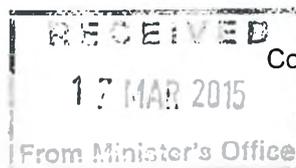




Cabinet Economic Growth and Infrastructure Committee

EGI (15) 65



Copy No: 44

Summary of Paper

16 March 2015

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Making Tax Simpler: A Government Green Paper on the Future Direction of Tax Administration

Portfolio Finance / Revenue

Purpose This paper seeks agreement to release a government green paper on the future of the New Zealand tax administration system.

Previous Consideration On 2 March 2015, Cabinet agreed to the government's revenue strategy, and noted that the tax policy work programme has been designed to implement that strategy [CAB Min (15) 6/9].

Summary Policy work to support the modernising of the tax administration system is a significant aspect of the tax policy work programme. The attached government green paper, which builds on a draft working paper that was produced as part of a 2014 conference on "Tax Administration for the 21st Century", is the start of this aspect of the programme.

The government green paper describes some of the policy areas of tax administration that will need to be examined to ensure the tax system is fit for purpose. It seeks feedback on whether the policy direction for modernising and simplifying the tax administration system is heading in the right direction – it will therefore help to identify any errors or omissions of scope before more detailed policy work is undertaken.

The government green paper makes the following assumptions:

- key tax bases will remain substantially in place, based on the broad-base low-rate (BBLR) tax framework;
- social policy and other non-tax functions currently administered by Inland Revenue (eg relating to Working for Families, child support, student loans and KiwiSaver) will continue to be a key part of Inland Revenue's portfolio of work;
- the use of technology and the implementation and delivery of digital services is a key enabler to ensure the policy direction is realised.

The diagram on page 5 depicts the key elements upon which the policy direction described in the government green paper (and in the associated discussion document on Better Digital Services) is based.

**Regulatory
Impact Analysis**

Not required.

Baseline Implications	None.
Legislative Implications	None from this paper.
Timing Issues	<p>The government green paper will be released on or after 31 March 2015, for an eight week consultation period.</p> <p>Appendix 1 on page 12 details the specific topics and indicative timing for the release of future green papers.</p>
Announcement	<p>The Minister of Finance and the Minister of Revenue will announce the release of the government green paper at an appropriate event.</p> <p>The government green paper will be accompanied by an internet-based public consultation forum (extracts are attached), and it will be linked to the associate consultation on providing digital services.</p>
Consultation	<p>Paper prepared by Inland Revenue. MBIE, DIA, Education, ACC, SSC, Statistics, Customs and MSD were consulted. DPMC was informed. The Commissioner of Inland Revenue's transformation reference group and the Taxpayers' Simplification Panel were also consulted.</p> <p>The Minister of Revenue indicates that a number of Ministers were consulted, and that discussion is not required with the government caucus and has been undertaken with other parties represented in Parliament.</p>

The Minister of Finance and the Minister of Revenue recommend that the Committee:

- 1 note the contents of the government green paper *Making Tax Simpler: A Government Green Paper on Tax Administration* (the government green paper), attached to the submission under EGI (15) 65;
- 2 note that the purpose of the government green paper is to seek feedback on whether the policy direction for modernising and simplifying the tax administration system is heading in the right direction, and to identify any errors or omissions of scope before more detailed work is undertaken;
- 3 agree to the release of the government green paper and associated material for public consultation, subject to any minor or editorial changes that may be authorised by the Minister of Revenue;
- 4 invite the Minister of Revenue to report back to the Cabinet Economic Growth and Infrastructure Committee on feedback received from the consultation, and on whether there is general acceptance of the direction outlined in the government green paper to modernise the tax administration system.

Janine Harvey
Committee Secretary

Distribution: (see over)

Distribution:

Cabinet Economic Growth and Infrastructure Committee
Office of the Prime Minister
Chief Executive, DPMC
Director, PAG, DPMC
PAG Subject Advisor, DPMC
Carolyn van Leuven, PAG, DPMC
Secretary to the Treasury
Jane Frances, Treasury
Chief Executive, MBIE (Economic Development)
Cath Atkins, MBIE
State Services Commissioner
Minister of Education
Secretary for Education
Minister for Social Development
Chief Executive, MSD
Minister for ACC
Chief Executive, ACC
Chief Executive, MBIE (ACC)
Commissioner of Inland Revenue
Government Statistician
Comptroller of Customs
Minister of Internal Affairs
Secretary for Internal Affairs
Chief Executive, TPK

11

○

○

Chair
Economic Growth and Infrastructure Committee

**MAKING TAX SIMPLER – A GOVERNMENT GREEN PAPER ON THE FUTURE
DIRECTION OF TAX ADMINISTRATION**

Proposal

1. We seek the agreement of the Economic Growth and Infrastructure Committee to release a Government green paper on the future of the New Zealand tax administration system.

Executive summary

2. The Government green paper describes some of the policy areas of tax administration that will need to be examined to ensure the tax system is fit for purpose as we progress through the 21st century. The document indicates the key areas where change may be required to frame and enable Inland Revenue's business transformation programme in modernising and simplifying tax administration.

3. The document is the first in a series of documents that will be released over the next few years. This green paper seeks feedback on the overall direction of potential changes and aims to identify any errors or omissions in scope before more detailed policy analysis is undertaken.

4. In conjunction with the release of this document, the Minister of Revenue is also seeking Cabinet's agreement to release a discussion document which considers whether the current policy and legislative framework facilitates the implementation and delivery of secure digital services (see Cabinet paper titled Making Tax Simpler – Better Digital Services discussion document).

Objectives

5. The purpose of the business transformation programme is to design a tax system that makes it easier and simpler for New Zealanders to interact with Government, contributing to the goals of providing better public services. A modern tax system that is simple to comply with will mean less effort is required from New Zealanders and New Zealand businesses in managing their tax and social policy affairs, boosting overall compliance. Costs to the Government of administering the tax system should be kept to a minimum.

6. A flexible tax system that utilises existing business processes will mean lower compliance costs. This means that people can spend less time on tax and more time on

running their businesses, supporting our wider goal to build a competitive and productive economy as part of the Business Growth Agenda.

7. These objectives will be achieved by:

- making it easier and less expensive for businesses and other customers to meet their tax and social policy obligations, boosting overall levels of compliance;
- increasing certainty through easy access to information, earlier and simpler transactions, timely and effective resolution of issues, obligations being met through normal business processes, improved response times and tailored interactions;
- providing value for money for the Government through reduced administration costs, and more efficient collection of debt;
- re-using data across Government, where appropriate;
- increased use of digital services by both Inland Revenue and its customers;
- ensuring that the integrity of the tax and social policy system is maintained by identifying key policy concerns and audit risks easily; and
- providing flexibility for future changes.

8. To begin the dialogue Inland Revenue, in conjunction with the Treasury and Victoria University, hosted a conference called, “Tax Administration for the 21st century” in July 2014.

9. As part of the conference officials produced a draft working paper that outlined, at a very high level, a vision of some specific policy changes that could frame and support Inland Revenue’s business transformation programme. The draft green paper attached to this Cabinet paper takes that draft working paper a step further in order to test its underlying assumptions.

The future for business

10. The first building block is to streamline the collection of PAYE, GST and related information and integrate these obligations into business processes. This will reduce the compliance costs for businesses as “withholders” on behalf of others. The timely provision of data through the use of electronic and internet based technology is a key enabler to improve the tax system. Our understanding from industry sources is that over 50 per cent of small to medium enterprises (SMEs) use some form of accounting software.

11. Key benefits for business include:

- reduced tax compliance costs in particular for small and medium enterprises;
- greater speed and predictability in businesses’ tax affairs;
- a two-way transfer of information between business’s own systems (e.g. payroll) and Inland Revenue, meaning that tax compliance obligations are being met as part of a business’s normal processes; and
- errors being avoided in the first place or rectified in near real time.

12. Businesses not only withhold tax on behalf of others, but also pay tax on the income they earn. The green paper seeks feedback on how to simplify calculations for provisional tax, so that they are based on real-time information (for example when using approved accounting software), and the use of payment options that better reflect taxpayers’ cash flows. It also seeks feedback on other business tax related issues the Government should focus on from a tax administration perspective.

13. Another focus is on ensuring it is easy for small businesses to comply with their tax obligations improving overall levels of compliance. Tailoring interactions to ensure the right support is available at the right time and the use of improved technology and business systems should be encouraged, making it easy to comply right from the start – and hard not to.

The future for individuals

14. For individual taxpayers, it is envisaged that in the future:

- taxpayers will be able to quickly and easily satisfy their tax obligations via digital channels;
- Inland Revenue will pre-populate online income tax returns and, for the majority of individuals, any interaction will involve just confirming income sources and amounts;
- those with income sources that by their nature do not make it possible to pre-populate returns, amounts from these income sources would be the only additional information required from those individuals;
- refunds will be made quickly and, in most cases, automatically (based on better use of data and analytics); and
- any outstanding tax debts will be recovered proactively through automatic withholding from existing income sources, where appropriate.

The future for social policy

15. The intention is to design a social policy system that works for the customer and is fit for purpose. It should have many of the advantages that individual taxpayers will receive, such as pre-population of information Inland Revenue or government already holds. It should also match the timeliness of payments to the need to receive (or ability to pay) on a more real-time basis, providing increased certainty for individuals and families.

The policy and legislative framework

16. As part of business transformation, key administration and legal issues that frame and underpin much of New Zealand's tax system need to be considered. Changes to the way that taxpayers interact with Inland Revenue through better use of technology provides an opportunity to consider fundamental aspects of the Tax Administration Act 1994 (the TAA) including the roles of the Commissioner, of taxpayers and third parties, and information sharing and secrecy.

Background

17. Having a good overall tax system means having both good tax policies and a good administrative system; these two elements go hand in hand. In addition, the perception of fairness, together with the ease with which taxpayers can actually comply with their obligations, is also very important in assessing the overall effectiveness of a tax system.

18. New Zealand's tax policies are held in high regard internationally.¹ A number of independent domestic reviews have also been undertaken in recent years and have fundamentally supported the policy settings that frame New Zealand's tax system.

19. Business transformation is a long-term programme to consider different ways of delivering the tax and social policy system. To frame and support the programme, a review of the current policy and legislative settings is required. Modernising the tax administration system includes re-shaping the way Inland Revenue works with taxpayers, and looking at possible changes to, amongst other pieces of legislation, the Tax Administration Act 1994 (TAA).

20. Business transformation will enable Inland Revenue to become a modern revenue organisation that is recognised for service and excellence and:

- is agile, effective and efficient;
- enables customers to self-manage with speed and certainty, thereby reducing compliance costs;
- enables the Government to make timely policy changes; and
- works with other agencies to optimise interaction across government.

21. Business transformation will be delivered in four customer-focused stages over a period of approximately eight years. In April 2014 (CBC (14) 2 refers) we advised that the first stage of the programme would be delivered in three major work streams:

- strategic;
- tactical; and
- foundational.

22. The strategic work stream includes policy work to identify legislative barriers to providing digital services, and streamlining the collection of PAYE and GST information.

23. The following diagram depicts the key elements upon which the policy direction described in this Government green paper and the digital services paper (being concurrently considered by this Cabinet committee), is based.

¹ See, for example:

- Deloitte's 2014 Asia Pacific Tax Complexity Survey Report (<http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-ap-2014-tax-complexity-survey.pdf>)
- Washington DC Tax Foundation's 2014 international tax competitiveness index (see <http://taxfoundation.org/article/2014-international-tax-competitiveness-index>)
For example the McLeod Review in 2001 and, more recently, the Tax Working Group in 2010

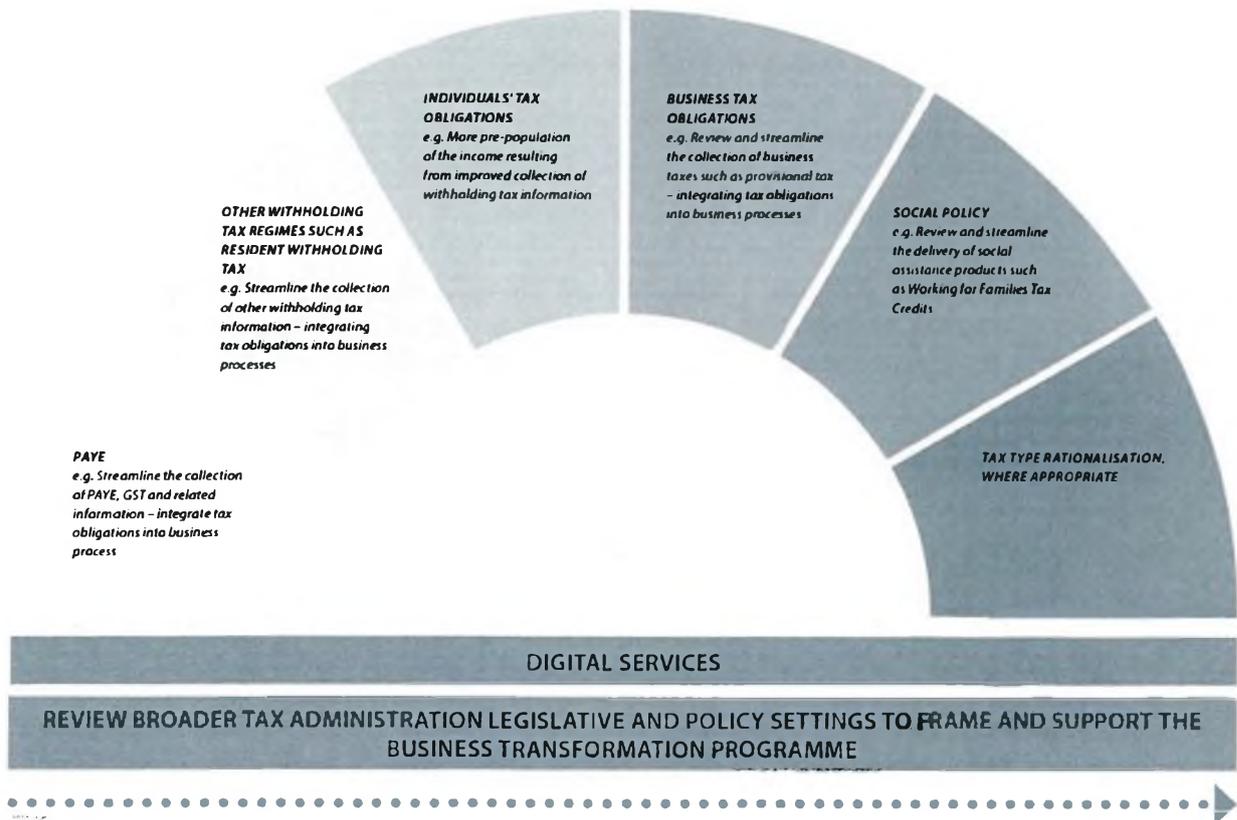


Figure 1

24. The attached Government green paper is the first in a series of papers that will be released over the next two years. The series will build on aspects of the proposals contained in the attached green paper. Appendix A details the specific topics and indicative timing for the release of future green papers.

The Government's Tax Policy Work Programme

25. Cabinet recently approved the release of the Government's tax policy work programme for the next 18 months (CAB Min (15) 6/9 refers). The policy work to support the modernisation of the tax administration system is a significant aspect of the work programme. The release of the attached Government green paper is the start of that aspect of the delivery of our tax policy work programme.

Key assumptions

26. Some key assumptions have been made during the early consideration of the policy issues that are likely to underpin Inland Revenue's business transformation. These include the following:

- key tax bases will remain substantially in place based on the broad-base low-rate (BBLR) tax framework²;
- social policy and other non-tax functions currently administered by Inland Revenue (for example, in relation to Working for Families, child support, student loans and KiwiSaver) will continue to be a key part of Inland Revenue's portfolio of work; and

² BBLR ensures that as broad a range of income and expenditure as practicable is taxed at rates that are as low as possible. A BBLR system helps keep administration and compliance costs low, and keeps economic distortions to a minimum.

- the use of technology and the implementation and delivery of digital services is a key enabler to ensure the policy direction is realised.

The future for business

Employment income (PAYE)

27. As highlighted in figure 1 streamlining the collection of PAYE information is a key strategic element to modernising the administration of the tax system. Doing so will lead to a reduction in compliance costs for businesses.

28. PAYE is a withholding regime for salary and wages. A business that employs staff has certain obligations imposed on it, including the deduction of tax and ACC levies for each employee each payday.³ PAYE information is received monthly from employers (or intermediaries) through the employer monthly schedule (EMS).

29. The Government green paper considers three main issues in relation to employment income:

- the collection of PAYE information;
- modernisation of the PAYE rules more generally; and
- enhancing withholding taxes to cover ‘employment like’ income.

30. The collection of PAYE information is still largely paper based. The shift to digital channels as part of business transformation provides an opportunity to:

- make better use of businesses natural systems to provide information;
- improve the timeliness and accuracy of information received;
- reduce the level of duplication, correction and other interventions required by employers, intermediaries or Inland Revenue before the information can be effectively used;
- improve the use of available information from an all-of-government perspective; and
- consider the types of information necessary to ensure the tax administration system operates effectively.

31. The same approach should be adopted for the collection of GST information.

Expanding the withholding regime

32. Withholding regimes are an effective means to collect income tax and are generally considered to be the foundation of an efficient tax administration system. As business transformation envisages a future where taxpayers’ systems are able to interact with Inland Revenue’s system there is an opportunity to expand the withholding regime to cover a wider range of situations that are similar to employment – such as independent contractors and particular industries.

33. There could be some resistance from businesses on the idea of extending the withholding regime. However, for the reasons referred to in paragraph 32, we consider it is worth testing the likely reaction through the release of the attached green paper.

³ The ACC levy is incorporated into the amount of PAYE the employer deducts.

Business tax

34. The tax system needs to focus on speed, accuracy, certainty, predictability and low business risk in business taxation matters. Businesses have also raised issues with the provisional tax rules. The green paper asks for specific feedback on the key administration issues we should be focusing on to meet business expectations.

35. The green paper also specifically seeks feedback on ways to improve the provisional tax rules. Businesses are required to pay income tax on their profits. The exact amount of tax that a business is required to pay for each year is only able to be determined after that year has finished. The provisional tax rules ensure that tax is paid throughout the year, rather than at the end of the year.

36. The Government green paper sets out some possible ways to achieve a more effective or more certain method for calculating and paying provisional tax, and in particular, it looks at how provisional tax could be better aligned to other business processes.

37. Any review of the provisional tax rules would have to consider changing the current rules excluding some taxpayers from use of money interest on provisional tax payments (referred to as “safe harbour taxpayers”) to reflect new payment calculations and re-consider how use of money interest would apply.

38. One idea explored in the document is that the calculation and payment of business income tax could be done more “on account” as income is earned during the year – much like PAYE for individuals. This has the potential to simplify the calculation of provisional tax and create more certainty for taxpayers.

39. Many small businesses have difficulty in meeting their tax obligations. Therefore, there is a real focus on how Inland Revenue can be more proactive and sophisticated in its approach to providing advice at the right time, and to encourage the use of improved business systems to ensure the first few years of a business’s lifecycle are successful. We are seeking feedback on what other business tax related issues the Government should focus on from a tax administration perspective.

Withholding taxes on capital income

40. A review of the current resident withholding tax (RWT) rules should build on improvements arising from more effective and streamlined collection of PAYE information. The green paper considers ways to enhance the provision of information about RWT arising from interest and dividends by integration into existing business processes – similar to the process envisaged for an improved PAYE information gathering process as described in paragraph 10 above.

41. Inland Revenue currently receives RWT information from financial institutions on an annual basis. However, the annual system does not allow for the timely provision of data and is therefore not used to its full potential. Administration and compliance costs are correspondingly high.

42. The green paper therefore seeks feedback on how best to integrate RWT into business processes, so that upfront validation of information is the norm, ensuring accuracy as much as possible.

The future for individuals

43. Streamlined PAYE and withholding tax mechanisms (as discussed above) are the building blocks on which an individual's experience of the tax system will be based.

44. A policy decision was made in the 1990s to remove the requirement to file income tax returns for as many individuals as possible. However, this approach has created inconsistency in the tax administration system between taxpayers who are not required to file, those who are, and those who choose to file in favourable circumstances (for example, to claim a refund). Significant numbers of individuals are now either required to file or are choosing to file returns. The rules can now also appear arbitrary and complex, which leads to fairness concerns.

45. A key consideration is whether it is still desirable to keep as many individuals as possible from actively interacting with the tax system. The Government green paper explores the possibility of Inland Revenue providing more extensive pre-populated information on tax returns for individual taxpayers. The only action required from the majority of taxpayers would be to check and confirm their details and, where applicable, report other income such as overseas income for which there was no deduction at source.

46. A practical difficulty with this approach is getting effective withholding rates in place, and minimising the costs involved in squaring up liabilities and refunds. The trade-off when seeking more accuracy is the resulting increase in compliance costs for the withholder and administrative costs for Inland Revenue.

47. However, technology may help by making end of year square ups much less costly.

The future for social policy

48. Social policies administered by Inland Revenue such as Working for Families and child support generally operate within the tax system which operates on a yearly basis. Some Working for Families and child support customers will go into debt, or are already in debt unnecessarily because Inland Revenue holds out-of-date information about them or their family. When circumstances change throughout the year, these customers are required to contact Inland Revenue. This means that customers may need to contact Inland Revenue multiple times or they may make no contact at all. Neither outcome is optimal.

49. The intent is to design a social policy system that works for the customer and is fit for purpose. The system needs to reflect the family's circumstances and income (and therefore need) to ensure payments reflect that need.

50. Reviewing the administration of social policies includes consideration of the efficacy of the annual cycle and making greater use of information from other sources. More accurate timely and regular receipt of information is likely to be facilitated by advances in technology. Debt prevention will be a key benefit arising from improvements in the administration of social policy.

The policy and legislative framework for tax administration

51. Finally, business transformation requires consideration of key tax administration and legal issues that frame and underpin much of New Zealand's tax system. Changes to the way that taxpayers interact with Inland Revenue through digital services provide an opportunity to consider fundamental aspects of the Tax Administration Act 1994 (TAA). These issues are:

- the roles of Parliament, the Commissioner, the taxpayer and third parties in tax administration;
- whether the Commissioner's current role is appropriately legislated for when considering the future tax administration environment;
- principles underpinning information and secrecy;
- the suitability of the penalty, disputes and binding rulings regimes in the future environment;
- record keeping and time bars in the future environment; and
- the legislative structure of the tax Acts.

Impact on taxpayers, including Government agencies

52. Modernising the tax administration system will have implications for taxpayers, including Government agencies. There will be short term implementation costs to achieve the long term gains of reduced compliance and administration costs.

53. The cumulative impact of both legislative change and changes to business processes will need to be carefully managed to ensure that businesses are not faced with successive changes through each stage of business transformation.

Proposed timeline

54. Subject to Cabinet approval, we propose to release the Government green paper for public consultation on or after 31 March 2015, with an eight week consultation period. Officials will analyse the submissions and the Minister of Revenue will report back to Cabinet on feedback received and whether there is general acceptance of the direction as outlined in the paper for modernising the tax administration system.

Consultation

55. Officials have consulted with the Ministry of Business, Innovation and Employment, the Department of Internal Affairs (DIA), the Ministry of Education, the Accident Compensation Corporation (ACC), the State Services Commission, Statistics New Zealand, the New Zealand Customs Service and the Ministry of Social Development. The Department of Prime Minister and Cabinet were informed on the proposals in the Government green paper. Officials also discussed the scope of the discussion document with the Commissioner's Transformation Reference Group and the Taxpayers' Simplification Panel.

56. Feedback from agencies has been supportive of the policy direction contained in the document and all who responded have expressed a desire to be further consulted. Our officials will continue to work with them over the course of the policy development process. ACC and DIA provided the following specific references for inclusion in the Green Paper:

- treating information as an asset;
- Result Areas 9 and 10; and
- ACC's dependence on Inland Revenue's information.

Financial implications

57. The release of the Government green paper does not give rise to any financial implications.

Human rights

58. There are no human rights implications associated with the release of the Government green paper.

Legislative implications

59. The draft Government green paper does not suggest any immediate legislative implications. However, legislative changes will be necessary if Cabinet subsequently decides to implement any of the potential changes identified.

60. The Minister of Revenue intends to introduce a bill titled Taxation (Business Transformation and Simplification) mid-year which will signal the start of modernising and simplifying the tax administration system. The bill will focus on reducing compliance costs for small to medium enterprises.

Regulatory impact analysis

61. Officials advise that the substantive regulatory impact analysis elements have been included in the draft green paper at a level that is appropriate given the stage of the policy development process. Regulatory Impact Statements will be prepared, if required, when policy decisions are sought.

Publicity

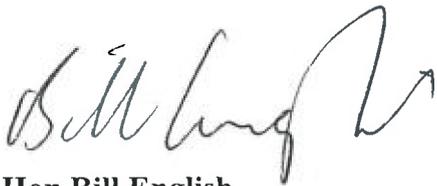
62. We intend to announce the release of the draft Government green paper at an appropriate event to be determined in due course. The Government green paper will be accompanied by an internet-based public consultation forum. It will set out a summary of the proposals and seek views on the same questions raised in the green paper. It will be linked to the internet-based public consultation on providing digital services. Extracts of the internet-based consultation are attached.

Recommendations

63. We recommend that the Cabinet Economic Growth and Infrastructure Committee:

1. **Note** the contents of the attached Government green paper *Making Tax Simpler: A Government Green Paper on Tax Administration*.
2. **Note** that the purpose of the Government green paper is to seek feedback on the policy direction for modernising and simplifying the tax administration system is heading in the right direction and to identify any errors or omissions of scope before more detailed work is undertaken.

3. **Agree** to release for public consultation the attached Government green paper and associated material.
4. **Agree** to delegate to the Minister of Revenue the ability to make editing changes and finalise the detail before the document is released for public consultation.
5. **Invite** the Minister of Revenue to report back on feedback received and whether there is general acceptance of the direction outlined in the Government green paper to modernise the tax administration system.



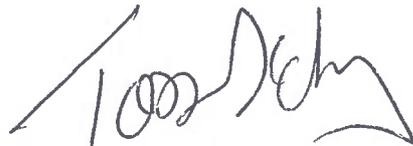
Hon Bill English
Minister of Finance

11, 03, 2015
Date

Hon Todd McClay
Minister of Revenue

___/___/___
Date

3. **Agree** to release for public consultation the attached Government green paper and associated material.
4. **Agree** to delegate to the Minister of Revenue the ability to make editing changes and finalise the detail before the document is released for public consultation.
5. **Invite** the Minister of Revenue to report back on feedback received and whether there is general acceptance of the direction outlined in the Government green paper to modernise the tax administration system.



Hon Bill English
Minister of Finance

Hon Todd McClay
Minister of Revenue

____ / ____ / ____
Date

10 / 3 / 15
Date

	Indicative consultative paper release date	Indicative bill introduction date	Indicative bill enactment date
BT green paper on tax administration - setting the scene for a tax administration fit for the 21st century	March 2015	n/a	n/a
Digital services discussion document - ensuring the policy and legislative framework facilitates moving tax administration to digital channels	March 2015	November 2015	July 2016
Taxation (First Business Transformation and Simplification) Bill (2015)	n/a	May 2015	February 2016
Tax Administration Act discussion document - developing a tax administration framework fit for the 21st century and more joined-up government	October 2015	June 2016	July 2017
Streamlining the collection of GST and PAYE information/ modernisation of the PAYE rules discussion document - integrating tax obligations into business processes; modernising the PAYE rules	October 2015	June 2016	July 2017
Extending withholding taxes to other employment-like income discussion document - consider expanding the current PAYE rules to cover other employment-like income	October 2015	June 2016	July 2017
Individual's taxation discussion document - improving the tax system for individuals including comprehensive pre-population of income information, the collection of information, more efficient debt collection processes and the degree of interaction with the tax system	March 2016	November 2016	November 2017
Streamlining the collection of capital income withholding taxes discussion document - streamlining the collection of other withholding regime information such as resident withholding tax and dividends	March 2016	November 2016	November 2017
Business taxation discussion document - improving the tax system for business including the calculation of provisional tax, the collection of information and reviewing the penalties and interest rules	June 2016	November 2016	November 2017
Social policy discussion document - improving the administration of social policy including the accuracy of the collection of information and the payments / collection of entitlements	June 2017	November 2017	October 2018

Note: There may be more than one discussion document for some topics and some discussion documents may be amalgamated.



Consultation on Cabinet and Cabinet Committee Submissions

Certification by Department:

Guidance on consultation requirements for Cabinet/Cabinet committee papers is provided in the CabGuide (see Procedures: Consultation):

<http://www.cabguide.cabinetoffice.govt.nz/procedures/consultation>

Departments/agencies consulted: The attached submission has implications for the following departments/agencies whose views have been sought and are accurately reflected in the submission: The Ministry of Business Innovation and Employment, the Department of Internal Affairs, the Ministry of Education, the Accident Compensation Corporation, the State Services Commission, Statistics New Zealand, the New Zealand Customs Service, the Ministry of Social Development

Departments/agencies informed: In addition to those listed above, the following departments/agencies have an interest in the submission and have been informed: The Department of Prime Minister and Cabinet.

Others consulted: Other interested groups have been consulted as follows: Commissioner of Inland Revenue's transformation reference group and the Taxpayers' simplification panel.

Name, Title, Department: Mike Nutsford, Policy Manager, Inland Revenue Department

Date:

4 1 3 1 2015

Signature

Mike Nutsford

Certification by Minister:

Ministers should be prepared to update and amplify the advice below when the submission is discussed at Cabinet/Cabinet committee.

The attached proposal:

<p><i>Consultation at Ministerial level</i></p>	<p><input checked="" type="checkbox"/> has been consulted with the Minister of Finance <i>EGI Min</i> <i>BT MR 6/04</i> [required for all submissions seeking new funding] <input checked="" type="checkbox"/> has been consulted with the following portfolio Ministers: <input type="checkbox"/> did not need consultation with other Ministers</p>
<p><i>Discussion with National caucus</i></p>	<p><input type="checkbox"/> has been or <input type="checkbox"/> will be discussed with the government caucus <input checked="" type="checkbox"/> does not need discussion with the government caucus</p>
<p><i>Discussion with other parties</i></p>	<p><input checked="" type="checkbox"/> has been discussed with the following other parties represented in Parliament: <input checked="" type="checkbox"/> Act Party <input checked="" type="checkbox"/> Maori Party <input checked="" type="checkbox"/> United Future Party <input type="checkbox"/> Other [specify] <input type="checkbox"/> will be discussed with the following other parties represented in Parliament: <input type="checkbox"/> Act Party <input type="checkbox"/> Maori Party <input type="checkbox"/> United Future Party <input type="checkbox"/> Other [specify] <input type="checkbox"/> does not need discussion with other parties represented in Parliament</p>

<p>Portfolio Revenue</p>	<p>Date 10/3/15</p>	<p>Signature <i>[Signature]</i></p>
-------------------------------------	--------------------------------	--

Released in part, information withheld under section 18(d) of the Official Information Act 1982 as it is already publically available.

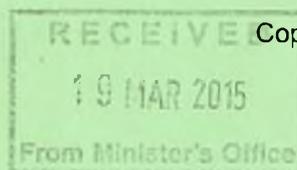
- The Government discussion document *Making tax simpler - A Government green paper on tax administration* is available at <http://taxpolicy.ird.govt.nz/publications/2015-dd-mts-1-tax-administration/overview>
- The Making Tax Simpler website is available at <https://www.makingtaxsimpler.ird.govt.nz>
- An archive of the Making Tax Simpler consultation sites is available at <http://taxpolicy.ird.govt.nz/archived-websites>



Cabinet Economic Growth and Infrastructure Committee

EGI Min (15) 5/2

Minute of Decision



Copy No: 42

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Making Tax Simpler: A Government Green Paper on the Future Direction of Tax Administration

Portfolios: Finance / Revenue

On 18 March 2015, the Cabinet Economic Growth and Infrastructure Committee (EGI):

- 1 **noted** the contents of the government green paper *Making Tax Simpler: A Government Green Paper on Tax Administration* (the government green paper), attached to the submission under EGI (15) 65;
- 2 **noted** that the purpose of the government green paper is to seek feedback on whether the policy direction for modernising and simplifying the tax administration system is heading in the right direction, and to identify any errors or omissions of scope before more detailed work is undertaken;
- 3 **agreed** to the release of the government green paper and associated material for public consultation, subject to any minor or editorial changes that may be authorised by the Minister of Revenue;
- 4 **invited** the Minister of Revenue to report back to EGI on feedback received from the consultation, and on whether there is general acceptance of the direction outlined in the government green paper to modernise the tax administration system.

Janine Harvey
Committee Secretary

Reference: EGI (15) 65

Distribution: (see over)

Present:

Hon Bill English (Chair)
Hon Gerry Brownlee
Hon Dr Jonathan Coleman
Hon Amy Adams
Hon Dr Nick Smith
Hon Nathan Guy
Hon Nikki Kaye
Hon Michael Woodhouse
Hon Maggie Barry
Hon Craig Foss
Hon Jo Goodhew
Hon Nicky Wagner
Hon Louise Upston
Hon Paul Goldsmith
Hon Te Ururoa Flavell

Officials present from:

Office of the Prime Minister
Officials Committee for EGI

Distribution:

Cabinet Economic Growth and Infrastructure Committee
Office of the Prime Minister
Chief Executive, DPMC
 Director, PAG, DPMC
 PAG Subject Advisor, DPMC
 Carolyn van Leuven, PAG, DPMC
Secretary to the Treasury
 Jane Frances, Treasury
Chief Executive, MBIE (Economic Development)
 Cath Atkins, MBIE
State Services Commissioner
Minister of Education
 Secretary for Education
Minister for Social Development
 Chief Executive, MSD
Minister for ACC
 Chief Executive, ACC
 Chief Executive, MBIE (ACC)
Commissioner of Inland Revenue
Government Statistician
Comptroller of Customs
Minister of Internal Affairs
 Secretary for Internal Affairs
Chief Executive, TPK



Cabinet

CAB Min (15) 9/5

RECEIVED
25 MAR 2015
From Minister's Office

Copy No: 64

Minute of Decision

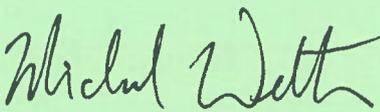
This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Economic Growth and Infrastructure Committee: Period Ended 20 March 2015

On 23 March 2015, Cabinet made the following decisions on the work of the Cabinet Economic Growth and Infrastructure Committee for the period ended 20 March 2015.

Out of scope	[REDACTED]	[REDACTED]
EGI Min (15) 5/2	Making Tax Simpler: A Government Green Paper on the Future Direction of Tax Administration Portfolios: Finance / Revenue	CONFIRMED
EGI Min (15) 5/3	Making Tax Simpler: Better Digital Services – A Government Discussion Document Portfolio: Revenue	CONFIRMED
Out of scope	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Out of scope



Secretary of the Cabinet

Reference: CAB (15) 118

Distribution:

Cabinet Economic Growth and Infrastructure Committee
 Chief Executive, DPMC
 Director, PAG, DPMC
 Deputy Chief Executive, DPMC (Security and Intelligence)
 Secretary to the Treasury
 Chief Executive, CERA
 Chief Executive, MBIE (Economic Development)
 State Services Commissioner
 Secretary for Internal Affairs (Local Government)
 Minister of Health
 Director-General of Health
 Secretary for Justice
 Chief Executive, MBIE (Communications)
 Chief Executive, Ministry for Culture and Heritage (Broadcasting)
 Minister in Charge of the New Zealand Security Intelligence Service
 Director, NZSIS
 Director, GCSB
 Secretary for Transport
 Minister of Education
 Secretary for Education
 Minister for Social Development
 Chief Executive, MSD
 Secretary for the Environment
 Secretary for the Environment (EPA)
 Chief Executive, MBIE (Building and Housing)
 Minister of Foreign Affairs
 Secretary of Foreign Affairs and Trade
 Director-General, Ministry for Primary Industries
 Minister of Civil Defence
 Director, Civil Defence Emergency Management
 Chief Executive, ACC
 Chief Executive, MBIE (ACC)

Distribution: (continued over)

Distribution:

Chief Executive, MBIE, (Workplace Relations and Safety)
Commissioner of Police
Commissioner of Inland Revenue
Minister for Pacific Peoples
Chief Executive, Ministry of Pacific Island Affairs
Director-General of Conservation
Chief Executive, Ministry for Culture and Heritage
Government Statistician
Director-General, MPI (Food Safety)
Comptroller of Customs
Chief Executive, MSD (Disability Issues)
Chief Executive, Land Information New Zealand
Chief Executive, Ministry for Women
Minister of Internal Affairs
Secretary for Internal Affairs
Chief Executive, TPK
Chief Parliamentary Counsel
Legislation Coordinator
Secretary, EGI

