



14 March 2024

John Armstrong  
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Dear John Armstrong

Thank you for your request made under the Official Information Act 1982 (OIA), received on 16 February 2023. You requested:

*Can you please legally define personal income.*

Section YA 1 of the Income Tax Act 2007 (ITA), *Definitions*, defines a person's income as:

*Income, for a person, means income of the person under section BD 1(1) (Income, exempt income, excluded income, non-residents' foreign-sourced income, and assessable income).*

Section BD 1(1) of the ITA, *Amounts of income*, states:

*An amount is income of a person if it is their income under a provision in Part C (Income).*

Part CA 1 of the ITA, *Amounts that are income*, states:

*An amount is income of a person if it is their income under a provision in this Part.*

*An amount is also income of a person if it is their income under ordinary concepts.*

In addition, the Courts have identified the characteristics of income:

- Income is something that comes in, in money or in money's worth. Income comes in as a return for something, whether it be services rendered, money advanced, premises rented out etc.
- Another feature of income is that it often imports the notion of periodicity, recurrence or regularity. Having said that, the Courts have shown that it does not necessarily follow that all receipts of a regular nature constitute income, nor does it necessarily follow that a one-off receipt is excluded from being income.
- A further characteristic of income is the quality of the particular receipt in the hands of the recipient. For example, if the recipient relies on the receipt for support and sustenance, it is likely to be income.

- In addition, the ITA specifically deems certain receipts to be the gross income of the recipient. For example, section CB 1 of the ITA includes amounts derived from a business to be gross income, sections CC 4 and CD 1 include interest and dividends as gross income, and section CE 1 includes monetary remuneration such as salary and wages as gross income.

Most types of income are taxable. Taxable income can include income from working (salary, wages or self-employed), benefits and student allowances, assets, and investments (including KiwiSaver and rental income) and overseas income.

You can find more information about how income is taxed on Inland Revenue's website ([ird.govt.nz](http://ird.govt.nz)) or at [How income gets taxed](#).

You can read more about the Acts administered by Inland Revenue on the New Zealand Legislation website ([legislation.govt.nz](http://legislation.govt.nz)).

### **Publishing of OIA response**

We intend to publish our response to your request on Inland Revenue's website ([www.ird.govt.nz](http://www.ird.govt.nz)) as this information may be of interest to other members of the public. This letter, with your personal details removed, will be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies, and promoting the accountability of officials.

Thank you for your request.

Yours sincerely



Josh Green

**Domain Lead, Governance and Ministerial Services**