

# Hon David Parker, Minister of Revenue

## Dr Deborah Russell, Parliamentary Under-Secretary to the Minister of Revenue

### Information Release

#### Tax Administration (Direct Credit of Problem Gambling Levy Refunds) Order 2021

July 2021

#### Availability

This information release is available on Inland Revenue's tax policy website at <https://taxpolicy.ird.govt.nz/publications/2021/2021-ir-cab-leg-21-sub-0069>

#### Documents in this information release

#	Reference	Type	Title	Date
1	IR2021/132	Tax policy report	Business Transformation Stage 4: refunding of tax types by direct credit	1 April 2021
2	LEG-21-SUB-0069	Paper	Tax Administration (Problem Gambling Levy) Order 2021	20 May 2021
3	LEG-21-MIN-0069	Minute	Tax Administration (Direct Credit of Problem Gambling Levy Refunds) Order 2021	20 May 2021

#### Additional information

The Cabinet paper was considered by the Cabinet Legislation Committee on 20 May 2021 and confirmed by Cabinet on 24 May 2021.

One attachment to the Cabinet paper is not included in this information release as it is publicly available:

- Tax Administration (Direct Credit of Problem Gambling Levy Refunds) Order 2021.

#### Information withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply are identified. Where information is withheld, no public interest was identified that would outweigh the reasons for withholding it.

Sections of the Act under which information was withheld:

- 9(2)(a) to protect the privacy of natural persons, including deceased people

## Copyright and licensing

Cabinet material and advice to Ministers from the Inland Revenue Department and other agencies are © Crown copyright but are licensed for re-use under the Creative Commons Attribution 4.0 International (CC BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>).





## POLICY AND REGULATORY STEWARDSHIP

### Business Transformation Stage 4: refunding of tax types by direct credit

<b>Date:</b>	1 April 2021	<b>Priority:</b>	Low
<b>Security level:</b>	In Confidence	<b>Report number:</b>	IR2021/132

### Action sought

	<b>Action sought</b>	<b>Deadline</b>
Parliamentary Under-Secretary to the Minister of Revenue	<b>Agree</b> to recommendations	14 April 2021

### Contact for telephone discussion (if required)

<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Bary Hollow	Policy Lead – Tax Administration (Acting)	S 9(2)(a)
S 9(2)(a)	S 9(2)(a)	S 9(2)(a)

1 April 2021

Parliamentary Under-Secretary to the Minister of Revenue

## **Business Transformation Stage 4: refunding of tax types by direct credit**

### **Purpose**

1. This report seeks your agreement to implement compulsory direct crediting of refunds of problem gambling levy to bank accounts nominated by taxpayers entitled to the refunds. From March 2021 this tax type has moved to START,<sup>1</sup> Inland Revenue's new software platform, as part of Business Transformation Stage 4.

### **Background**

2. This proposal can be implemented through an Order in Council. Inland Revenue is shifting tax types to the new START system over time. The Tax Administration Act 1994 contains a legislative framework, effective since 1 April 2000, that enables Inland Revenue to issue refunds via direct credit once a tax type has transitioned into START.
3. Issuing refunds via direct credit benefits taxpayers by eliminating the time delays associated with posting and banking cheques which are also gradually being phased out by banks. Inland Revenue also benefits from reduced administration costs.
4. Tax is defined broadly in the context of direct crediting tax refunds. It includes income tax and other products that Inland Revenue administers. The problem gambling levy is neither a tax nor a duty under the Tax Administration Act 1994, but it is included within the meaning of tax for the purpose of direct crediting of tax refunds<sup>2</sup>. This is the reason we could not include the problem gambling levy in the recently made Order in Council<sup>3</sup>.
5. Refunds of certain levies, duties, or interest (for amounts that have been paid in error or in excess) can already be made by direct credit under the Tax Administration Act 1994. Compulsory direct crediting of refunds already applies to donation tax credits, goods and services tax, student loan deductions, unclaimed money, casino duty, lottery duty and totalisator duty.
6. Officials recommend that refunds of the problem gambling levy be made by direct credit, unless doing so would result in undue hardship or be impracticable (similar to the treatment of other tax types that have moved into START). This would be given legal effect through promulgating an Order in Council, which would come into force 28 days after being gazetted.

### **Implementation**

7. The proposed change will have no fiscal impact. Any administrative costs will be accommodated within existing Business Transformation programme funding.

---

<sup>1</sup> Simplified Tax and Revenue Technology

<sup>2</sup> See Taxation (Annual Rates for 2020-21, Feasibility Expenditure, and Remedial Matters) Act 2021

<sup>3</sup> See Tax Administration (Direct Credit of Totalisator Duty, Lottery Duty, Casino Duty, and Unclaimed Money) Order 2021

**Consultation**

8. Treasury has been informed of the contents of this report.

**Next steps**

9. If you agree, we will invite the Parliamentary Council Office to draft an Order in Council to implement direct crediting for the problem gambling levy.
10. If you agree with the recommendations in this report, officials will provide you and the Minister of Revenue a draft Cabinet Legislation Committee paper and draft regulations by 19 April 2021. Our tentative timeline for the Order in Council is as follows:

<b>Actions</b>	<b>Date</b>
Draft Cabinet Legislation Committee paper with draft Order in Council seeking approval for lodgement	19 April 2021
Lodgement of Cabinet paper with Cabinet Office	13 May 2021
Cabinet Legislation Committee meeting	20 May 2021
Cabinet approval and Executive Council	24 May 2021
Gazette date	27 May 2021
Coming-into-force date	25 June 2021

**Recommended action**

We recommend that you:

11. **agree** that Inland Revenue should issue refunds of problem gambling levy by direct credit, unless this would result in undue hardship or is not practicable; and

Agreed/Not agreed

12. **direct** the Parliamentary Counsel Office to draft an Order in Council giving effect to the above recommendation.

Agreed/Not agreed

**Bary Hollow**

Policy Lead – Tax Administration (acting)  
Policy and Regulatory Stewardship

**Dr Deborah Russell**

Parliamentary Under-Secretary to the Minister of Revenue

/ /2021



In Confidence

Office of the Minister of Revenue

Chair, Cabinet Legislation Committee

## **Tax Administration (Problem Gambling Levy) Order 2021**

### **Proposal**

1. This paper seeks the Cabinet Legislation Committee's agreement to submit the Tax Administration (Problem Gambling Levy) Order 2021 to the Executive Council.
2. It is proposed that the Order in Council applies to implement refunds of the problem gambling levy by direct credit from 28 days after the gazetting of the Order.

### **Policy**

3. I recommend that refunds of problem gambling levy be made by compulsory direct credit from the day this Order in Council comes into effect. Refunds would be made by direct credit unless they would result in undue hardship or be impracticable (for example, if a taxpayer does not have a New Zealand bank account, so it is not possible to provide a direct credit). The administration of these tax types has moved to a new technology platform from 1 March 2021.
4. To implement this proposal, the Parliamentary Council Office has drafted the Tax Administration (Problem Gambling Levy) Order 2021. This is in accordance with an existing legislative framework in the Tax Administration Act 1994. The framework provides for the progressive implementation of compulsory direct crediting for tax types that Inland Revenue administers through Orders in Council and was enacted with effect from 1 April 2000. It benefits taxpayers by eliminating the time delays and costs associated with posting cheques and reflects that the processing of cheques is being phased out by the banks. Inland Revenue also benefits from reduced administration costs.
5. Progressive implementation of compulsory direct crediting of refunds through Orders in Council ensures Inland Revenue has the necessary flexibility to prepare its systems before implementing direct crediting. It also gives affected taxpayers time to provide Inland Revenue with up-to-date bank account details and (for taxpayers with complex business activities) more time to plan and adapt their processes. The intent is that the Commissioner will eventually be required to direct credit all refunds into taxpayers' bank accounts.
6. Compulsory direct crediting has been implemented for refunds of gaming machine duty, income tax, goods and services tax, employees' child support deducted by employers, student loan deductions, casino duty, lottery duty, totalisator duty and unclaimed money. This implementation has occurred as part of moving the administration of these tax types to Inland Revenue's new technology platform.

### **Timing and 28-Day Rule**

7. I propose that direct crediting of refunds of the problem gambling levy under section 184A of the Tax Administration Act 1994 applies to refunds made from 28 days after the gazetting date. The Order would therefore be in accordance with the rule that regulation must not come into force until at least 28 days after the public have been notified in the New Zealand Gazette.

### **Compliance**

8. The Order complies with:
  - 8.1 the principles of the Treaty of Waitangi;
  - 8.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
  - 8.3 the principles and guidelines set out in the Privacy Act 1993;
  - 8.4 relevant international standards and obligations; and
  - 8.5 the Legislation Guidelines, which are maintained by the Legislation Design and Advisory Committee.
9. No statutory prerequisite exists for making this Order.

### **Regulations Review Committee**

10. There are no anticipated grounds for the Regulations Review Committee to draw the Order in Council to the attention of the House under Standing Order 319.

### **Certification by Parliamentary Counsel**

11. The Parliamentary Counsel Office has certified that the Order in Council is in order for submission to Cabinet.

### **Impact Analysis**

12. The Regulatory Quality Team at the Treasury has determined that the regulatory decisions sought in this paper are exempt from the requirement to provide a Regulatory Impact Assessment as they have no or minor impacts on businesses, individual or not for profit entities.

### **Publicity**

13. The new Order in Council will be published in the New Zealand Gazette and on Inland Revenue's website. Inland Revenue will also publish an article about these changes in its Tax Information Bulletin.



### **Proactive Release**

14. I propose to release this Cabinet paper, and associated Order in Council, in full shortly following the publication of the signed Order in Council in the New Zealand Gazette.

### **Consultation**

15. The Treasury and the Parliamentary Counsel Office have been informed of the contents of this paper.

### **Recommendations**

I recommend that the Cabinet Legislation Committee:

1. **agree** that Inland Revenue should issue refunds of problem gambling levy by direct credit, unless doing so would result in undue hardship or is not practicable;
2. **note** that the Tax Administration (Problem Gambling Levy) Order 2021 will give effect to the decision referred to in recommendation 1 above; and
3. **authorise** the submission to the Executive Council of the Tax Administration (Problem Gambling Levy) Order 2021.

Authorised for lodgement

Hon David Parker  
Minister of Revenue





# Cabinet Legislation Committee

## 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.*

---

### Tax Administration (Direct Credit of Problem Gambling Levy Refunds) Order 2021

**Portfolio**                      **Revenue**

On 20 May 2021, the Cabinet Legislation Committee:

- 1        **noted** that Section 184A of the Tax Administration Act 1994 provides for the phased implementation of compulsory direct crediting of tax refunds through Orders in Council for the various tax types;
- 2        **agreed** that Inland Revenue issue refunds of problem gambling levy by direct credit, unless doing so would result in undue hardship or is not practicable;
- 3        **noted** that the Tax Administration (Problem Gambling Levy) Order 2021 gives effect to the decision referred to above;
- 4        **authorised** the submission to the Executive Council of the Tax Administration (Direct Credit of Problem Gambling Levy Refunds) Order 2021 [PCO 23688/2.0];
- 5        **noted** that the Order will come into force on 25 June 2021.

Rebecca Davies  
Committee Secretary

---

**Present:**

Hon Chris Hipkins (Chair)  
Hon Megan Woods  
Hon Carmel Sepuloni  
Hon Andrew Little  
Hon David Parker  
Hon Poto Williams  
Hon Kris Faafoi  
Hon Jan Tinetti  
Hon Michael Wood (Deputy Chair)  
Hon Ayesha Verrall  
Hon Meka Whaitiri  
Kieran McAnulty, MP (Senior Government Whip)

**Officials present from:**

Office of the Prime Minister  
Officials Committee for LEG