



## POLICY AND STRATEGY

**Tax policy report:**      **Order in Council: amending New Zealand's list of AEOI Reportable Jurisdictions**

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<b>Date:</b>	22 January 2021	<b>Priority:</b>	Medium
<b>Security level:</b>	In Confidence	<b>Report number:</b>	IR2021/004

### Action sought

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Revenue	<b>Note</b> the contents of this report <b>Approve</b> the attached Cabinet paper <b>Sign</b> the attached Cover Sheet	10am, 11 February 2021

### Contact for telephone discussion (if required)

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Paul Kilford	Policy Lead	s 9(2)(a)
Graham Hunt	Policy Advisor	

22 January 2021

Minister of Revenue

## **Order in Council: amending New Zealand's list of AEOI Reportable Jurisdictions**

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### **Purpose**

1. This report seeks your approval of the attached Cabinet paper for lodgement with the Cabinet Office by 10am 11 February 2021, consideration by the Cabinet Legislation Committee (LEG) at its meeting of 18 February 2021, and then by Cabinet at its meeting of 22 February 2021. The Cabinet paper seeks approval for submission of a draft Order in Council to the Executive Council.
2. The Order in Council will add New Caledonia to New Zealand's existing list of 96 'reportable jurisdictions', for the purposes of the G20/OECD *Standard for Automatic Exchange of Financial Account Information in Tax Matters*, commonly referred to as the AEOI Standard, or AEOI. New Caledonia has recently joined the AEOI initiative.
3. Adding jurisdictions to the reportable jurisdictions list is non-controversial and is largely a mechanical exercise, which needs to be repeated periodically as jurisdictions continue to join the AEOI initiative and complete implementation. We are endeavouring to limit such updates to no more than one per year. International developments in 2020 have been slow, due to COVID-19, and this year's update only consists of one addition.
4. A draft of the Order in Council is attached for your information. The Parliamentary Counsel Office will forward the signature and certification copies of the Order direct to Cabinet Office, for association with the Cabinet paper.

### **Background**

5. AEOI is an international initiative, led by the G20 and OECD, for cooperation between jurisdictions in the detection and prevention of 'offshore tax evasion'. Offshore tax evasion occurs when people hide their wealth from tax authorities by locating it in offshore accounts. To counter this, AEOI rules require financial institutions worldwide to (i) identify accounts held or controlled by non-residents and (ii) annually report information on those non-residents and accounts to tax authorities. The tax authorities then exchange the information under tax treaties, to ensure that each country receives the relevant information needed to be able to verify that its residents are correctly reporting income for tax purposes.
6. Reportable jurisdictions are those that Inland Revenue can provide AEOI information to (in accordance with our tax treaty and international obligations). Pursuant to section 226D of the Tax Administration Act 1994, any additions to and removals from the list must be confirmed by Order in Council.
7. The Order in Council will authorise Inland Revenue to provide AEOI information to New Caledonia. For the majority of New Zealand financial institutions, this change will have no implications. In any case, international expectations are such that New Zealand would need to be able to clearly justify to the G20 and OECD any decision not to add jurisdictions to the list as they complete implementation. We are not aware of any reasons to consider refusing to exchange with New Caledonia.

## Consultation

8. The Ministry of Foreign Affairs and Trade has been consulted and agrees with the proposal.
9. The Treasury does not need to be consulted but has been informed.

## Next steps

10. The attached Order in Council cover sheet ('goatskin') should be signed and submitted to the Cabinet Office along with the Cabinet paper. The Parliamentary Counsel Office (PCO) will forward the signature version of the Order in Council along with the requisite number of copies direct to the Cabinet Office for association with the Cabinet paper before it is submitted to LEG. However, a copy of the draft Order is attached to this report for your information.

## Recommended action

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We recommend that you:

11. **sign** the attached Order in Council cover sheet;  
Signed/Not signed
12. **note** that the PCO will provide the signature version of the Order in Council, along with the requisite number of copies, direct to Cabinet Office;  
Noted
13. **authorise** the lodgement of the attached Cabinet paper and the signed Order in Council cover sheet with the Cabinet Office, by 10am Thursday 11 February 2021.  
Authorised/Not authorised

**Paul Kilford**  
Policy Lead  
Policy and Strategy

**Hon David Parker**  
Minister of Revenue  
/ /2021