AMP Managed Funds

29 April 2022

Tax

This document provides additional information on how tax will impact on your investment in the AMP Managed Funds (Scheme) and should be read with the Product Disclosure Statement for the Scheme.

It is based on AMP's understanding of New Zealand tax legislation as it applies to the Scheme and New Zealand-resident members. Members who become non-resident should seek their own tax advice in their country of residence, including tax treatment of payments or transfers to or from the Scheme.

Tax legislation, its interpretation and the rates and bases of taxation are subject to change, and the application of tax laws depends on a member's individual circumstances. Neither AMP nor The New Zealand Guardian Trust Company Limited, the supervisor of the Scheme, accept any responsibility for the taxation implications of members investing in the Scheme. Members are advised to consult their own qualified tax adviser.

A little help

Contents

The Scheme is a PIE

The Scheme is a multi-rate Portfolio Investment Entity, as defined in the Income Tax Act 2007 (PIE). This means we can calculate the tax payable on each investor's Scheme investment income based on their Prescribed Investor Rate (PIR) and pay tax directly to Inland Revenue. To determine your PIR, go to **amp.co.nz/pie**.

IRD Numbers

You must provide us your IRD number to join the Scheme.

Prescribed Investor Rates

Individuals

Your PIR is based on your taxable income and attributable PIE income in either of the two tax years preceding the current tax year (a tax year commences on 1 April and ends on the following 31 March). You are responsible for providing your PIR for a particular tax year to the Scheme. You should check your PIR before the end of the relevant tax year and before you fully exit the Scheme. In addition, we will remind you to check your PIR annually. You must notify AMP as soon as practicable if your PIR changes by logging in to your AMP Managed Funds account Online and selecting "Change Personal Details". The Inland Revenue can also instruct us to apply a different PIR to the one notified by you.

Currently there are three PIRs available for New Zealand tax resident individuals who provide their IRD numbers to the Scheme. These rates are 10.5%, 17.5% and 28%. The PIR for non-residents is 28%. The eligibility criteria are as follows:

PIR	Eligibility criteria
10.5%	NZ tax resident investors who provide their IRD number and who had in either of the 2 tax years immediately before the current tax year: $14,000 or less in taxable income* (excluding PIE income); and $48,000 or less in taxable income* and net attributed income from PIEs (i.e. after subtracting any attributed tax losses from PIEs).
17.5%	NZ tax resident investors who provide their IRD number and who had in either of the 2 tax years immediately before the current tax year: $48,000 or less in taxable income* (excluding PIE income); and $70,000 or less in taxable income* and net attributed income from PIEs (i.e. after subtracting any attributed tax losses from PIEs).
28%	NZ tax resident investors who do not meet the criteria for a 10.5% or 17.5% PIR.
28%	Non-resident investors.
28%	Default rate for investors who do not provide their IRD number to us and/or do not elect a PIR.

*Taxable income includes worldwide income, including where the investor was not a resident in New Zealand when that income was earned. If a newly-resident investor chooses not to include their worldwide income when calculating their PIR, the PIE income must be included in an income tax return.

Your net attributed income from all multi-rate PIEs and the total amount of PIE tax paid on that income is taken into account as part of Inland Revenue's annual PIE tax square up process. If, during a tax year:

- the PIR that has been applied was too low, the difference in tax payable is added to your income tax liability for the applicable income year; or
- the PIR that has been applied was too high, the difference in tax payable is used to reduce your income tax liability for the applicable income year and any remaining credit may be refunded to you.

Tax rules applying to Scheme investments

The Scheme is a multi-rate PIE and pays tax calculated at each investor's PIR. The highest PIR for individuals is currently 28%.

The PIE rules (as defined in the Glossary below) may affect the tax treatment of income and expenses of the Scheme. Generally, assets are taxed as described below. The Funds may be indirectly invested in some or all of these assets:

Asset	Tax payable on capital gains/losses	Tax payable on dividends and interest	Tax payable on deemed 5% return, per 'Fair Dividend Rate' (FDR) method (see below)
New Zealand equities	No	Yes	No
Australian equities^	No	Yes	No
Australian Unit Trusts (AUT) (see below)*	No	No	Yes
Global equities	No	No	Yes
Cash and cash equivalents, fixed interest, currency hedges (see below) and other financial instruments	Yes	Yes	No**

^This treatment applies to most listed Australian equities. Other Australian equities are generally treated in the same manner as global equities.

*Some limited exemptions apply, see below for additional information.

**In some circumstances, currency hedges will be taxed on a full foreign exchange rate gain or on a deemed 5% return, see below for additional information.

FDR method

Most investments in Global equities and AUTs are taxed using the FDR method. This means that actual changes in value of those investments are not taxed, instead these investments will be taxed as if they earned a 5% return regardless of their actual return, i.e. 5% of the market value (pro-rated daily) of these investments will be taxed even when the investments have not increased in value and/or have decreased in value. Any gains and losses or dividends and distributions from these investments are not taxed separately.

Currency hedges

Some Funds take out currency hedges to protect investors from fluctuations in the value of overseas investments, due to movements in the value of the New Zealand dollar. Gains and losses on currency hedging are generally fully taxable; this means that tax may be payable on the full foreign exchange gain at the investor's PIR, even when the investments the hedge is protecting have not increased in value and/or have decreased in value.

Some Funds may be able to apply an alternative method to taxing the foreign currency hedge in very limited circumstances, resulting in the hedge being taxed at approximately the same rate as the investments the hedge is protecting. That is, broadly, tax is paid at an investor's PIR on 5% of the market value (pro-rated daily) of the hedge.

AUT exemptions

The Funds may not be required to apply the FDR method to some investments in AUTs, in which case those investments are taxed in the same way as Australian equities (see the table above).

Such exemptions for units in an Australian tax resident unit trust will apply where there is a Resident Withholding Tax (RWT) proxy (a NZ entity that administers payments and deducts RWT) in relation to payments from the AUT, and the AUT either (a) turns over a minimum of 25% of its profit-making shares each year and/or (b) distributes at least 70% of its distributable gains each year.

Calculation of tax by the Scheme

We apply the tax rules to the Scheme's investments and calculate taxable income and tax credits on a daily basis. We then calculate your share of the Scheme's total tax liability based on:

- Your daily unit holding in the Fund(s) (and thus your share of the Scheme's taxable income, deductible expenses and tax credits); and
- Your PIR.

How the Scheme takes care of tax payments and rebates

The tax payable by the Scheme to Inland Revenue is the sum of the tax payable by each investor on their attributed income in a tax year, calculated at the investor's PIR.

Tax is collected from you at the end of each tax year and at the time of full withdrawal, 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.

Tax is collected by cancelling units held in your account; in other words, by selling some of the underlying investment assets.

From time to time you may be due a tax rebate. For instance, if your share of refundable tax credits available to the Scheme exceeds your tax liability, we will claim a rebate of tax from Inland Revenue on your behalf. If a rebate is due, we will issue further units to you; in other words, buy further investment assets. However, if a rebate is due at the time you make a full withdrawal, it will be paid along with other proceeds to your bank account.

Tax on withdrawals from the Scheme

Tax has already been calculated and collected (or rebated) on investment income, and withdrawals made from the Scheme are not subject to further tax.

No further taxes will be deducted from amounts payable to non-resident investors.

Your PIE Tax Statement

We will provide you with a PIE tax statement for each tax year (i.e. each 31 March year), which will include all of your attributed PIE taxable income or loss and attributed tax credits from the Scheme. The PIE tax statement will be provided by 31 May following the end of the respective tax year.

Glossary

AMP, **we** and **us** means AMP Wealth Management New Zealand Limited, the manager of the Scheme.

FDR method means Fair Dividend Rate method. A method used to calculate assessable income from attributing interests in offshore investments.

Funds means the investment funds offered in the Scheme and **Fund** means whichever one is relevant in the context.

Online means through the MyAMP mobile app (free to download in the App Store and Google Play) or through the MyAMP online portal available at **online.amp.co.nz**, depending on the functionality available on those platforms from time to time.

PIE rules means the relevant sections in the Income Tax Act 2007 setting out the PIE rules, as defined in that Act.

PIR means Prescribed Investor Rate.

RWT means Resident Withholding Tax. RWT is deducted from interest or dividend income attributed to a New Zealand tax resident.

Tax year means each year beginning on 1 April and ending on the following 31 March.

You and **your** means the person who has invested in a Fund.

Phone	0800 267 001
Email	investments@amp.co.nz
Web	**amp.co.nz**
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Want to know more?

For more information about the Scheme, please see the Scheme's current Product Disclosure Statement at **amp.co.nz/forms** or contact us on 0800 267 001.

A little help.

AMP