

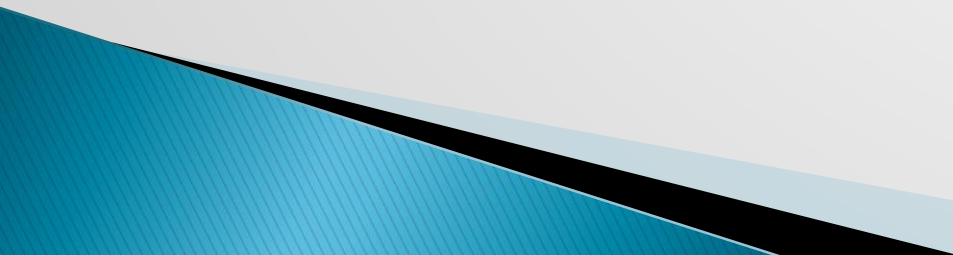
The Missing Millions

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Income

- | | |
|------------------|--------------------|
| • Wages | Probably overtaxed |
| • Interest | Overtaxed |
| • Dividends | Overtaxed |
| • KiwiSaver | Probably taxable |
| • Micro business | Problem |

Statistics

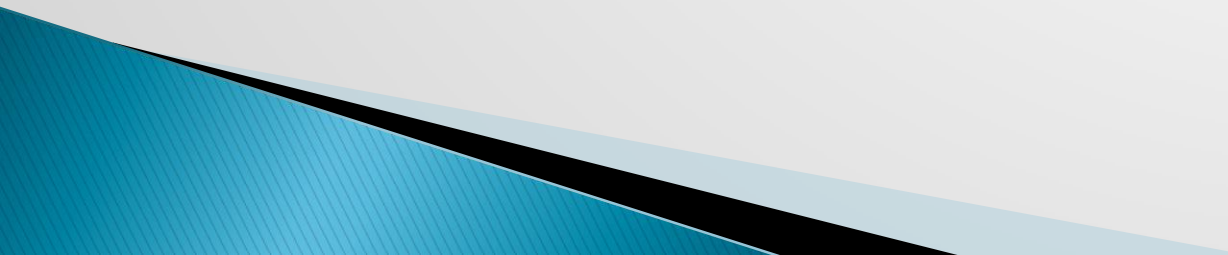
- Approx 4.5 million individuals in NZ
 - Over 1.2 million aged 15 to 34 + 900,000 following
 - Over 1.7 million aged 35 – 64
 - Over 635,000 aged 65 and over
 - Pay 74% of NZ's income tax
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Requirement to file

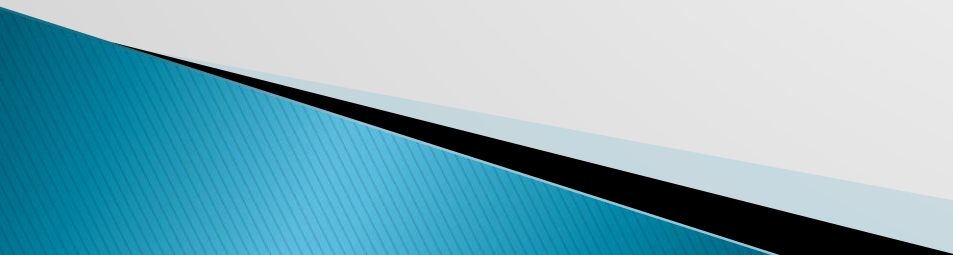
- Has PIE income taxed at the incorrect rate
- Foreign super fund withdrawal
- FIF income
- Under-deducted PAYE or RWT
- Entitlement to family assistance
- Student loan
- Scheduler income
- Liable to pay family support
- Taxable Maori Authority distributions

Do most people know about these? Probably not.

4-step process

- Communicate
 - Educate
 - Mandate
 - Facilitate
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How we achieve compliance

- Pre-populate return
 - Questionnaire
 - Calculation tool
 - Simplify for micro-business
 - Advise PIEs of the correct rate for the individual
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Summary

- Individuals pay over 74% of all income tax
- Should not be over-taxed or under-taxed
- Return filing / confirmation should be compulsory
- Appropriate communication differs by age / skills
- Education is a big challenge and most vital step
- Pre-population of source-deducted income
- Return should be by way of questionnaire
- IR site able to calculate micro-business profit
- Closing stock should be abolished for micro-business