

25 March 2013

New Zealand: Estimates of top shares for 2010/2011, and revision for 1999/2000-2009/2010**Authors: Facundo Alvaredo and Anthony B. Atkinson**

We have extended the series for New Zealand to 2010. It should be noted that 2010 refers to the income year ending on 31 March 2011. We have also revised the series for 1999-2009 due to (i) updated income tax information for 2009; (ii) revised National Accounts figures; (iii) a previous error in Atkinson (2012) in the estimation of the control total for income. We have followed exactly the same procedure as described for the years from 2000 in the original chapter (Atkinson and Leigh, 2007), with the following qualifications:

- a) The income distribution data are given in an XLS file on the Inland Revenue website. It should be noted that 2011 refers to the year ending 31 March 2011, and we have called this 2010 (see footnote 3 on page 334 of Atkinson and Leigh); the data are given in great detail (172 ranges), so the interpolation error is tiny; at the same time the top range includes some 0.4 per cent, so that we do not estimate the share of the top 0.1 per cent.
- b) Atkinson and Leigh (2007, page 336) used the total taxpayers from the IR data for the most recent years. As in the previous update (Atkinson, 22/01/2012), we have followed this procedure, and have not calculated the total number of adults.
- c) Total income is based on National Accounts (Income and Expenditure): Latest Release Year ended March 2012, Table 2.11 Households Sector Accounts 1987-2012. From the updated tables, we have taken compensation of employees, farm and non-farm entrepreneurial income, interest, dividends, investment income from the rest of the world (not identified separately in the previous versions), social security benefits in cash, social assistance benefits in cash and pension fund benefits. As in Atkinson and Leigh (page 337), we have taken 95%.

For a comparison of previous and revised series, see Table 1.

New Zealand IR expects to release the income tax data for income year ended 31 March 2012 in December 2013.

References

Atkinson, Anthony B. (2012). Update and extension of New Zealand estimates of top shares, *WTID Methodological Notes*, 22/01.

Atkinson, Anthony B. and Leigh, Andrew (2007). The Distribution of Top Incomes in New Zealand; in Atkinson, A. B. and Piketty, T. (editors) *Top Incomes over the Twentieth Century. A Contrast Between Continental European and English-Speaking Countries*, Oxford University Press, chapter 8, pp. 333-364.

Table 1. Comparison between previous and revised series (25 Mar 2013)^(a)

	Income control		Number of tax units ^(b)		Top 10%		Top 5%		Top 1%		Top 0.5%		Top 0.1%	
	Nominal million NZ Dollars	new	old	new	income share	income share %	income share	income share %	income share	income share %	income share	income share	income share	income share
1999	77,520	79,392	2,958	2,958	38.68	13.77	27.74	13.77	37.77	13.44	27.09	13.44	27.09	13.44
2000	76,565	80,621	3,012	3,012	32.84	8.34	21.51	8.34	31.19	7.92	20.43	7.92	20.43	7.92
2001	81,067	84,961	3,076	3,076	33.34	8.72	22.00	8.72	31.81	8.32	20.99	8.32	20.99	8.32
2002	83,563	87,945	3,131	3,131	33.38	8.78	21.99	8.78	31.72	8.34	20.89	8.34	20.89	8.34
2003	89,538	94,774	3,192	3,192	33.79	9.33	22.50	9.33	31.93	8.81	21.26	8.81	21.26	8.81
2004	95,657	100,943	3,266	3,266	34.26	9.93	23.04	9.93	32.47	9.41	21.84	9.41	21.84	9.41
2005	101,510	107,935	3,367	3,367	35.33	9.48	23.47	9.48	33.23	8.92	22.07	8.92	22.07	8.92
2006	108,329	118,267	3,367	3,367	33.11	8.89	21.99	8.89	30.32	8.14	20.14	8.14	20.14	8.14
2007	118,926	129,818	3,425	3,425	32.06	8.54	21.30	8.54	29.37	7.83	19.52	7.83	19.52	7.83
2008	121,603	133,295	3,445	3,445	32.90	8.89	21.90	8.89	30.02	8.11	19.98	8.11	19.98	8.11
2009	127,196	134,630	3,436	3,443	31.33	8.22	20.72	8.22	29.72	7.84	19.67	7.84	19.67	7.84
2010		139,104		3,444					29.03	7.35	19.04	7.35	19.04	7.35

Notes:

(a) Differences in series in grey.

(b) Individuals aged 15+ until 1999; total taxpayers from 2000.