



# MAKING TAX SIMPLER

## PROPOSALS FOR MODERNISING THE TAX ADMINISTRATION ACT

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

*The Tax Administration Act needs to continue to ensure the right rules and incentives are in place to assist taxpayers and maximise compliance.*

The Government would like to get your views on changes it is proposing to the Tax Administration Act.

In November 2015 the Government released the discussion document *Making Tax Simpler: Towards a new Tax Administration Act* which emphasised the importance of the tax system in supporting the Government's Better Public Services objectives. It focused on the five core dimensions of the Act – the roles of the Commissioner of Inland Revenue (the Commissioner), taxpayers and tax intermediaries, information collection, and confidentiality.

Two common themes emerged from the submissions:

- The need for the Commissioner to have greater flexibility in applying the law, but not at the expense of transparency in her decision-making.
- The need for greater information sharing within government was recognised, but this should not be detrimental to taxpayer confidentiality.

The Government has considered the submissions received and developed further detailed proposals.

These proposals will affect a wide range of taxpayers and intermediaries. In addition, the changes proposed are designed to give the Government flexibility in areas that will be consulted

on in future, such as improving the administration of individuals' obligations and social policy (including Working for Families Tax Credits and Child Support).

This discussion document is your opportunity to have your say on the future of tax administration. Please consider the proposals and take some time to tell us what you think. By helping the Government to shape the future of the tax system you can make a difference.

### THE PROPOSALS

#### *Information collection, confidentiality and disclosure*

- narrowing the confidentiality rule to cover information that would identify a taxpayer (currently it extends to all information relating to the Inland Revenue Acts);
- retaining an ability for the Commissioner to withhold certain non-taxpayer specific information in order to protect revenue collection;
- clearly setting out the broad categories of exceptions to the new taxpayer confidentiality rule;
- introducing a more flexible, cohesive and transparent regulatory framework governing the sharing of Inland Revenue information;

- allowing information to be shared for the delivery of public services where a taxpayer has consented without need for regulations;
- retaining the obligation on Inland Revenue officers to keep information confidential;
- clarifying how the confidentiality rule applies to people receiving Inland Revenue information;
- including a new provision for regulations to be made governing the regular collection of external data;
- clarifying that information collected for one particular function can be used for any other function of Inland Revenue.
- separately defining who will be eligible for the extension of filing time using the current tax agent definition;
- providing the Commissioner with a discretion to refuse to recognise someone acting on behalf of another if allowing them to act would adversely impact the integrity of the tax system.

#### ***Role of the Commissioner and design of a new Tax Administration Act***

#### ***Getting it right from the start***

- focusing more of Inland Revenue's resources to help taxpayers get it right from the start including the way that Inland Revenue provides advice. The aim is to provide the right level of certainty to a taxpayer at the right time subject to Inland Revenue's resource constraints. Specific proposals being considered include:
  - significantly reducing the fees for obtaining a binding ruling for small and medium enterprises;
  - allowing post-assessment binding rulings;
  - extending the scope of the rulings regime;
- expanding the current approach to minor errors for both GST and income tax amendments.
- extending the care and management provision to allow the Commissioner some greater administrative flexibility in limited circumstances;
- making greater use of regulations for tax administration, including to:
  - allow for a more tailored approach to different types of taxpayers; and
  - allow trials of tax administration processes to be carried out;
- amending the Tax Administration Act to reflect the modernised tax administration, including structuring the Act around core provisions;
- updating the Tax Administration Act progressively through the transformation process.

#### **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 would 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 24 February 2017**.

#### ***The role of tax intermediaries***

- expanding the definition of tax agent to include a wider group of "tax intermediaries" who are in the business of acting on behalf of taxpayers in relation to their tax affairs;

