

# MAKING TAX SIMPLER

## TOWARDS A NEW TAX ADMINISTRATION ACT

[makingtaxsimpler.ird.govt.nz](http://makingtaxsimpler.ird.govt.nz)

*Whether you are paying tax, receiving payments such as Working for Families or benefiting from government spending on health, education or welfare, we all have a vested interest in making sure our tax system works well.*

A good tax system has two building blocks: good tax policy, which provides a solid foundation of tax law, and a good tax administration system, which makes it easy for taxpayers to understand the law, pay their taxes and receive their correct entitlements.

The Government wants to ensure that the way we administer the tax system works for you and that it will continue to do so in the future. The tax system reflects a large number of policy decisions that have been made over many years. We need to modernise tax administration to cut the costs to taxpayers of complying with the tax system, and the costs to the government of administering the system.

This consultation paper, *Making tax simpler – Towards a new Tax Administration Act* looks at our current tax administration system set out in the Tax Administration Act 1994, and how we might make it simpler for everyone and more flexible for the future.

It looks at the role of the Commissioner of Inland Revenue, to ensure that her resources and those of taxpayers are used most efficiently.

It also considers what the right balance should be between keeping taxpayer information secret and using that information more efficiently to provide better services to New Zealanders.

And it looks at other questions we need to consider as part of our wider vision to improve our tax administration system.

I want to hear your views on the ideas proposed for our future tax administration system. Please have your say, because it is important for all of us to have a tax system that is efficient, fair and flexible for the future.



A handwritten signature in black ink, appearing to read 'Todd McClay'.

Hon Todd McClay  
MINISTER OF REVENUE

Tax administration refers to the rules and processes which govern how Inland Revenue should operate when collecting and distributing tax and other payments. The effectiveness of these rules and processes is just as important for maintaining fairness in the tax system as the rules defining how much tax is due. Achieving our goal of developing a better, more resilient and responsive tax system for New Zealand involves more than simply updating the computer system. We have taken the opportunity to look at the way tax is administered to determine what needs to change to meet the challenges of the 21st century.

To ensure the tax system can support the Government’s wider objectives, including the delivery of better public services, changes are proposed to:

- clarify the Commissioner’s “care and management” responsibilities to allow for more administrative flexibility in limited circumstances in applying the law, and clarify how the responsibilities apply to the non-tax functions such as administration of student loans and Working for Families;
- clarify Inland Revenue’s ability to access remotely stored information and bulk third-party information while maintaining the requirement that information collected must be necessary and relevant to administering tax;
- update the current secrecy rule – which restrains the use of tax specific information – from covering all tax information to just information that identifies, or could identify a taxpayer;

- consider whether taxpayers should be able to consent to the release of their information in certain circumstances;
- establish the self-assessment mechanisms when pre-population and automated supply of information through accounting systems is introduced;
- introduce rules to clarify what an individual or small business has to do if they receive a pre-populated tax return or if they supply information to Inland Revenue automatically through their accounting system.

In addition to the specific proposals, feedback is sought on:

- how information could better be shared across government on the basis that commercially sensitive information would continue to be protected;
- how the smarter use of technology may assist tax agents in their role and how this role may change in the future;
- what else could change in the future administration as we progress with *Making Tax Simpler*, including the rules governing disputes and advice, the time bar and record keeping.

**HAVE YOUR SAY**

Go to [makingtaxsimpler.ird.govt.nz](http://makingtaxsimpler.ird.govt.nz) to find out more about these proposals and to have your say.

These proposals require changes to the legislation. If the proposals are passed by Parliament, Inland Revenue will communicate the changes well in advance of them coming into effect.

Consultation is open until Friday 12 February 2016.

