

Taxation module – Glossary

Topic 1: Tax Aotearoa 101

Term	Definition
Accident Compensation Corporation(ACC)	The Accident Compensation Corporation is the New Zealand Crown entity responsible for the accidental injury compensation scheme, commonly known as the ACC scheme.
Automobile Association (AA)	The New Zealand Automobile Association provides a range of services to its members. These include free motoring advice, breakdown services, vehicle repairs, driver licensing, driver training, financial services and insurances. This is commonly known as the AA.
Council	Councils act as a representative of the government. They make informed and responsible decisions in the interests of their community.
Debt	When you borrow money from a whānau member, a bank, or a loan company, you have debt. For example, if you borrow \$100, you have a debt of \$100. Debt is spending someone else's money to pay for goods and services. You have to pay interest and fees on this debt until you pay it off. It always costs you more in the long term.
Expenses	The money that you pay for the things you need. Some examples are rent, food, power and internet services. Debt is also an expense. Some examples are mortgage payments, student loans and fees on our credit cards. Businesses have expenses and can claim them back on their tax.
Expenditure	When you spend money, and the amount of money spent.
Dividend	Money that a company pays to its shareholders. Dividends are paid based on how many shares you own. For example, if a company declares a \$1 per share dividend and you own 100 shares, you will receive \$100.
Financial year	The financial year works a bit differently to the normal calendar year - it starts on April 1 each year and ends on March 31 the following year. At the end of the financial year, a government organisation called the Inland Revenue (IR) checks that you have paid the right amount of tax for the money you have earned.
Fuel tax	A regional fuel tax provides additional funds to a region to pay for transport projects that would not otherwise be funded.

Goods and services	Goods are things that you buy, like shoes, or carrots, or a car. Services are things you pay people to do for you, like cutting your hair, fixing your teeth, or providing electricity for your home.
Goods and services tax (GST)	Goods and services tax (GST) is a tax that is added to goods and services that New Zealanders buy. GST is 15% of the cost of your purchase. When you buy things from a shop, the GST is already included in the price so you probably don't even notice it.
GST exclusive (GST exc)	This means that the price charged for goods and services or both do not include tax. 15% GST tax is yet to be added to the price.
GST inclusive (GST inc)	This means that the price charged for goods and services or both does include 15% GST.
Income	Money coming in such as your wages, benefits or income from a business. The income you earn pays for the things you need and want.
Income tax	Income tax is the money that you pay to the government on the income you earn. Taxes are a way to share the costs of things that we need as New Zealanders. They pay for important things that keep the country going, for example, hospitals, schools, and roads. Money from taxes is also used to look after our national parks and other public places.
Inland Revenue (IR)	The Inland Revenue (IR) collects taxes for the New Zealand government as well as advising the Government on policy around revenue. It is commonly shortened to just Inland Revenue or IR.
IRD number	An IRD number is an eight- or nine-digit number that you get from the Inland Revenue (IR). It's yours for the rest of your life — no one else can have your number. Your IRD number keeps track of the income you earn, the tax you pay, and helps make sure you pay the right amount and get the right entitlements.
Investment	Something you put money into, expecting it will grow in value over time and earn you money. Some examples include buying property, buying shares in a business or gold.
KiwiSaver	KiwiSaver is a voluntary government investment scheme to help you save for retirement. You decide if you are going to save 3%, 4%, 6%, 8% or 10% of your pay. Your employer will also contribute at least 3% of your pay to help your money grow. The government also gives you 50 cents for every dollar you put in – up to \$521 each year. After paying in for three years (and if you are over 18) you can use your money to buy your first home.
NZ Super	New Zealand Superannuation (NZ Super) is the weekly payment the government makes to all eligible New Zealanders aged 65 or over, to help cover the basic costs of living.
PAYE	To make it easy to pay tax, most people use a system called Pay As You Earn (PAYE). Once you start earning, a percentage of your money will be given to the government straight from your pay. That way, you don't have to pay a big amount of tax in one go at the end of each year. PAYE is a form of income tax, but it is not the only income tax. PAYE is income tax on salary or wages. (It includes ACC levies which help cover the cost of accidents, including weekly compensation). Each pay period your employer will calculate and deduct PAYE from your pay.

Tax code	You need a tax code if you receive a salary, wages, income-tested benefits or other income which has tax taken out before you get paid. Your tax code might be different for different types of income.
The Treasury	The Treasury monitors and manages the financial affairs of the Government, including the Budget and the Financial Statements of the Government.
Wellbeing	Wellbeing includes your physical, mental and emotional, social, and spiritual health. It can also include your financial wellbeing.

Topic 2: How tax works

Term	Definition
ACC Levy	The Accident Compensation Corporation (ACC) levy is used to pay for the prevention, care, and recovery costs related to people having accidents.
Commission	You are paid for the number of units that you sell. Sometimes you agree to a lower wage but make up your pay by being paid commission
Consumer	You are a consumer when you buy goods or services.
Goods and services	Goods are things that you buy, like shoes, or carrots, or a car. Services are things you pay people to do for you, like cutting your hair, fixing your teeth, or providing electricity for your home.
Goods and services tax (GST)	Goods and services tax (GST) is a tax that is added to goods and services that New Zealanders buy. GST is 15% of the cost of your purchase. When you buy things from a shop, the GST is already included in the price so you probably don't even notice it.
Holiday pay entitlements	The number of days you can use as paid holidays.
Gross pay	Your gross pay is the total amount you earn for the work you have done. Your net pay is the amount that goes into your bank account each payday. It is your gross pay less your taxes and other payments, like KiwiSaver.
Income	Money coming in such as your wages, benefits or income from a business. The income you earn pays for the things you need and want.

Income tax	Income tax is the money that you pay to the government on the income you earn. Taxes are a way to share the costs of things that we need as New Zealanders. They pay for important things that keep the country going, for example, hospitals, schools, and roads. Money from taxes is also used to look after our national parks and other public places.
KiwiSaver	KiwiSaver is a voluntary government investment scheme to help you save for retirement. You decide if you are going to save 3%, 4%, 6%, 8% or 10% of your pay. Your employer will also contribute at least 3% of your pay to help your money grow. The government also gives you 50 cents for every dollar you put in – up to \$521 each year. After paying in for three years (and if you are over 18) you can use your money to buy your first home.
Net pay	Your net pay is the amount that goes into your bank account each payday. It is your gross pay less your taxes and other payments, like KiwiSaver. Your gross pay is the total amount you earn for the work you have done.
Penalties	If you are late with a payment, or do not pay at all, you are breaking a contract. A fee will be added so you will have to pay extra.
Piece rates	Workers are paid for the number of pieces they produce. For example, the number of tee shirts they make or the number of punnets of strawberries they pick.
Salary	A salary is usually a fixed amount of money per year. For example, teachers are paid salaries: they get the same amount of money each week, regardless of the number of hours they work.
Salary deductions	Deductions that are taken out of your gross pay by your employer and paid directly to Inland Revenue.
Student loan	If you decide to study when you leave school, you can borrow money from the government to cover your course costs such as tuition, books and supplies, and living expenses.
Student loan repayments	Once you start working, and earning over the annual repayment threshold, you have to start paying it back. If you are working for salary or wages, student loan repayments are taken straight out of your pay when you use the correct tax code. If you go overseas for more than six months you will have to pay interest on your student loan.
Tax assessment	This assessment shows your end of year tax position and if you are due a refund, have tax to pay, have no tax to pay, or are not due for a refund.
Taxable income	Is your total income, less your eligible expenses and any losses. Most types of income are taxable.
Wage	A wage is an hourly rate. The government sets the minimum wage that you can be paid. As a student, your first job is likely to have a wage rather than a salary. For adults in New Zealand, this is \$16.50 per hour. For young people and people who are being trained, the minimum wage is \$13.20. The amount you are paid each week depends on the number of hours you work.

Topic 3: Sources of income

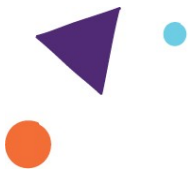
Term	Definition
Gross pay	Your gross pay is the total amount you earn for the work you have done. Your net pay is the amount that goes into your bank account each payday. It is your gross pay less your taxes and other payments, like KiwiSaver.
Holiday pay entitlements	The number of days you can use as paid holidays.
Net pay	Your net pay is the amount that goes into your bank account each payday. It is your gross pay less your taxes and other payments, like KiwiSaver. Your gross pay is the total amount you earn for the work you have done.
Pay deduction	Money taken out of your gross pay is called a deduction. Examples of deductions include your income tax, student loan repayments, KiwiSaver and fees for courses you might be doing.
Pay period	A pay period is usually one week, two weeks, or a month. This is the amount of time between your paydays.
PAYE	To make it easy to pay tax, most people use a system called Pay As You Earn (PAYE). Once you start earning, a percentage of your money will be given to the government straight from your pay. That way, you don't have to pay a big amount of tax in one go at the end of each year.
Payslip	A payslip from your employer tells you what your gross pay is, what money has been taken out or added to your pay, and what your net pay will be. Payslips also tell you how much time you can take as paid holiday time and how many sick days you can have without losing pay.
Salary	A salary is usually a fixed amount of money per year. For example, teachers are paid salaries: they get the same amount of money each week, regardless of the number of hours they work.
Savings	Savings is the money (income) that you do not spend. You can save by putting money in a bank account or by investing it. Saving also involves, for example, buying goods when they are on sale or buying second hand goods.
Sick day entitlements	The number of days you can take off when you are sick without losing your pay.
Student loan	If you decide to study when you leave school, you can borrow money from the government to cover your course costs such as tuition, books and supplies, and living expenses.
Student loan repayments	Once you start working, and earning over the annual repayment threshold, you have to start paying it back. If you are working for salary or wages, student loan repayments are taken straight out of your pay when you use the correct tax code. If you go overseas for more than six months you will have to pay interest on your student loan.

Topic 4: Getting to grips with GST

Term	Definition
Consumers	A consumer is a person who purchases goods and services.
EFTPOS	EFTPOS stands for “electronic funds transfer at point of sale”. It’s much easier to just say EFTPOS. An EFTPOS card is a card linked to your nominated bank account that lets you pay for things in person without using cash. EFTPOS cards are sometimes called cashflow cards.
Fa’alavelave	The Samoan cultural practice of giving or gifting money for large occasions, such as weddings, funerals and significant birthdays.
Financial experts	The people you go to for advice know a lot about financial planning, management, services and products. For example, they might be people at the bank or at the Citizens Advice Bureau.
Financial goals	Financial goals are the targets that you make when you need or want something that costs money. Financial goals can be saving for a car, a home deposit, or a special event like a concert ticket.
Financial year	The financial year works a bit differently to the normal calendar year - it starts on April 1 each year and ends on March 31 the following year. At the end of the financial year, a government organisation called the Inland Revenue (IR) checks that you have paid the right amount of tax for the money you have earned.
Goods and services	Goods are things that you buy, like shoes, or carrots, or a car. Services are things you pay people to do for you, like cutting your hair, fixing your teeth, or providing electricity for your home.
Goods and services tax (GST)	Goods and services tax (GST) is a tax that is added to goods and services that New Zealanders buy. GST is 15% of the cost of your purchase. When you buy things from a shop, the GST is already included in the price so you probably don’t even notice it.
Grower	A person or company that grows a particular plant or crop in order to sell it.
GST exclusive (GST exc)	GST exc means that the price charged for goods or services or both does not include tax. 15% GST tax is yet to be added to the price.
GST inclusive (GST inc)	GST inc means that the charge for goods or services or both does include tax.
Influences	Influences can sway your choices and behaviours. These include social, family, peer, economic, environmental, cultural, and behavioural factors. Influencers on social media are paid to sway your opinions and behaviours around buying certain items.

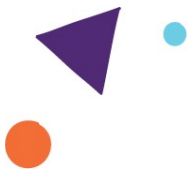


IRD	The Inland Revenue (IR) collects taxes for the New Zealand government as well as advises the Government on policy around revenue. It is commonly shortened to just Inland Revenue or IR.
Koha	A gift or donation.
Needs and wants	Needs are goods or services that you need to function and live. These include your needs for food, clothing, shelter and health care. Wants are goods or services that are not necessary but that you want, like a gaming console or holiday.
Net amount	The net amount is the final amount after the deductions are made.
Online banking	Online banking allows you to access your money from a computer or a digital device. You can use online banking to move your money between different accounts, pay your bills, ask for money advice, pay your money to other people, or find out how much money you have in your account/s.
Penalties	If you are late with a payment or do not pay at all you are breaking a contract. A fee will be added so you will have to pay extra.
PIN	A PIN is a personalised identification number that is given to you so you can use your card. It's important not to let anyone else know what your PIN is, even your friends. If you did, that person has access to your account. If someone then stole from you it would be hard to get the money back, as you have given them your account details.
Producer	A producer is a person who makes goods or provides services.
Protective factors	Protective factors lessen the impact of negative events in your life and help you to cope with life's changes. For example, support systems, clear boundaries, rights and responsibilities, knowledge and skills and access to resources are protective factors that help you.
Savings	Savings is the money (income) that you do not spend. You can save by putting money in a bank account or by investing it. Saving also involves, for example, buying goods when they are on sale or buying second hand goods.
Tax	When you receive an income you pay tax which is collected by Inland Revenue on behalf of the government. Taxes pay for important things that keep our country going, such as hospitals, schools, and roads. Taxes are used to look after our national parks and other public places in New Zealand.
Zero rated supplies	Zero-rated supplies are supplies that are not subject to GST in your business.



Topic 5: Tax for non-individual entities

Term	Definition
Body corporation	A body corporation can represent several owners and can make decisions on their behalf.
Constitution	A constitution is a body of principles and rules by which an organisation agrees to be managed
Company	A company is a commercial business.
Co-operative	A co-operative is a business or organisation that is owned and mainly run by its members. Every member has one voting right and they trade within this co-operative.
The New Zealand Companies Office	The New Zealand Companies Office is a government agency that provides business registry services concerning corporate entities, personal property and capital market securities.
Financial year	The financial year works a bit differently to the normal calendar year - it starts on April 1 each year and ends on March 31 the following year. At the end of the financial year, a government organisation called the Inland Revenue (IR) checks that you have paid the right amount of tax for the money you have earned.
Entity	A business entity is an organisation started by an individual or individuals with the main purpose of being involved in business or trading activity.
Enterprise	Enterprise is another name for a for-profit organisation.
Expenditure	Expenditure is spending money on something and can mean an investment in a business.
For-profit organisation	A profit organisation is a business that has the goal of generating a profit usually by selling goods and services to customers.
Goods and services tax (GST)	Goods and services tax (GST) is a tax that is added to goods and services that New Zealanders buy. GST is 15% of the cost of your purchase. When you buy things from a shop, the GST is already included in the price so you probably don't even notice it.
Intellectual property	Intellectual property protects your ideas, inventions or things you have created.



Liability	Liability is when you are legally responsible for something.
Māori authority	A Māori authority acts as a trustee by administering communally owned Māori property on behalf of individual members.
Not-for-profit organisation	The activities of a not-for-profit organisation are not carried out with the main goal being to make a profit.
Non-resident	Non-resident means not a resident of New Zealand.
Offshore	Offshore refers to an activity or a person being in another place rather than in New Zealand.
Organisation	An organisation is a group of people with a shared purpose like a business.
Partnership	Two or more people who agree to cooperate in a business venture.
Provisional tax	Provisional tax helps you manage your income tax. You pay it in instalments during the year instead of a lump sum at the end of the year. It is an income tax.
Rebates	A tax rebate is an amount of money that is paid back to you by Inland Revenue.
Society	A society must provide a public benefit with the purpose of assisting others.
Sole trader	A sole trader is someone who is self-employed. That person has sole responsibility and control of a business.
Student loan	If you decide to study when you leave school, you can borrow money from the government to cover your course costs such as tuition, books and supplies, and living expenses.
Student loan repayments	Once you start working, and earning over the annual repayment threshold, you have to start paying it back. If you are working for salary or wages, student loan repayments are taken straight out of your pay when you use the correct tax code. If you go overseas for more than six months you will have to pay interest on your student loan.

Topic 6: Tax and me!

Term	Definition
Citizens Advice Bureau	An organisation that offers free advice and support to citizens so they understand and know their rights.
Cadetships	Cadetships are largely aimed at supporting Māori of all ages who are moving to the next stage of their career, into management roles or leadership positions. They can also support new employees to accelerate their skills development and opportunities for progression.
Expenditure	Expenditure is when you spend money, and the amount of money spent.
Financial year	The financial year works a bit differently to the normal calendar year - it starts on April 1 each year and ends on March 31 the following year. At the end of the financial year, a government organisation called the Inland Revenue (IR) checks that you have paid the right amount of tax for the money you have earned.
Gross income	The amount of money you earn before deductions are taken out.
Goods and services tax (GST)	Goods and services tax (GST) is a tax that is added to goods and services that New Zealanders buy. GST is 15% of the cost of your purchase. When you buy things from a shop, the GST is already included in the price so you probably don't even notice it.
Income	Money coming in such as your wages, benefits or income from a business. The income you earn pays for the things you need and want.
Income tax	Income tax is the money that you pay to the government on the income you earn. Taxes are a way to share the costs of things that we need as New Zealanders. They pay for important things that keep the country going, for example, hospitals, schools, and roads. Money from taxes is also used to look after our national parks and other public places.
IRD number	An IRD number is an eight- or nine-digit number that you get from the Inland Revenue (IR). It's yours for the rest of your life — no one else can have your number. Your IRD number keeps track of the tax you pay and helps make sure you pay the right amount and get the right entitlements.
KiwiSaver	KiwiSaver is a voluntary government investment scheme to help you save for retirement. You decide if you are going to save 3%, 4%, 6%, 8% or 10% of your pay. Your employer will also contribute at least 3% of your pay to help your money grow. The government also gives you 50 cents for every dollar you put in – up to \$521 each year. After paying in for three years (and if you are over 18) you can use your money to buy your first home.
Managing money	Managing money is about tracking your money as it comes in and goes out. It is about making good choices around planning how you use your money. A budget is a tool you can use to manage your money.

Needs and wants	Needs are goods or services that you need to function and live. These include your needs for food, clothing, shelter and health care. Wants are goods or services that are not necessary but that you want, like a gaming console, a holiday or a mobile phone upgrade.
Net pay	The net pay is the final amount after the deductions are made.
PAYE	To make it easy to pay tax, most people use a system called Pay As You Earn (PAYE). Once you start earning, a percentage of your money will be given to the government straight from your pay. That way, you don't have to pay a big amount of tax in one go at the end of each year.
Penalty	If you do not pay the full amount due, on the due date you may be charged a penalty.
Student loan	If you decide to study when you leave school, you can borrow money from the government to cover your course costs such as tuition, books and supplies, and living expenses.
Student loan repayments	Once you start working, and earning over the annual repayment threshold, you have to start paying it back. If you are working for salary or wages, student loan repayments are taken straight out of your pay when you use the correct tax code. If you go overseas for more than six months you will have to pay interest on your student loan.
Te Puni Kōkiri	Te Puni Kōkiri, the Ministry of Māori Development, is the Government's principal policy advisor on Māori wellbeing and development.
Tupu Aotearoa The Ministry for Pacific People,	Tupu Aotearoa connects Pacific people with local providers who will support you to access work or learning opportunities on your journey to employment, further training or study.
Tertiary	Any schooling after secondary school including universities , polytechnics, on site training and vocational training.
The Tertiary Education Commission (TEC)	The TEC is responsible for funding all post-compulsory education and training offered by universities, polytechnics, colleges of education, wānanga, private training establishments, foundation education agencies, industry training organisations and adult and community education providers.
Vocational training	Vocational training is instructional courses that focus on the skills required for a particular job or trade.