

# 2023 Booster Tax Guide

Booster has put together this reference guide to help you complete your 2023 tax return.



## Summary

This guide provides an overview of the reports you require to complete your tax return.

Please read this guide carefully to ensure you include the appropriate information in your tax return. You'll need to determine which information is relevant to your circumstances.

If you're 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. Deductible Fees/Taxable Rebates Report
3. Client Income Report
4. Client Holdings Report

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

## 1. Tax Certificate

The tax certificate provides a relevant summary of investment income you received during the period 1 April 2022 to 31 March 2023 for investments held with Booster.

You will need to review the different components of income and consider whether this needs to be included in your tax return.

*Note: not all investment income types listed in this guide will be shown on your tax certificate or be applicable to your account.*

If you have other investments or investment income, these may need to be combined with the information reported by us 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).

### NZ Interest

This is the income earned on your cash and any resident withholding tax (RWT) deducted.

## PIE (Unlisted attributed income)

Portfolio Investment Entity (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 investments so only the net tax payable is deducted by the PIE.

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.

## Prescribed Investor Rate (PIR)

Prescribed investor rate (PIR) is the rate used to calculate how much tax you'll pay on your portfolio investment entity (PIE) taxable income.

Currently the PIR rates are: 0%, 10.5%, 17.5% or 28%.

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

From 1 April 2020 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.

You should ensure the correct PIR is given to your adviser to prevent future attributed income from being taxed at the incorrect rate.

## To work out your PIR

To work out the correct PIR rate for you, visit [www.ird.govt.nz/pir](http://www.ird.govt.nz/pir).

## PIE income and PIR tax

The PIE income attributed to you has been taxed at the PIR rate nominated by you. You will need to review the rate applied against your income to determine if it was the correct rate for you.

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**

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 income, then surplus credits may be lost.*

**How to use the Tax Certificate – Non-Residents**

The tax certificate only shows 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; except for PIE Income – this is to be included in the 'Overseas Income' Section 17.

- **NZ Interest income** has been split between income that was subject to an Approved Issuer Levy (AIL) and income that has had non-resident withholding tax deductions made, to assist you in the completion of your IR3NR tax return. Income subject to AIL is not required to be included in the IR3NR tax return.
- **PIE (Unlisted attributed income)** will need to be included in your tax return Section 17.

## **2. Deductible Fees/Taxable Rebates Report**

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This report summarises 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).

If 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 **Claiming expenses/(declaring additional income)** section 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.

## **3. Client Income Report**

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The Client Income report provides detailed support for the income shown in your Tax Certificate but is not needed for the completion of your tax return.

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.

## **4. Client Holdings Report**

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The Client Holdings report provides a summary of all investments held and their values at a specified date. The report also shows the investment type for tax purposes (shown in brackets).

**Availability of reports**

Generally, only the Tax Certificate and the Deductible Fees/Taxable Rebates Report are required in the completion of your tax return. However, many other reports are available in respect of your fund. If you require any other reports, please contact your adviser.

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The taxation matters covered in the brochure are a guide only. This document is not intended to represent investment or professional advice. The information does not take into account your individual financial circumstances. You should assess whether the information is appropriate to you and consider talking to your financial adviser and/or tax adviser.

## Frequently asked questions

### 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.

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

E.g., If you hold investments in 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.

*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 PIR is appropriate for me?

To work out the right PIR for you, we recommend you refer to the IRD guide at: [www.ird.govt.nz/pir](http://www.ird.govt.nz/pir)

### Where do I find out more on PIEs?

The information contained in this guide is of a general nature and does not address all situations.

For further information on portfolio investment entities (PIEs), visit [www.ird.govt.nz](http://www.ird.govt.nz)

You can also download a copy of IRD's 'Information for Resident Individuals who Invest in PIEs' (IR855) guide, which is a useful summary of PIEs.

### Why are the fees higher than investment income?

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.