2025 Booster Tax Guide: Comprehensive Tax Guide

Booster Custodial Administration Services Limited ("BCAS") has provided this reference guide to assist you in the completion of your 2025 tax return.

Summary

This guide provides an overview of each of the reports available to you to enable you to complete your tax return.

It is important that you read this guide carefully to ensure you include the appropriate information in your tax return. As we are unable to confirm your particular tax status based on our records alone, you will need to determine which information is relevant to your circumstances.

If you are unsure about your tax status or unclear about how the tax rules apply to you, we strongly recommend you consult a tax adviser.

The reports outlined in this guide are:

1. Tax Certificate
2. Client FDR Report
3. Client Comparative Value Report
4. Client Comparative Value Report – Guaranteed Return Investments
5. Deductible Fees/Taxable Rebates Report
6. Client Income Report
7. Transaction Summary Report
8. Client Holdings – Fixed Interest Report
9. Client Fixed Interest Transactions Report
10. Schedule of Foreign Dividends
11. Client Holdings Report

This guide provides an overview of the key features of the reports and suggestions on how to use them.

For those investors with a relatively simple PIE based managed fund the most important reports for your tax return are the *Tax Certificate* and the *Deductible Fees/ Taxable Rebates Report*.

We recommend you review the chart on the final page of this document for an overview of the types of income you may have received in the year.

1. Tax Certificate

The *Tax Certificate* provides a relevant summary of investment income received during the period 1 April 2024 to 31 March 2025 for investments held in our administration service.

You will need to carefully review each component of income and consider whether this needs to be included in your tax return. This guide is designed to help you determine which income is relevant to you and which of the other reports you may need to refer to.

Income is split between New Zealand and foreign sourced and between interest, dividends and realised gains. Foreign income is split between the relevant categories for the Fair Dividend Rate ("FDR") regime. Additional information is provided on Portfolio Investment Entity ("PIE") unlisted attributed income and listed PIE dividends.

Note: that if you have any other investments or investment income, these need to be combined with the information reported in this certificate prior to completing your tax return.

How to use the Tax Certificate – NZ Residents

IRD Tax Return box numbers are provided on the Tax Certificate to facilitate completion of the three main tax returns (individual, company and estate/trust).

Each category of income is described below with relevant factors to consider.

Note: that not all of the income categories described will be relevant to your personal investments, therefore not all comments in this guide may be applicable to you.

NZ Interest

This is the income earned on cash balances, directly held bonds and debentures and any Resident Withholding Tax ("RWT") deducted.

NZ Dividends

This includes any dividends received from shares or non-PIE managed funds, imputation credits attached and any RWT deducted.

PIE (Listed)

Dividend income received from a PIE listed on the NZ Stock Exchange. Where the dividend paid is partially imputed, we present the dividend in two parts – fully imputed and unimputed to enable the correct treatment to be taken for each part.

To the extent that dividends do not have imputation credits attached, this income is not taxable (it is treated as excluded income). As a result, unimputed income from listed PIEs is not shown in the *Tax Certificate*, though it is shown in the *Client Income Report*.

Where the dividend is fully imputed, **as an individual or trustee you have the option** to include this income in your tax return. For example, if your marginal tax rate is less than 28%, (the rate of imputation) you will get the benefit of the imputation credits (i.e. higher rate tax payers or non residents would ignore this income).

Note: the inclusion of this income in your tax return will change your total income and may affect your ability to claim Government benefits.

A company is required to include the value of the fully imputed dividend in its tax return (not optional), though the unimputed portion remains exempt.

Foreign Interest

This is interest income from foreign resident entities. The NZ RWT deductions made by us should be included as tax credits in the NZ dividends section of your tax return.

Foreign Dividends (Non FDR)

This is income received from investments that are exempt from the FDR regime and generally will be limited ASX listed shares (though if the investment is a 'stapled security' or does not pay tax then the exemption will not apply).

Any foreign withholding tax, NZ imputation credits and NZ RWT deductions will be shown.

Foreign Dividends (FDR)

This is income received from investments that are captured by the FDR regime.

These may not be taxable to you.

You need to determine if you are exempt from the FDR regime or not. If you are not exempt from FDR you need to calculate taxable income to include in your tax return according to the FDR rules.

Please refer to the Tax Guide: Fair Dividend Rate (FDR) document to determine if you are exempt from the FDR regime or not, for guidance on calculating the taxable income from FDR investments and the use of foreign tax credits.

PIE (Unlisted attributed income)

PIE investment funds do not pay tax themselves, but attribute the taxable income to their unit holders. While this income is taxable to you, the PIE will pay the tax on your behalf where your nominated Prescribed Investor Rate ("PIR") is greater than 0%. The PIE will also take a deduction for the fees charged on your PIE investments so only the net tax payable is deducted by the PIE.

Prescribed Investor Rate (PIR)

The PIRs are 0%, 10.5%, 17.5% or 28%.

The income attributed to you has been taxed at your advised PIR. You will need to review the rate that was applied against your income to determine if it was the correct rate for you - to work out the correct rate for you, see the IRD website **www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate**

Your current PIR is shown at the top of the Tax Certificate. If this rate is not correct for you, then please contact your adviser to request a change

The Inland Revenue is able to change your PIR and may instruct us to do so if;

- the Inland Revenue considers that your PIR is incorrect and the Inland Revenue holds sufficient information to determine the correct PIR; or
- you have not notified us of your PIR.

PIE income and PIR tax

PIE income less associated fees, and associated tax credits need to be included in your tax return.

Individuals

The IR3 Tax Return includes a section called 'Portfolio Investment Entity Calculation" (section 36).

The Booster Tax certificates provide you the information for this section, when you file electronically this information will be populated by the Inland Revenue based on the PIE annual returns that Booster files.

Trusts, Companies and Non-Residents

For Trusts, Companies and Non Residents the gross taxable income less any PIE related fees and expenses, and associated tax credits are to be included in the 'Overseas Income' section.

Note that foreign tax credits received are only able to be utilised where there is positive taxable income – i.e. where the foreign tax credits are greater than the tax liability on that foreign income, then surplus credits may be lost.

If you invest in an unlisted PIE that makes distributions, this income is exempt from tax and is therefore not included in your Tax Certificate.

Gain or loss on the sale or disposal of financial arrangements

All direct investors in financial arrangements (e.g. debt instruments such as fixed interest bonds, debentures, discount securities etc.) are required to pay tax on the total gains or losses (including any realised gains, however, capital losses on debentures are generally not tax deductible). This is included in the 'Other Income' section of the tax return.

For a 'cash basis' investor, tax is paid on the interest as received and on the net gain/ loss on sale or maturity of the investment. If you are not on a 'cash basis' for tax purposes, you will require additional reporting on financial arrangements to determine your accruals basis tax liability (see fixed interest reports).

The cash basis calculation **should not** be used by accruals basis tax payers (see definition of accruals and cash basis in the Additional information section).

Should you wish to see the breakdown of this figure, the gains and losses are shown in the *Realised Gains report*.

Features of the Tax Certificate – Non Residents

The *Tax Certificate* is only required to show NZ sourced income for the non resident tax return in NZ (IR3NR). As a result, foreign income is not shown. Should you require information on all income received during the tax year, this can be obtained from the *Client Income Report*.

IRD Tax Return numbers – these are included to the extent they would be relevant to the IR3NR tax return.

NZ interest income has been split between income that was subject to Approved Issuer Levy ("AIL") and income that has had non-resident withholding tax deductions made. This is to assist you in completion of your IR3NR tax return. Income received that is subject to AIL is not required to be included in the IR3NR tax return.

PIE (unlisted attributed income) needs to be included in your tax return together with the available Tax Credits.

PIE (Listed) dividends do not need to be included in your tax return.

2. Client FDR report

This report shows the calculation of the FDR Income.

A separate guide (Fair Dividend Rate (FDR)) has been produced to assist in the use of this report – please contact your adviser if you require this guide.

Note the value of investments may differ slightly from your March quarterly report as some final investment valuation information is not available at the time our quarterly reporting is produced, and in the case of OM-IP funds, the tax value may be different from the 'market value'.

3. Client Comparative Value (CV) report

This report shows the calculation of the CV Income.

A separate guide (*Fair Dividend Rate (FDR)*) has been produced to assist in the use of this report – please contact your adviser if you require this guide.

4. Client Comparative Value (CV) report – Guaranteed Return Investments

This report shows the calculation of the CV Income on those investments where the FDR calculation is not allowed to be applied.

A separate guide (*Fair Dividend Rate (FDR)*) has been produced to assist in the use of this report – please contact your adviser if you require this guide.

5. Deductible Fees / Taxable Rebates Report

The report is a summary of fees paid and rebates received to the extent we believe they are deductible or taxable and should be included in your tax return. The fees are separated into adviser fees and rebates and investment / administration service fees and rebates (referred to as management fees or management fee rebates).

To the extent the fees and rebates have already been offset against your PIE attributed income, this is also shown on the report. The residual fees / (rebates) (as shown in the right hand column) are to be included in the section for claiming expenses / (declaring additional income) on the income tax return.

If you only hold Booster retail funds and did not have any account-based fees or rebates, all deductible fees will have been claimed within the Booster retail fund. Therefore, you will not receive a *Deductible Fees / Taxable Rebates Report* as there is no residual non-PIE fees to be included in your tax return.

6. Client Income Report

This provides detailed support for the income shown in the *Tax Certificate* should this be required (it is not specifically needed for the completion of your tax return).

The net receipt for each payment will be shown in the Cash *Transaction Report* (where received in cash) or in the *Security Transaction Report* (where reinvested).

Note that this report shows income received in the period (i.e. the primary basis used by the Inland Revenue for taxing income on investments). It does not necessarily agree with the income earned and accrued in the period, which may be shown on other reports available from BCAS.

In addition, the report shows PIE **attributed** income (and deductible expenses), which are not distributions but represents the **notional income** that is subject to tax related to your PIE investment.

There may be other income in your *Client Income Report* which is non-taxable such as unlisted PIE distributions.

7. Transaction Summary Report

This provides a summary of the key components of movement in the value of your fund over a defined period. The full years *Transaction Report* is available on request.

8. Client Holdings – Fixed Interest Report

This report provides a summary of all financial arrangements held at a specified date. The report shows the components of the book and market value to enable an 'accruals basis' or 'mark to market basis' investor to complete their tax return.

A separate guide (*financial arrangements*) has been produced to assist in the use of this report – please contact your adviser if you require this guide.

9. Client Fixed Interest Transactions Report

This report shows the purchases and sales and maturities of fixed interest securities. Again, this report will be required for 'accruals basis' and 'mark to market' basis investors.

10. Schedule of Foreign Dividends

For company investors, we are not required to deduct RWT from foreign sourced dividends. Instead a company is required to complete a quarterly Foreign Dividend Payment ("FDP") return (IR4F).

The Schedule of Foreign Dividends report provides the required information for this return.

Note the report does not include dividends received from investments that are subject to the FDR regime. These dividends are excluded income for tax purposes, and the FDR rules must be applied instead. Please see separate guide on FDR.

11. Client Holdings Report

This report provides a summary of all investments held and their values at a specified date.

Note the values may differ slightly from those in the 31 March 2025 Investment Fund Update due to availability of information, and in some cases, tax values being different from market values (e.g. for most of the OM-IP funds).

Availability of reports

Your personal tax position will determine which reports you need to complete your tax return. Previously, only the *Tax Certificate* and the *Deductible Fees/Taxable Rebates Report* were required in many cases. However, some investors will also require the *Client FDR*, *Comparative Value* and *Comparative Value - Guaranteed Return Investments reports* (i.e. if they are subject to tax on the FDR basis and have holdings in foreign investments).

Trusts and companies may also require the fixed interest reports to enable tax to be determined on an accruals basis.

If you require any of the other reports mentioned in this guide, please contact your adviser. All reports are available from the BCAS system.

Additional Information

Dividends declared but not received.

Dividends are reported to you based on the date of receipt, therefore any dividends declared but not received prior to 31 March 2025 are not included in the *Tax Certificate*.

Any income received after 31 March 2025 will be included in the next year's *Tax Certificate*.

If you are required to pay tax on an accruals basis, then any dividends announced up to but not received until after 31 March 2025 will be recorded as unavailable cash in the *Cash Transaction Report* (for cash dividends) or in the *Security Transaction Report* (for reinvested dividends).

For accrued income on financial arrangements, see separate guide (financial arrangements).

Change of Country of Residence

If you change your resident status from NZ to foreign (or vice versa) during the year, you will receive two tax certificates. One tax certificate will contain all income received as a NZ resident and the other will be for all income received whilst a foreign resident.

Are you an 'Accruals Basis' Investor?

A tax payer will fall in to one of three categories:

- Cash basis
- Accruals basis
- Mark to market basis

There are a number of criteria to meet to be deemed to be a cash basis person. The main ones are outlined below.

You need to:

- Have income from financial arrangements within the tax year of no more than $100,000; or
- Hold no more than $1m of financial arrangements at any point in the tax year; and
- The deferral or acceleration of income caused by the cash basis rather than the accruals basis is $40,000 or less.

To be deemed on a mark to market basis the person's business will generally include dealing in financial arrangements.

If you are neither on a cash basis nor mark to market basis, then you will be on an accruals basis.

If you are at all unsure about your tax status, we advise you to seek professional advice.

Frequently asked questions

Why is RWT deducted from foreign income?

We are a New Zealand withholding tax agent. Therefore, the nature of the custodial and investment administration service provided by BCAS means we are required to deduct RWT from:

- non FDR foreign dividends;
- all foreign dividends if you are exempt from the FDR / CV rules; and
- foreign interest.

This deduction does not affect the total tax you are required to pay. The withholding tax credits will be included in your tax statement and are refundable should you be in a net receivable position.

Why is RWT not deducted from all foreign income?

Where income is received from an investment that is included in the FDR regime (e.g. foreign unit trust) and the investor is not exempt from FDR (i.e. has more than $50,000 cost value of foreign investments) the dividend income is not taxable. Instead, taxable income is calculated using the FDR method.

In this situation we do not deduct RWT from the distributions (as they are not taxable), and do not deduct RWT from the FDR tax liability (as this cannot be determined until after the end of the tax year). If you believe our RWT treatment is not consistent with your FDR status or your FDR status is incorrect, please advise us and we will make the necessary changes.

Why are there imputation credits from foreign companies?

An agreement between Australia and New Zealand enables an Australian company to attach imputation credits in addition to franking credits (and vice versa).

This represents NZ tax paid (generally through its subsidiary operations in NZ) and allows tax benefits to be passed on to NZ investors. (An example of this is National Australia Bank who operates through the BNZ Bank in NZ).

Why is Approved Issuer Levy ("AIL") not deducted from Government Bonds?

NZ Government Bonds are zero rated for AIL. As a result, no AIL is deducted, and no non-resident withholding tax is deducted either.

Why are some shares shown as foreign in the Client Income Report but NZ in the Client Holding Report?

A number of companies have relocated their head office (and tax residency) offshore, yet their business is primarily based in New Zealand.

Therefore from a market exposure perspective, they are considered a NZ investment, but are foreign for tax purposes.

What about non taxable income received?

Where possible we have included any non taxable income (if relevant) in the 'Other Income' section of the *Client Income Report*.

This provides visibility of the income received and allows you to conduct your own assessment of the tax status of the income and whether you have satisfied any conditions attached to the non taxable status where relevant.

How does the Transaction Summary Report relate to other reports?

The Transaction Summary Report shows the movement in value between the start and end of the defined period. This provides a good guide on how the fund has changed over the period, though presentation differences between reports may result in slight discrepancies (see below).

The opening and closing balances should equal the values in the *Client Holding Report*.

Any new funds or withdrawals will be represented in the *Cash Transaction* or *Security Transaction Reports*.

The net gain is represented by income, fees, rebates and capital growth.

Income should agree to the *Client Income Report*.

Fees and Rebates should agree to the *Deductible Fees/ Taxable Rebates Report* **plus** other non-deductible fees charged such as implementation fees, exit fees, stamp duty and regular payment fees.

Capital growth primarily comprises realised gains (from the *Realised Gains Report*) and the movement in the unrealised gains (i.e. the closing less opening gains for the period from the *Unrealised Gains Report*), less PIE tax paid, plus an adjustment for income receivable.

The capital growth figure also incudes any gain or loss made on the transfer out of securities, though this gain or loss is not recorded in the *Realised Gains Report* (as this transaction is not actually a sale).

How are investment transfers treated?

Where investments are transferred from our custodial holding to an investor's own name, we do not treat these as a sale for tax purposes (i.e. there is no change of beneficial owner). It is important that the base cost of this investment at the date of transfer is recorded in your own records to ensure the correct tax position is taken on ultimate sale or maturity.

Where do I find out more on PIE or FDR?

The information contained in this guide is of a general nature and does not address all situations. For further information the IRD has produced a good summary of the PIE and FDR rules.

For PIE: see www.ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-income/income-from-portfolio-investment-entities-pies

For FDR: see www.ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-income/foreign-investment-funds-fifs/calculate-my-foreign-investment-fund-income

The guide 'Information for Resident Individuals who Invest in PIEs' (IR855) is also a useful summary of PIEs.

The IRD also has a good online calculator you can use to determine your FDR or CV Income for any other investments you may hold outside of our administration system.

See Work it out - All Calculators and Tools on the IRD website (**www.ird.govt.nz**). It is referred to as the Foreign Investment Fund Calculator – under 'F' in view showing all calculators by tool name.

What can I do to simplify the tax reporting for the future?

There are some steps you could take in respect of your investment fund which would simplify the tax consequences in the future.

Note, however, these changes should be made in consultation with your adviser, as the impact on your investment fund (such as diversification etc.) needs to be carefully considered.

- Invest in PIEs as a core component of your fund
- Reduce direct investments in FDR securities unless it represents an important part of your investment profile.
- Minimise any foreign investments held outside the administration service – the FDR and CV calculations are time-consuming to perform manually. We would encourage you to consolidate your holdings into a single administration service as far as possible.
- Ensure the correct PIR rate is being used for your investments in PIEs.
- Reduce direct investments in financial arrangements to avoid having to calculate taxable income on an accruals basis.

How can I tell what type of investment I have for tax purposes?

The *Client Income Report* categorises the income on investments based on our understanding of the tax status of the investment. For example, if you hold the Booster Investment Series Growth Fund the Client Income report shows the attributed income in the PIE (Unlisted attributed income) section – therefore, the investment is an unlisted PIE.

The *Client Holdings Report* also shows the tax status of the investment (in brackets following the name).

Note, a PIE is a New Zealand registered investment trust, therefore will be treated as a non foreign investment irrespective of the investments it holds.

Whilst we have made every attempt to correctly classify all investments for tax purposes, we do not accept liability for any inaccuracies.

What rate of RWT is appropriate for me?

For the Tax year ended 31 March 2025 the following applies:

RWT is deducted from interest at the rate you notify to us. The RWT rates applicable for individuals are: 39%, 33%, 30%, 17.5%, and 10.5%.

- A rate of 0% is available if a valid exemption certificate is held.
- If you have not elected a rate, it will default to 45%
- You are only able to choose 10.5% if you have a reasonable expectation you will earn $14,000 or less.
- For companies, the rate available are 28%, 33% and 39%

The RWT rate for dividends continues to be a flat 33% (other than for listed PIEs which are exempt). This means where a dividend is fully imputed (at a rate of 28%), we will still be required to deduct an additional 5% in RWT.

Why are the fees higher than investment income?

The *Transaction Summary report* shows fees and investment income. However, where the majority of investments are held through non distributing PIEs, the level of 'income' from an investment fund is generally very low or nil. Instead of distributing, PIEs reinvest their income within the fund, resulting in a higher unit price.

As a very rough guide, the level of attributed income is an indicator of the income from the PIE investments. However, caution needs to be applied as the attributed income can be heavily influenced by the relative performance of investments that have different tax treatments.

Summary of tax treatment of income from your investments

(general guide only for NZ residents)

Investment class	You need to confirm		Tax treatment
NZ dividends/ NZ interest/ foreign interest/ Foreign income – non FDR investments			Include in tax return
Gain on sale of financial arrangements	You are on accruals basis		Calculate gain on accruals basis (see financial arrangement guide)
Gain on sale of financial arrangements	You are on a cash basis		Include in tax return from tax certificate
Foreign income – FDR investments	You are exempt from FDR rules (less than $50,000)		Include dividends in tax return
Foreign income – FDR investments	You are not exempt from FDR rules	Individual or family trust	Lower of FDR or CV income (no losses) in tax return, plus CV income on guaranteed return investments
Foreign income – FDR investments	You are not exempt from FDR rules	Company or other 'non natural' entity	FDR income in tax return plus CV income on guaranteed return investments

Investment class	Sub class	You need to confirm	Tax treatment
PIE (unlisted) – attributed income	No tax paid (PIR 0%)	Exempt from tax (e.g. charity)	Not taxable
PIE (unlisted) – attributed income	No tax paid (PIR 0%)	Tax payer (e.g. company, trust)	Include in tax return
PIE (unlisted) – attributed income	Tax paid at >0%, < top rate	No tax paid (PIR 0%)	Include in tax return
PIE (unlisted) – attributed income	Tax paid at >0%, < top rate	No tax paid (PIR 0%)	Include in tax return
PIE (unlisted) – attributed income	Tax paid at top rate of PIR	No tax paid (PIR 0%)	Include in tax return
PIE (unlisted) – attributed income	Tax paid at top rate of PIR	No tax paid (PIR 0%)	Include in tax return
PIE (unlisted) - distribution			Not taxable
PIE (listed) - dividend	Imputed	Marginal tax rate is 28% or 33%	Do not put in tax return
PIE (listed) - dividend	Imputed	Marginal tax rate is <28%	Option to put in tax return
PIE (listed) - dividend	Unimputed		Not taxable