

20 November 2019

Mr Rodney Yeoman
Fyi-request-11526-eb9bc62a@requests.fyi.org.nz

Dear Mr Yeoman

Thank you for your request made under the Official Information Act 1982 (OIA), received on 24 October 2019. You referred to income distribution data published on Inland Revenue's website, and requested:

The 2001-2018 distributions for each Territorial Area and Region.

Personal income tax distribution by region

The attached spreadsheet, *Personal income tax distribution by region*, provides a regional geographical breakdown, based on postcodes, of personal income distributions from 2007/08 onwards.

New Zealand's postcode system changed substantially in 2008, and creating the information provided in the spreadsheet for the years before 2007/08 would be a substantial task. The part of your request for an income breakdown by region from 2001 to 2008 (inclusive) is therefore refused under section 18(e) of the OIA, as the document containing the information does not exist.

Notes on the information provided in the attached spreadsheet

Data source

The personal income distributions on our website are based on three income sources: PAYE records of employers, which include taxable government transfers; annual IR3 tax returns for individuals with non-PAYE sources of income; and annual square-ups (personal tax summaries) for the subset of PAYE earners who requested one or were selected by Inland Revenue for a square up.

The distributions do not include people with nil income unless they filed a return, or people whose sole income was interest or dividends with tax withheld fully at source, for example interest income with tax paid at the bank, unless they filed a return. The distributions may include some children if they filed a return or had PAYE earnings.

The data was extracted from Inland Revenue's systems on 31 October 2019.

Address information is potentially out of date

There are some limits to the accuracy of the postcode information Inland Revenue holds, as the postal information we held for people may be out of date. About a million taxpayers were not required to file annual tax returns from 2001 to 2018, and therefore may not have informed Inland Revenue if their address had changed, as they had no other reason to contact us.

Some taxpayers have no postcode information

People with no available postcode are listed separately. The absence of a postcode may be due to an offshore address, or could simply be due to incomplete address information. The

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2007/08 and 2008/09 years have a higher number of taxpayers with missing postcodes than other years, and some of the subsequent growth apparent in other regions may simply reflect better address information.

Some postcodes overlap different regions

Postcode zones do not map precisely to regions. Where postcodes cross regional boundaries, taxpayers were randomly allocated to one of the two neighbouring regions. The postcode mapping and random allocation used is provided on a separate tab on the spreadsheet.

Sampling reliability

Distributions based on a sample are less reliable at the extremes where there is less information. The tables provided were chosen to ensure the data presented is robust and is also comparable over an eleven-year time period (2008 to 2018), without potentially being misleading at the top end of the distribution. Taxpayer confidentiality considerations also had to be taken into account.

In order to provide data that is robust and time-series comparable, the regions are split into two distinct groups: for smaller regions with less than 100,000 people we have provided distributions in \$5,000 income bands up to \$100,000; and incomes above that are combined together into a single cell.

For larger regions with income-earning populations exceeding 100,000, the income bands are continued up to \$150,000.

Personal income tax distribution by territorial area

There is not enough data to create reliable information showing income distributions by territory. This is because territories have even smaller populations than regions, and there is even more ambiguity from overlapping postcodes. Confidentiality concerns for high-income taxpayers would also increase at this level of detail.

The part of your request for an income breakdown by territorial area is therefore refused under section 18(e) of the OIA, as the document containing the information does not exist.

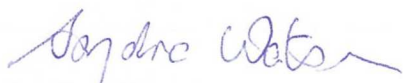
Rights of review

If you disagree with my decision to refuse parts of 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 at: info@ombudsman.parliament.nz.

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

Yours sincerely



Sandra Watson

Manager, Forecasting and Analysis

Attached

Spreadsheet: *Personal income tax distribution by region*