Understanding your PIE Tax Statement

What is a PIE?

A Portfolio Investment Entity (PIE) is a type of entity (such as a managed fund) that invests the contributions from investors in different types of investments.

The PIE tax rules allow investment funds to pay tax on each investor's share of the fund's investment income, at each investor's Prescribed Investor Rate.

What is a Prescribed Investor Rate?

Your Prescribed Investor Rate (PIR) is the rate at which your PIE tax is calculated on the PIE taxable income or loss from your investment. The PIR we hold for you is set out on this statement.

The current PIR's are 10.5%, 17.5% and 28%. For more information on which PIR to use please visit **amp.co.nz/pie** or contact your Adviser or Inland Revenue.

If we do not have a record of your IRD number and/or PIR, we are required to use the default PIR of 28% (the highest rate).

What is the difference between my personal tax rate and my PIR?

Your PIR is the rate at which your PIE taxable income/loss is taxed. Your personal tax rate is the rate at which your non-PIE income, such as salary or wages is taxed. The two can be different.

When is PIE tax collected?

Tax is collected from you at the end of each tax year, at the time of full withdrawal or when you transfer between a Workplace Savings plan and My Super, based on the year-to-date accrual. Tax may also be collected during the year if there is a risk you will have an insufficient remaining balance to pay your year-to-date tax accrual. We will test this risk every month, as well as when you make withdrawals or update your PIR.

For more information on how tax is collected, please visit **amp.co.nz/pie**

Do I have to include the PIE taxable income or loss shown on this statement on my tax return?

The majority of people do not need to include PIE income in their income tax return. However, if the PIR given to us was less than it should have been for the tax year ended 31 March 2019, you will need to include your PIE income in your income tax return.

What if my PIR on my statement was incorrect?

It is now too late to change your PIR if it was incorrect at 31 March 2019, as your tax has now been finalised and paid for the year. If your PIR needs to be updated, please call us on **0800 800 267**.

Please also refer to the information contained under the heading `Check your PIR' on your PIE Tax Statement.

What are tax deductible expenses and taxable rebates?

All fees charged for ongoing management and administration of your investment are treated as tax deductible expenses. We collect your share of these fees by cancelling units in your fund. We then deduct these fees from your PIE taxable income to calculate your PIE tax liability. Tax deductible expenses are detailed in your PIE Tax Statement as a positive amount.

If you have been charged a one-off Adviser service fee as agreed with your Adviser (and as shown in your annual statement), it has not been treated as a tax deductible expense as it is not charged for the ongoing management and administration of your investment. You may be able to claim a tax deduction for this fee in your tax return, depending on the nature of the services provided. You should obtain your own tax advice to determine whether such a fee is deductible to you.

Taxable rebates are included in your PIE Tax Statement if additional units are issued to you (eg to pass on a fee discount). If you do receive a fee rebate in this way, the rebate is treated as taxable income because we have claimed a fee deduction within the unit price.

Glossary

Taxable investment income (or loss)

Taxable investment income is the taxable portion of your investment earnings or losses. You may have taxable investment income, even if your investment earnings have decreased.

Investment earnings (or loss)

Investment earnings are the movement in the unit price of your investment, written as a dollar value. If the unit price of an investment has decreased during the year, your investment earnings will be expressed as a negative dollar amount. If the unit price has increased, investment earnings will be positive.

Tax credits claimed

This represents credits for tax paid on underlying investments. For example, imputation credits attached to dividends received.

Units

As a member of the New Zealand Retirement Trust, your savings buy units in the fund you are invested in. Your balance changes as the market value of the units rise and fall. This is calculated on a daily basis.

WEL217640 02/19