

**Progress on tax issues identified in Colmar Brunton survey,
25 November to 13 December 2002**

Tax-related high impact issues	How issue has been/is being addressed
Provisional tax payment not aligned to cash flow	See forthcoming discussion document
Time filling in forms	See forthcoming discussion document
Having to employ an accountant	The continuing effort to simplify the tax system and reduce compliance costs should work to the benefit of all involved.
Good compliance history not considered	Recent law changes reduced the shortfall penalties by 50% for taxpayers with a good compliance history.
Penalties and interest	Recent law changes reduced the severity of penalties. <ul style="list-style-type: none"> • From 1 April 2002 the initial late payment penalty (imposed after due date) was reduced from 5% to 1%, and a further 4% penalty is imposed on the 7th day after the due date. • From 1 April 2001 the incremental late payment penalty was halved, from 2% a month to 1% a month.
Difficulty getting information or help	Ongoing improvements to online tax services, such as increasing the number of tax forms that can be filed electronically. For example: <ul style="list-style-type: none"> • GST returns can now be filed electronically; and • FBT returns will soon be able to be filed electronically.
Too much information	Work continues to tailor services to specific taxpayer needs, such as initiatives to assist small businesses and industry partnership initiatives.
IRD processes too slow	Work continues to streamline processes for small businesses such as those for when they start or stop employing staff or cease operation.
Not being able to interact electronically	As part of the advisory services to new businesses, IRD is testing the effectiveness of assisting small businesses to connect to the web and to transact with IRD electronically.