



9 December 2021

[REDACTED]

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 11 November 2021. You requested the following:

*Please provide data on government revenue by age group and government expenditure by age (if possible from 2000 to present).*

On 20 November 2021, you clarified your request to specify the age bands and timeframe for the data requested:

*To clarify, by government expenditure by age I mean how much money the government spends on services for each age group. The age groups do not have to be numerous, it is okay if it broken down by children, adults, and retirees.*

*Person income tax data broken down by age for the last ten years would be excellent. The age bands for this data can be 20-29, 30-39, 40-49, etc., etc. If other age bands are easier to compile that is also fine.*

### **Government expenditure and revenue**

Government expenditure covers a large spectrum of activity and is generally not collated in a way that allows the age of the beneficiaries of that expenditure to be determined. There may be a few areas where some information is available, such as in the welfare benefit link provided below from the Ministry of Social Development, or in published research addressing planning for future government expenditure, as the population ages. This type of analysis cannot be generalised to the entire expenditure of the public sector and is not necessarily available as a time series.

<https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/latest-quarterly-results/all-main-benefits.html>

Similarly, a lot of tax revenue is collected from entities, like companies or trusts, which do not fit within a "by age" framework. Some taxes may be paid by people (as opposed to entities) but not be directly attributable to who paid them. For example, GST is collected by a retailer at the time an item is purchased, but the age of the purchaser is not known to Inland Revenue. You could potentially make inferences of your own on how to allocate such tax types across the age groups you are interested in. For example, you could use "consumption by age" information from Statistics New Zealand and apply this to GST receipts to make your own inferences on which age groups are paying the greater share of GST. If you wish to do such analysis, you can find monthly time series information of tax collections, reported by tax type, on the Treasury's website:

<https://www.treasury.govt.nz/publications/tax-outturn-data/tax-outturn-data-september-2021.>

The government expenditure and revenue (from most tax types) aspect of your request is refused under section 18(g) of the OIA as the information is not held by Inland Revenue.

### **Personal income tax by age**

Inland Revenue does hold time series information on personal income tax by age, which we have summarised across the time period from your request clarification. The below table shows the tax on total income by age band across ten tax years ended 31 March 2011 to 31 March 2020 inclusive. The income tax amounts are rounded to the nearest million dollars. The 31 March 2021 tax year information is unavailable as it is still being compiled.

Personal income tax described in the table does not fit neatly within the "by tax type" information provided in the above Treasury link. This is because it measures a March income year, irrespective of when the tax is paid, and covers tax which is paid via a range of tax types including PAYE collected by employers, income tax paid directly to Inland Revenue by individuals ("other persons"), and some, but not all, of the withholding taxes such as resident's withholding tax on interest (collected by the financial institution paying the interest) or resident's withholding tax on dividends (collected by the company paying the dividend).

<b>Personal income tax by March tax year and age group (\$ million)</b>										
<b>Age band</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
No information	455	501	469	451	401	399	399	324	321	320
less than 20 years old	235	219	239	239	240	245	259	290	315	334
20-29	2,631	2,475	2,618	2,816	3,061	3,344	3,631	3,839	4,139	4,444
30-39	4,731	4,612	4,797	4,957	5,195	5,663	5,971	6,477	7,127	7,893
40-49	6,392	6,561	6,923	7,185	7,446	7,901	8,226	8,636	9,056	9,610
50-59	5,251	5,559	6,109	6,378	7,086	7,333	7,790	8,437	9,001	9,584
60-65	2,192	2,238	2,521	2,478	2,669	2,888	3,056	3,441	3,730	4,056
more than 65 years old	2,315	2,497	3,002	3,024	3,359	3,658	3,934	4,338	4,722	5,135
<b>Total</b>	<b>24,201</b>	<b>24,661</b>	<b>26,676</b>	<b>27,528</b>	<b>29,457</b>	<b>31,430</b>	<b>33,265</b>	<b>35,781</b>	<b>38,411</b>	<b>41,375</b>

There are ongoing definitional changes in the reported time series, further discussed below, and caution should be used when interpreting trends.

The tax rules do change over time, which will directly affect this series. Over the period of interest the tax scale changed in October 2010, some tax credits have changed, and the tax base has also changed, particularly in relation to international tax and pass through of losses from businesses.

Further, changed administration has affected the types of income which can be attributed through to individuals, for example income earned through KiwiSaver investments has not always been, but is now, linked through to individual investors using information supplied by the investment entity. Another example is much higher volumes of people with annual tax assessments following an administrative change which applied from the 2018-19 tax year. An outcome is that income, and hence tax, attributable to younger taxpayers is now more likely to be included in this data.

Finally, Inland Revenue's migration to a new software system has also affected how we construct the data distributions, with 2017-18 onwards prepared using a changed methodology.

## **Right of Review**

If you disagree with my decision to refuse part 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 by email at: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz).

## **Publishing of OIA response**

Finally, please note that, Inland Revenue regularly publishes, on its website, responses to requests that may be of interest to the wider public. Your personal details or any information that would identify you will be removed prior to it being published.

Thank you for your request.

Yours sincerely



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