuals who have made a foreign investment disclosure, by year ending 31 March. This information is based on those taxpayers who answered 'Yes' to question 36 on the IR3 return. The data in Table 1 is based on a sample of individual taxpayers, and is weighted to provide population estimates.

Table 1: Individuals making a Foreign Investment Disclosure* on IR3 Returns

Year ending 31 March	Count
2008	890
2009	460
2010	780
2011	860
2012	780
2013	1,000
2014	1,000
2015	1,020
2016	790
2017	870
2018	940

*Disclosure includes foreign companies, unit trusts, superannuation schemes, and life insurance policies.

Table 2 below shows the counts from Table 1 by personal income tax bracket based on the person's total taxable income in that year, but using the 2019/20 tax scale to define the thresholds for the table.

Table 2: Number of Individuals with Foreign Investment Disclosure, by year and marginal tax bracket

Year ending 31 March	Personal Marginal Income Tax Bracket (\$)					Total
	0	1-14,000	14,001-48,000	48,001-70,000	70,001+	
2008	50	40	230	90	480	890
2009	30	30	120	50	230	460
2010	20	30	260	60	410	780
2011	40	70	230	170	350	860
2012	20	20	250	140	350	780
2013	60	10	300	110	520	1,000
2014	40	10	330	80	540	1,000
2015	30	40	270	120	560	1,020
2016	20	10	220	100	440	790
2017	10	40	230	130	460	870
2018	0	20	240	140	540	940

Table 3 below shows the number of companies who have made a CFC or FIF foreign investment disclosure. This information is based on those taxpayers who answered 'Yes' to question 34 on the IR4 return.

Table 3: Number of Companies Making a CFC or FIF Foreign Investment Disclosure on IR4 Returns

Year ending 31 March	Count
2008	365
2009	253
2010	254
2011	248
2012	251
2013	244
2014	290
2015	299
2016	300
2017	272
2018	292

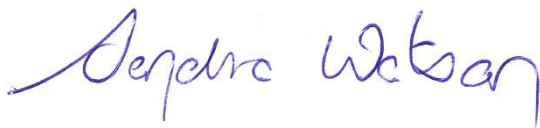
Right of Review

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.

Thank you for again your request. I trust that the information provided is of assistance to you.

Yours sincerely



Sandra Watson
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