



Cabinet Economic Development Committee

Minute of Decision

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Update on the Operation of Inland Revenue's New Information Collection Provisions

Portfolio **Revenue**

On 18 May 2022, the Cabinet Economic Development Committee:

Background

- 1 **noted** that on 23 November 2020, Cabinet agreed to:
 - 1.1 clarify the law to ensure that the Commissioner of Inland Revenue has the power to collect information for tax policy purposes;
 - 1.2 make amendments to require the collection of information from trustees to test compliance with the new 39 percent top personal income tax rate, and provide better information to understand and monitor the use of structures and entities by trustees;

[CAB-20-MIN-0484]
- 2 **noted** that on 30 November 2020, Cabinet invited the Minister of Revenue to report back on the operation of the information gathering provisions referred to in paragraphs 1.1 and 1.2 above [CAB-20-MIN-0490];

Collection of information for tax policy purposes

- 3 **noted** that the provision to collect information for tax policy purposes has been used twice to date, with a further use planned in June 2022, within Inland Revenue's current project to measure effective tax rates for a group of high net worth individuals for the years 2016 to 2021;
- 4 **noted** that concerns have been raised by the private sector regarding the confidentiality of information obtained under this provision;
- 5 **noted** that the Commissioner of Inland Revenue has used their care and management powers to specifically prohibit the use of information obtained under this provision against third parties or for non-policy analytical or risk assessment use;

Collection of information from trusts

- 6 **noted** that Inland Revenue will undertake a post-implementation review of the disclosure rules in 2023, after all the returns for the 2021–22 year have been filed (31 March 2023).

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon David Parker
Hon Poto Williams
Hon Damien O'Connor
Hon Stuart Nash
Hon Kris Faafoi
Hon Willie Jackson
Hon Michael Wood
Hon Dr David Clark
Hon Dr Ayesha Verrall
Hon Meka Whaitiri
Rino Tirikatene, MP
Dr Deborah Russell, MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV