



**Inland Revenue**  
Te Tari Taake



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI

**POLICY**

## Regulatory Impact Statement: Approved information sharing agreement – Inland Revenue and MBIE

<b>Decision sought</b>	<i>This analysis and advice have been produced for the purpose of informing Cabinet's final policy decisions on the proposed approved information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment.</i>
<b>Agency responsible</b>	<i>Inland Revenue and the Ministry of Business, Innovation and Employment</i>
<b>Proposing Ministers</b>	<i>Minister of Revenue and Minister of Commerce and Consumer Affairs</i>
<b>Date finalised</b>	<i>21 October 2025</i>

### **Briefly describe the Minister's regulatory proposal**

An approved information sharing agreement (AISA) is proposed between Inland Revenue and two branches within the Ministry of Business, Innovation and Employment (MBIE) (the Market Integrity Branch (MIB) and the Business and Consumer Branch (BCB)). The proposed AISA would increase compliance in the tax system and improve the efficiency of a range of services and functions administered by both Inland Revenue and MBIE through the sharing of certain information for specific purposes.

## **Summary: Problem definition and options**

### **What is the policy problem?**

Inland Revenue and MBIE hold information that, if provided to the other agency, would help the other agency better discharge its functions and duties. Government intervention is required because the Tax Administration Act 1994 and the Privacy Act 2020 do not allow the sharing of some information that would be beneficial to the agencies. Specifically, some privacy principles in the Privacy Act do not allow the sharing of personal information. These include Principle 2 – Source of personal information, Principle 10 – Limits on use of personal information, and Principle 11 – Limits on disclosure of personal information.

Public consultation took place on the proposed AISA between October and December 2024. Overall, there was support for the proposed purposes of the AISA.

Non-regulatory options have been explored and are included in the options analysis. Overall, an AISA is the most efficient, sustainable, and transparent mechanism that can be used to share the required information.

#### **What is the policy objective?**

The intended outcome of the change is that the parties to the AISA would receive information that would help them better discharge their functions and duties.

The objectives of the proposed AISA are to:

- enable each agency to better perform its regulatory functions and duties
- improve integrity and efficiency across the tax, corporate governance, and insolvency systems
- reduce duplication of effort and costs through coordinated compliance and enforcement
- provide timely and targeted support and communications to New Zealand businesses, and
- improve the quality of public policy by allowing better-informed, data-driven analysis.

#### **What policy options have been considered, including any alternatives to regulation?**

- **Option 1: Maintain status quo.** The limited information already disclosed by Inland Revenue to MBIE would continue to be disclosed and the Commissioner of Inland Revenue would continue to use the powers under section 17B of the Tax Administration Act to require MBIE to provide certain information. No further sharing would be allowed.
- **Option 2: Establish an AISA (preferred).** An AISA would consolidate the information currently shared under the status quo and allow for more information to be shared between the agencies for the purpose of delivering better public services.
- **Option 3: Amend primary legislation.**
- **Option 4: Use existing Commissioner of Inland Revenue information-gathering powers.**

#### **What consultation has been undertaken?**

A discussion document was publicly consulted on for six weeks between October and December 2024. Overall, there was support for the purposes outlined in the proposed AISA. Most submitters agreed with the Minister's preferred option. Some submissions addressed specific aspects of the proposed information shares and the prerequisites for sharing information. Where appropriate, these concerns have been addressed, and the AISA has been amended to reflect this. These changes are discussed in Section 1 of this RIS.

The Office of the Privacy Commissioner (OPC) has been consulted throughout the development of this AISA and has appreciated their feedback being taken and considered as the process has been carried out. OPC has sought to ensure the proposed AISA does not unnecessarily infringe on an individual's right to privacy, and does not lead to unjustified sharing of personal information where a clear purpose has not been provided. OPC believes the AISA in its current form has made clear the purposes for which the information sharing is intended to address.

**Is the preferred option in the Cabinet paper the same as preferred option in the RIS?**

Yes.

## **Summary: Minister's preferred option in the Cabinet paper**

### **Costs (Core information)**

**Outline the key monetised and non-monetised costs, where those costs fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)**

There are no expected monetised costs. There will be low administrative non-monetised costs when compared to the counterfactual from the development, implementation, and ongoing operation and enforcement of the AISA but this can be done within the baseline funding of each agency.

There are unlikely to be any distributional impacts or any impacts on competition from this proposal.

### **Benefits (Core information)**

**Outline the key monetised and non-monetised benefits, where those benefits fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)**

There are no additional monetised benefits over the counterfactual. There are additional non-monetised benefits over the counterfactual as the AISA will increase compliance in the tax system and improve the efficiency of a range of services and functions administered by both Inland Revenue and MBIE.

Inland Revenue and MBIE will also benefit from reduced duplication, particularly in investigations or prosecutions. For example, both agencies sometimes pursue the same non-compliant directors without knowledge of the other's activity, leading to inefficiencies. Businesses will also receive more targeted and timely support through business.govt.nz, improving their compliance and resilience. Improved data access will also support more robust costings and impact modelling for future regulatory or tax policy development.

There may also be some benefits to the regulated groups because the information shares will allow both agencies to better fulfil their functions, which will have some direct and indirect benefits on these groups.

There are unlikely to be any distributional impacts or impacts on competition from this proposal.

### **Balance of benefits and costs (Core information)**

**Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?**

Yes, the benefits outweigh the costs when considering the qualitative evidence. There was no quantitative evidence available for the analysis. However, this was not viewed as an issue because all parties to the AISA judged that sharing more information would make it more efficient and effective for the parties to carry out their respective functions. The cost-benefit ratio is unlikely to change over time.

## Implementation

### How will the proposal be implemented, who will implement it, and what are the risks?

Inland Revenue is the lead agency for the AISA and will be responsible for the ongoing operation and enforcement of the AISA. If any amendments need to be made to the AISA in the future, Inland Revenue will lead this jointly with MBIE. Inland Revenue and MBIE are confident that the AISA can be implemented effectively and efficiently, and all costs associated with implementation and ongoing operation and enforcement can be absorbed in the baseline funding of the agencies.

Although the proposed AISA includes a range of safeguards to minimise any risks of loss, misuse, or improper disclosure of the information that is shared, some members of the public may not be supportive due to perceived privacy concerns. The parties to the AISA will mitigate this risk by publishing the relevant documents to the AISA including, the AISA itself, the privacy impact assessment, and the operational protocols. This will also increase the level of transparency in relation to the agreement.

The AISA includes detailed operational protocols that specify secure transfer methods, authorised staff roles, and processes for verifying entity data. Use will be limited to authorised purposes only. Any serious breaches will trigger mandatory notification to the Privacy Commissioner and affected parties.

Inland Revenue will review any risks associated with the AISA on a regular basis. Monitoring the outcomes of each share will take place and will be reported in Inland Revenue's annual report.

The Privacy Commissioner can review the operation of the agreement on their own initiative 12 months after the Order in Council approving the agreement has been made and at any time that the Privacy Commissioner considers appropriate for subsequent reviews.

There are no other foreseeable implementation risks or issues relating to the AISA. The regulated parties will not have to do anything because no new information is required from them. Inland Revenue and MBIE (the regulators) are both aware of and are preparing for the implementation of the AISA if it comes into effect.

For the information shares that are already occurring, as authorised by more general disclosure provisions in the Tax Administration Act, no transitional arrangements are required. These information shares will continue to occur as they currently are, but the AISA will act as the authorising provision instead of the provisions in the Tax Administration Act. The specific disclosure provision that allows for information sharing to occur between Inland Revenue and the Companies Office will need to be repealed by a date set by Order in Council to ensure there are not two authorising provisions for one information share in place at the same time.

## Limitations and Constraints on Analysis

There are no assumptions underpinning the analysis. The agencies acknowledge the absence of quantitative data on issues like "phoenixing" due to definitional and measurement challenges. However, qualitative evidence from operational teams and previous COVID-era information sharing strongly supports the conclusion that improved information flows lead to better outcomes.

Developing the discussion document for this proposal as an interim RIS meant that all relevant options to address the problem were considered. All proposed information shares

and the purpose of the information shares in the AISA have been thought through carefully for viability, effectiveness, and efficiency.

Officials view that the analysis is a true representation of the proposal, and that Cabinet can make an informed decision relating to the proposal.

**I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.**

**Signed by the responsible managers**

	Date	
Martin Neylan Principal Policy Advisor Inland Revenue	13/10/2025	s 9(2)(a)
Sanjai Raj General Manager Market Integrity Te Whakatairanga Service Delivery Ministry of Business, Innovation and Employment	21/10/25	s 9(2)(a)
Ross Van Der Schyff General Manager Business & Consumer Te Whakatairanga Service Delivery Ministry of Business, Innovation and Employment	21/10/2025	s 9(2)(a)

### Quality Assurance Statement

<b>Reviewing Agency:</b> Inland Revenue and MBIE	<b>QA rating:</b> Meets
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**Panel Comment:**

The Quality Assurance reviewers at Inland Revenue and MBIE have reviewed the Regulatory Impact Statement “Approved information sharing agreement – Inland Revenue and MBIE” and consider that the information and analysis in the document meets the quality criteria of the Regulatory Impact Analysis framework.

The proposal has been subject to wide consultation, including through a public discussion document. The Office of the Privacy Commissioner has commented on the agreement and notes that it satisfies the framework for sharing information and contains the necessary constraints and safeguards regarding the exchange of information between government agencies.

## Section 1: Diagnosing the policy problem

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### What is the context behind the policy problem and how is the status quo expected to develop?

1. The Government wants to deliver better public services more efficiently. Government agencies are expected to work together and achieve better outcomes for New Zealanders. The Government also expects all New Zealanders to meet their legal obligations.
2. A practical way for government agencies to work together to help achieve these high-level objectives is through information sharing of specific information, for specific purposes. Such collaboration also allows for more prudent use of taxpayer funds by agencies.
3. There is currently some sharing of information between Inland Revenue and MBIE. These information shares are authorised by various sections of the Tax Administration Act.
  - a. Section 17B allows Inland Revenue to make ad hoc requests for certain information from MBIE.
  - b. Clause 2 of schedule 7 allows for information to be shared for the purpose of carrying into effect revenue laws. This clause is the authorising provision for the *Company and Limited Partnerships* Memorandum of Understanding and allows the Companies Office to provide Inland Revenue with certain Register information.
  - c. Clause 15 of schedule 7 is the authorising provision for the *Sharing with the NZ Insolvency and Trustee Service* Memorandum of Understanding, which allows for shares of specific information relating to liquidations and bankruptcies from Inland Revenue to MBIE.
  - d. Clause 36 of schedule 7 relates to offences under the Companies Act 1993. This clause is the authorising provision for the *Supplying information about certain suspected offences under the Companies Act 1993* Memorandum of Understanding, which allows Inland Revenue to share information with the Companies Office.
4. The agencies cannot share additional information beyond the scope of what is outlined above because the Tax Administration Act and Privacy Act do not allow this. There are provisions to share under the Tax Administration Act, but these are too narrow to achieve better information sharing between the agencies, so a better vehicle is required. Additionally, some privacy principles in the Privacy Act do not allow the sharing of personal information. These include Principle 2 – Source of personal information, Principle 10 – Limits on use of personal information, and Principle 11 – Limits on disclosure of personal information. An AISA can override these principles. The Tax Administration Act permits certain information to be shared across the agencies, subject to consultation with the Office of the Privacy Commissioner under an AISA.
5. If no action is taken, the information sharing that currently exists between the agencies will continue because there are no plans to remove any of the authorising provisions in the legislation that allows sharing of this information. This will continue to have the same level of benefits and opportunities for increased levels of information sharing between the agencies. If no further information is allowed to be shared between the agencies, the inefficiencies that currently exist because of the inability to share information will continue to exist.
6. Alongside the work contained in the proposed AISA, the Minister of Commerce and Consumer Affairs is progressing a suite of changes to the Companies Act that include introducing unique identifiers for directors and general partners, to help identify poor and

illegal business practices including harmful “phoenixing”,<sup>1</sup> to increase the integrity and transparency of directors’ identities and corporate histories for use by law enforcement, customers and creditors. This work does not have an influence on the preferred option contained in this RIS but is complementary to this work.

### **What is the policy problem or opportunity?**

7. Both Inland Revenue and MBIE hold information that, if provided to the other agency, would help the other agency better discharge its functions and duties. Currently, the Tax Administration Act and the Privacy Act do not allow the sharing of this information between the agencies, except in very limited circumstances. Comprehensive information sharing arrangements, such as the proposed AISA, between agencies can help increase the efficiency of the agencies involved and aid in delivering better public services. AISAs are a well-established tool and are monitored and reviewed by the Privacy Commissioner, ensuring that the parties to the AISA operate within the scope of the AISA.
8. The policy problem this proposal seeks to address is the lack of an authorising provision that will allow Inland Revenue and MBIE to share information between each other that cannot currently be shared. Inland Revenue and MBIE face operational and regulatory inefficiencies due to legal restrictions on information sharing. This has real-world impacts, such as difficulties in identifying phoenix companies, duplication in enforcement efforts, and barriers to effective outreach to New Zealand businesses. These restrictions also hinder accurate policy modelling, especially in areas requiring cross-agency data.
9. This proposal focuses on current information sharing and opportunities for information sharing between Inland Revenue and two branches of MBIE – the Market Integrity Branch (MIB) and the Business and Consumer Branch (BCB).
10. Inland Revenue and MIB already exchange some information through three memorandums of understanding (MoUs). These MoUs allow Inland Revenue and MIB to work together to manage removals from the New Zealand Companies Register and the Limited Partnerships Register, investigate specific offences under the Companies Act, and manage insolvencies. BCB has also previously been able to use information from Inland Revenue, through an MoU, to send newsletters, updates, and other communications to businesses on COVID-19 related initiatives.
11. Although there are three MoUs in place to facilitate an exchange, the agencies cannot share additional information beyond the scope of the MoUs because the Tax Administration Act and Privacy Act do not allow this.
12. The tax system must keep taxpayers' information confidential to encourage voluntary compliance with tax rules. The Tax Administration Act requires Inland Revenue staff to keep all sensitive revenue information confidential, including information that is reasonably capable of identifying a person or entity. Inland Revenue can share such information with agencies such as MBIE only when an exception in the Act applies.
13. The Privacy Act ensures responsible information sharing between the agencies. Agencies are typically unable to share much of the personal information they hold about individuals with another agency.
14. Inland Revenue has information-gathering powers to obtain MBIE-held information using section 17B of the Tax Administration Act. However, using section 17B can lack

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<sup>1</sup> Phoenixing includes when company directors transfer the assets of a company to a new company at under market value or simply leave the debts of the old company behind, with the intention of defeating the interests of creditors of the old company.

transparency and public scrutiny. Inland Revenue takes the view that this power should be used judiciously and that other, more transparent, avenues for obtaining information on an ongoing basis (such as an AISA) should be considered in appropriate cases.

15. The agencies have identified that if they could share some additional information, they would be able to better discharge their functions and duties. They have carefully considered what information would be needed and defined the purposes of the sharing. They have also considered what sharing would require the authority of an AISA, as opposed to what can already be shared under the Privacy Act or the Tax Administration Act.
16. There are no special factors involved in this problem, and it is not viewed that this problem disproportionately affects any population groups.

#### **What objectives are sought in relation to the policy problem?**

17. The overarching objective is to deliver better public services more efficiently. Government agencies are expected to work together and achieve better outcomes for New Zealanders. The Government also expects all New Zealanders to meet their legal obligations.
18. The specific objectives of the proposed AISA are:
  - Improving the administration and governance of the tax system, some MBIE administered registers, the criminal proceeds regime, and the insolvency regime.
  - Enabling and cooperation on compliance and enforcement work, including:
    - ensuring the efficient and effective prevention, detection, investigation, and prosecution of offences under the Crimes Act 1961 and legislation that either Inland Revenue or MIB administers (when either agency has reasonable grounds to suspect that an offence has occurred, is occurring or will occur)
    - ensuring that appropriate penalties and administrative sanctions are imposed on individuals and entities under legislation that either Inland Revenue or MIB administers, and
    - assisting with decision-making and collaboration on strategic approaches to compliance work and to enforcing the obligations of customers they have in common.
  - Allowing relevant information to be delivered to New Zealand businesses.
  - Enabling the development of public policy (including potential costings and impact modelling for public policy proposals).

#### **What consultation has been undertaken?**

19. A Government discussion document was published for public consultation on the Inland Revenue website. There was a link to the discussion document on the MBIE website. Public consultation took place for a period of six weeks between October and December 2024.
20. Nine submissions were received. The submitters were Chartered Accountants Australia and New Zealand (CA ANZ), Corporate Taxpayers Group (CTG), Jim Gordon Tax Limited,



OliverShaw, Privacy Foundation of NZ, Taxpayers' Union, Ernst & Young (EY), New Zealand Law Society, and a member of the public.

21. There was overall support for the proposed purpose of the AISA. Some of the submitters specifically supported certain information shares detailed in the AISA.

### **Changes made to the AISA post-consultation**

22. There were some concerns with the perceived scope of the Large Company information share. These were addressed by amending the definition of a "Large Company" in the AISA to more accurately reflect the intent.
23. An internally driven change that aims to make the definition of the Market Integrity Branch (MIB) less specific to the teams within the MIB and more about the functions that are carried out by the MIB. This means that the operation of the AISA will not be impacted by any future name changes of teams within MIB.
24. One submitter suggested that one of the disclosure clauses should be deleted because it can be interpreted as allowing a much broader share than what the intent of the clause may be. Instead of deleting the clause, it has been redrafted to be more explicit as to which MBIE staff can potentially receive information and what they can use that information for.
25. Some submitters had concerns regarding the level of the prerequisites (legislative tests that have to be met) to share information that could result in prosecution. The prerequisite for sharing information for prosecution purposes has been redrafted to more closely reflect the prerequisites included in the Targeting Serious Crime AISA between Inland Revenue, New Zealand Police, Customs, and the Serious Fraud Office. The changes include that a party sharing information will only share the information if it is satisfied that it is reasonable and in the public interest to do so, and prerequisites for a requesting party to satisfy before any information can be requested.
26. A submitter suggested that an entity should be a "Failed Entity"<sup>2</sup> before information can be shared and that "reasonable grounds to suspect" an entity is a failed entity is not a high enough requirement to share information. The relevant category in the AISA has been redrafted so that no information will be shared if there are only reasonable grounds to suspect that the entity is a failed entity, information will only be shared when the entity **is** a failed entity.
27. A submission triggered further consideration by officials at MBIE, who realised that date of birth information for a bankrupted person should also be included in this information share. Date of birth information is helpful because it can be used, for example, to better identify a bankrupted person so this has been added to the AISA.

### **Submissions not incorporated into the AISA post-consultation**

28. There were some submissions that have not been incorporated into the new draft of the AISA because these have not been considered necessary, including the following.
29. One submitter wanted a specific clause to be added to the AISA to ensure that the AISA will not allow the use of Inland Revenue's powers to collect information to then share with other parties within MBIE. It is not considered necessary to include this because only

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<sup>2</sup> A failed entity is a company that meets any of the criteria in section 385(1) of the Companies Act 1993 or a limited partnership that meets any of the criteria under section 103D(1) of the Limited Partnerships Act 2008.

information already held by a party can be shared under the proposed AISA. There will be no collection of information for the purpose of sharing it with a party to the AISA.

30. One submitter did not support the proposed AISA and recommended that it should go through the full scrutiny of Parliament. The ability for Inland Revenue to enter into an AISA was considered by Parliament when it was proposed to be included in the Tax Administration Act. An AISA is allowed for in the Tax Administration Act and the Privacy Act, so it is not considered necessary for the proposed AISA to go through the parliamentary process.
31. In relation to Category 9 (Entity information enabling direct communication with New Zealand businesses), one submitter suggested that item d (number of employees), item e (business age), item j (revenue) and item k (financial ratios) should be deleted due to the sensitivity of the information. The information obtained through this arrangement will be used solely for providing businesses with targeted support and advice, as outlined in the AISA. It will not be used for compliance or enforcement activities by business.govt.nz, and access to the information will be restricted to authorised personnel.
32. One submitter had some concerns with Category 8 (Information relevant to bankrupts and company liquidations) because the information being shared relates to individuals. Particular concerns were raised in relation to the sharing of death information. MBIE does not consider the use of Inland Revenue's death information to present a significant risk of perpetuating errors because any potential inaccuracies are mitigated through data validation processes. MBIE remains open to developing an AISA with the Department of Internal Affairs in the future to directly access official death registration records.

## Section 2: Assessing options to address the policy problem

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### What criteria will be used to compare options to the status quo?

33. In considering the options for this initiative the following criteria have been used to shape the decision-making process:
- Efficiency of administration – gain efficiencies through more collaborative, cross-agency work, including timeliness of implementation, coverage of agreement (wider inclusion of government agencies), and costs for the Government.
  - Integrity and privacy – maintain the integrity of the tax system and ensure sufficient protection of people’s privacy and a proper level of security and transparency. Maintaining the privacy of taxpayers will uphold the integrity of the tax system.
  - Transparency – an option with a relatively higher level of transparency and safeguards could encourage public trust in the information sharing process.
  - Sustainability – the option is future-proof but provides a framework that is flexible enough to respond to Government’s priorities and facilitate changes going forward.
34. Criterion (a) can potentially conflict with (b) if information is shared too widely or if robust security systems and processes are not established to protect people’s privacy. A balance must be reached between providing better public services and ensuring people’s information is adequately protected, so all objectives can be achieved without conflicting.

### What scope will options be considered within?

35. The scope of the feasible options has not been limited by Ministers’ commissioning or previous policy decisions. Stakeholder engagement has also not limited the scope.
36. The scope is limited by the exceptions to information sharing available in the Tax Administration Act and the Privacy Act.

### What options are being considered?

37. The options being considered are:
- Option 1: Maintain status quo.
  - Option 2: Establish an AISA (preferred option).
  - Option 3: Amend primary legislation.
  - Option 4: Use existing Commissioner of Inland Revenue information-gathering powers.

#### Option 1: Maintain status quo

38. This option considers maintaining the status quo. Under this option, information sharing between the parties would not be expanded beyond the current settings because MoUs

cannot legitimise disclosures that would otherwise be unauthorised under the Tax Administration Act, Privacy Act, or any other statute.

39. As such, this option does not address the issues for both parties created by the legislative safeguards to sharing information.
40. Furthermore, because the MoU between Inland Revenue and business.govt.nz was underpinned by COVID-19 legislation and has since expired, any proposed entity information shares in Category 9 is no longer possible.

#### **Option 2: Establish an AISA (preferred option)**

41. This option considered the use of an AISA.
42. The AISA proposed by Inland Revenue and MBIE would consolidate the existing information sharing agreements in the MoUs, alongside other proposed information shares. Essentially it would create a single authority for the sharing of information between the parties, applying the same processes and protections across all shares.
43. Importantly, an AISA would improve the efficiency of administration as it would enable a two-way share of information between Inland Revenue and MBIE. An AISA can address current legal restrictions, as it is one of the few exemptions to the confidentiality obligations in the Tax Administration Act (see the exception in section 18E(2)). AISAs can also modify restrictions in the Privacy Act that would otherwise prevent MBIE from sharing information with Inland Revenue.
44. The process for developing and approving an AISA allows for public scrutiny and transparency. The parties are obliged to consult with the public, and the Privacy Commissioner, before presenting an AISA to ministers. An AISA will take effect only if the Governor-General approves it through an Order in Council. The Order in Council will ensure the terms of the AISA are publicly available.
45. The AISA regime in the Privacy Act provides a clear mechanism for agencies to share information to enable the better delivery of public services. It is a scheme tailored to achieve the types of outcomes that Inland Revenue and MBIE are seeking to achieve. It has inbuilt protections for privacy. For instance, an AISA must clearly set out what types of information are to be shared, the purposes for which such information can be used, and the types of security arrangements that will apply to the transfer and handling of the information. This ensures that individuals' privacy is not unreasonably impinged and that there are adequate safeguards to protect the privacy and security of information.
46. An AISA is also easier to amend than primary legislation if changes to it are needed. The mechanism for this would be an amendment to the AISA, which would have effect only once the Governor-General approved it through an Order in Council. The parties would need to consult the public and the Office of the Privacy Commissioner before agreeing to any changes that would have privacy implications.
47. While AISAs can take time to develop, they are more flexible and less resource intensive to put in place than amending primary legislation and should make less use of parliamentary resources.

#### **Option 3: Amend primary legislation**

48. This option considered legislative amendments to allow the parties to disclose information to one another on a broader basis. This would require amendments to several pieces of primary legislation, including to the Tax Administration Act, Companies Act,

Charitable Trusts Act 1957, Incorporated Societies Act 1908 and Incorporated Societies Act 2022.

49. This option would allow two-way sharing between Inland Revenue and MBIE and negate the need for Inland Revenue to use its information gathering powers. For this reason, it would be superior in terms of efficiency of administration when compared to Option 4, which only enables a one-way share of information and relies on the use of Inland Revenue's information gathering powers.
50. Another advantage of this option is that it would require the full parliamentary process, which allows for public transparency and debate.
51. This option could, however, be complex and take significant time. It would likely involve changes to multiple pieces of primary legislation, and it could take some time for the passage of all the necessary legislation. Use of parliamentary resources for such legislation would limit the opportunity to address other unrelated matters through legislation.
52. Legislative change may also be a less flexible option than other options considered. If the requirements for information sharing were to change, an Act of Parliament would likely be required to make future legislative changes.
53. Ultimately, this option would achieve the desired outcomes of providing for existing information sharing and enabling sharing that is currently prevented by legislative safeguards. It does, however, come with some difficulties, in that it would be time-consuming to undertake and lack flexibility once enacted.

#### **Option 4: Use existing Commissioner of Inland Revenue information-gathering powers**

54. This option considered using Inland Revenue's existing information-gathering powers, particularly the powers to request information set out in sections 17B and 17L of the Tax Administration Act, to obtain information from MBIE.
55. The information-gathering power contained in section 17B is broad and could potentially be used by Inland Revenue to access any relevant information from MBIE. However, while it allows Inland Revenue to obtain information from MBIE, it would not allow MBIE to obtain information from Inland Revenue. For these reasons, it would not necessarily enhance the efficiency of administration between the agencies.
56. Using section 17B in this manner lacks transparency. No Order in Council or other process open to public scrutiny is required for Inland Revenue to request information under this section, and few limits exist on the nature or extent of data that Inland Revenue can request. While this is appropriate for audits and criminal investigations, it is less appropriate for regular bulk collection of data concerning the public. A different approach would allow more public oversight about what data is collected and why.
57. An Order in Council approved by the Governor-General is required to collect information under section 17L. This Order must specify the nature of the information Inland Revenue can request and the purpose for which the information must be used. This allows for public scrutiny and the placement of appropriate limits on what information Inland Revenue can collect. Section 17L is therefore a more appropriate tool than section 17B

for ensuring transparency. However, like section 17B, section 17L will only allow for a one-way share of information.

58. Ultimately, this option would not overcome current legislative safeguards to enable Inland Revenue and MBIE to share further information. It would not alter existing information sharing arrangements.
59. While the option of using sections 17B and 17L was considered in the discussion document, it will not be compared to the status quo because it only allows for a one-way share of information and will not address the policy problem of improving information sharing between the agencies. Because the option does not meet the objective or the analytical criteria, it has not been analysed further.

## How do the options compare to the status quo/counterfactual?

	Option 1: Maintain status quo	Option 2: Establish an AISA (preferred option)	Option 3: Amend primary legislation
<b>Efficiency of administration</b>	<p>0</p> <p>This option is not efficient because it does not allow for the parties to engage in better information sharing or more collaborative work.</p>	<p>++</p> <p>Information can be shared in both directions. There may be a small upfront administrative cost to establish processes, but, overall, there would be reduced use of government resources. This option would allow for collaborative cross-agency work.</p>	<p>+</p> <p>This option would allow for information to flow both ways between Inland Revenue and MBIE. There could be a large upfront time cost for this option. If any future changes need to be made to adapt to the changing environment, these will have to be done in a bill, which may be alright for changes relating to the Tax Administration Act because there are annual taxation bills. It would be more challenging to amend other legislation because it does not tend to be amended as often as tax legislation. Any changes would be required to go through full Parliamentary scrutiny each time.</p>
<b>Integrity and privacy</b>	<p>0</p> <p>This option would maintain integrity and privacy because no additional information would be shared.</p>	<p>++</p> <p>The type of information shared and the way the information is shared will be clearly defined. Privacy and security will be prioritised to maintain the integrity in the tax system and ensure sufficient protection of people's privacy.</p>	<p>+</p> <p>This option would have similar safeguards in place compared to Option 2. However, due to the level of oversight under Option 2 provided by the Privacy Commissioner compared to primary legislation, Option 3 is not as good for integrity and privacy.</p>
<b>Transparency</b>	<p>0</p> <p>This option does not allow for transparency beyond what is published in the form of the existing MoUs. Any section 17B requests do not need to be published, which lacks a level of transparency.</p>	<p>++</p> <p>This option is the most transparent because it requires public consultation and, if implemented, will require reporting to be conducted annually in the lead agency's (Inland Revenue) annual report. Operational protocols will be developed that will outline what information can be shared and for what purpose, these will be published. AISAs are also subject to ongoing review by the Privacy</p>	<p>+</p> <p>This option is transparent because it would have to go through full Parliamentary scrutiny before it would become law. However, there may not be ongoing review and reporting requirements by the agencies involved.</p>

	Option 1: Maintain status quo	Option 2: Establish an AISA (preferred option)	Option 3: Amend primary legislation
		Commissioner. All reporting on the implementation and reviews of the AISA will be published.	
<b>Sustainability</b>	<p>0</p> <p>The status quo is not sustainable to achieve better collaborative outcomes going forward because there are limitations with how the agencies can respond to changing Government priorities.</p>	<p>++</p> <p>An AISA provides a flexible framework that will allow the parties to better respond to changes to the environment. This can be done through amending the operational protocols and publishing the updated version. Significant amendments to the AISA must be consulted on, including with the Privacy Commissioner, and approved by Cabinet.</p>	<p>+</p> <p>This option is sustainable to the point where the legislation would allow. If the environment were to change beyond what is allowed in the legislation, it would be a long process to amend the legislation again as it is across many different Acts. It would be relatively easy to amend the Tax Administration Act because Inland Revenue tends to have an annual taxation bill that may allow for changes to be made. It would be more difficult to change other legislation because there may not be regular legislative vehicles available.</p>
<b>Overall assessment</b>	0	++	+

**Qualitative judgements key:**

- ++ much better than doing nothing/the status quo/counterfactual
- + better than doing nothing/the status quo/counterfactual
- 0 about the same as doing nothing/the status quo/counterfactual
- worse than doing nothing/the status quo/counterfactual
- much worse than doing nothing/the status quo/counterfactual



60. Overall, Option 2: Establish an AISA is viewed to have benefits that outweigh the costs when compared to the counterfactual. It is more efficient than the current arrangements, it is better for privacy and integrity, it is more transparent, and it is more sustainable than the current approach. Additionally, the AISA is viewed to be the best option to address the policy problem of the current inability to share some information. The proposed AISA will also achieve the objectives of increasing compliance in the tax system and improving the efficiency of a range of functions and duties administered by both agencies through the sharing of certain information for specific purposes.

**What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?**

61. An AISA has been determined as the best way to enable the agencies to share the information that would help one another carry out their responsibilities and achieve the overarching objective to deliver better public services more efficiently.
62. The AISA regime in the Privacy Act was designed as a flexible mechanism to enable the secure sharing of information to better facilitate the provision of public services.
63. An AISA can modify the information privacy principles in the Privacy Act (by Order in Council), enabling the sharing of personal information that would not otherwise be allowed under that Act. The information privacy principles to be modified in the proposed AISA are:
- Principle 2 – Source of personal information: It will not be a breach of information privacy principle 2 for the agencies to collect personal information from each other for the purposes of the AISA.
  - Principle 10 – Limits on use of personal information: It will not be a breach of information privacy principle 10 for the agencies to use personal information that they obtain for one purpose for the purposes of the AISA.
  - Principle 11 – Limits on disclosure of personal information: It will not be a breach of information privacy principle 11 for the agencies to disclose personal information to each other for the purposes of the AISA.
64. An AISA gives transparency about the information that may be shared and the purposes of the sharing. It also provides further safeguards, which protect the security of the information shared under the AISA. Such transparency and safeguards are designed to encourage public trust in the information sharing process.
65. The Office of the Privacy Commissioner (OPC) has been consulted throughout the development of this AISA and has appreciated their feedback being taken and considered as the process has been carried out. OPC has sought to ensure the proposed AISA does not unnecessarily infringe on an individual's right to privacy, and does not lead to unjustified sharing of personal information where a clear purpose has not been provided. OPC believes the proposed AISA has made clear the purposes for which the information sharing is intended to address.

**Impacts and analysis of the proposed AISA**

66. There are unlikely to be any distributional impacts on any party or any impact on business competition if the AISA comes into effect.
67. No assumptions are underlying this cost-benefit analysis. Only non-monetised costs and benefits were analysed because no monetised costs or benefits could be measured. All administrative costs associated with the development, implementation, and ongoing

operation and enforcement of the AISA will be absorbed in the baseline funding of both agencies.

68. Where the impact of a non-monetised cost or benefit has been identified, this has been determined by considering the amount of effort or the level of gain that might be experienced by the impacted party. The non-monetised cost or benefit was compared with the potential impact of the other non-monetised costs and benefits to determine the level of the impact.
69. Although the proposed AISA includes a range of safeguards to minimise any risks of loss, misuse, or improper disclosure of the information that is shared, some members of the public may not be supportive due to perceived privacy concerns. The parties to the AISA will try to mitigate this risk by publishing the relevant documents to the AISA including, the AISA itself, the privacy impact assessment, and the operational protocols.
70. It is unlikely that the AISA will have any other possible impacts, including unintended ones.
71. The cost-benefit analysis shows that the non-monetised benefits are expected to outweigh the non-monetised costs when considering the qualitative evidence of the proposal. It is not expected that the benefit-cost ratio will change over time.

#### **Overall assessment of the proposed AISA**

72. Overall, the AISA is expected to have low administrative costs associated with development, implementation, and ongoing operation and enforcement. These costs are non-monetised and will be absorbed within the baseline funding of the agencies. The AISA is expected to have the following non-monetised benefits:
  - Improving the administration and governance of the tax system, some MBIE administered registers, the criminal proceeds regime, and the insolvency regime.
  - Enabling and cooperation on compliance and enforcement work, including:
    - ensuring the efficient and effective prevention, detection, investigation, and prosecution of offences under the Crimes Act 1961 and legislation that either Inland Revenue or MIB administers (when either agency has reasonable grounds to suspect that an offence has occurred, is occurring, or will occur)
    - ensuring that appropriate penalties and administrative sanctions are imposed on individuals and entities under legislation that either Inland Revenue or MIB administers, and
    - assisting with decision-making and collaboration on strategic approaches to compliance work and to enforcing the obligations of customers they have in common.
  - Allowing relevant information to be delivered to New Zealand businesses.
  - Enabling the development of public policy (including potential costings and impact modelling for public policy proposals).
73. Additionally, this proposal supports the Government's commitment to restoring discipline in public spending and improving the delivery of core public services, as outlined in the 2025 Budget Policy Statement. By reducing duplication and enabling better coordination between Inland Revenue and MBIE, the AISA promotes more efficient,

cost-effective, and targeted regulation ensuring that agencies deliver better results for businesses and the public.

74. The proposal also aligns with Inland Revenue’s strategic intentions to build trust and confidence in the tax system and to make it easier for customers to get it right. By allowing Inland Revenue to securely share relevant data with MBIE, the AISA enables more accurate compliance monitoring, improved policy analysis, and stronger integrity across the tax and corporate regulatory systems.
75. The AISA supports MBIE’s long-term outcome to “Grow Aotearoa New Zealand for all”, specifically by enhancing the integrity of business registers, improving enforcement of company law, and supporting more informed and responsive business services.
76. The development of the AISA has been undertaken with consideration of Inland Revenue’s Information Collection Framework<sup>3</sup> and the Public Service Commission’s Model Standards for information gathering and public trust.<sup>4</sup>

**Is the Minister’s preferred option in the Cabinet paper the same as the agency’s preferred option in the RIS?**

77. Yes.

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<sup>3</sup> [Information collection framework](#)

<sup>4</sup> [Model standards: Information gathering and public trust - Te Kawa Mataaho Public Service Commission](#)

## What are the marginal costs and benefits of the preferred option in the Cabinet paper?

Affected groups	Comment <i>Nature of cost or benefit, evidence, and assumption, risks</i>	Impact <i>High, medium or low for non-monetised impacts</i>	Evidence certainty <i>High, medium or low</i>
<b>Additional costs of the preferred option compared to taking no action</b>			
<i>Regulated groups:</i> Taxpayers, New Zealand businesses, company directors, charitable trusts, incorporated societies)	No expected additional costs to customers of parties to the AISA.	N/A	High, no additional information needs to be collected from customers of the parties to the AISA. Only information already held by the parties may be shared.
<i>Regulators:</i> Inland Revenue, MBIE, Office of the Privacy Commissioner	A one-off administrative cost to the Government to develop and implement the AISA (primarily on Inland Revenue and MBIE).  If the AISA needs to be amended for any reason in the future, this will likely result in another one-off administration cost and will include consultation with the Office of the Privacy Commissioner. As it currently stands, the AISA has been drafted to be as future proof as possible, allowing for any changes to the types of information being shared to be amended in the operational protocols. These will never go beyond the scope of the AISA.	Low	High, any costs will be met within baselines.
Others	N/A	N/A	High, there are no applicable costs to others.
<b>Total monetised costs</b>	No monetised cost associated with the AISA proposal.	N/A	High, there are no projected monetised costs to implementing this AISA.
<b>Non-monetised costs</b>	Low one-off administrative cost primarily to Inland Revenue and MBIE to implement the AISA.	Low	High, it has been confirmed by both Inland Revenue and MBIE that the development and implementation of

			an AISA can be absorbed within baseline funding.
<b>Additional benefits of the preferred option compared to taking no action</b>			
<i>Regulated groups:</i> taxpayers, New Zealand businesses, company directors, charitable trusts, incorporated societies	<p>Some New Zealand businesses will receive direct benefits from MBIE having more accurate information.</p> <p>Some companies may be better able to meet their filing obligations with the Companies Office.</p> <p>There should also be a benefit to regulated groups more generally because they will benefit from increased compliance by previously non-compliant businesses. For example, MBIE will be able to better detect and prevent non-compliance, such as phoenix companies.</p>	Low	High, the information shares would allow both agencies to better fulfil their functions, which would have some direct and indirect benefits on the regulated groups.
<i>Regulators:</i> Inland Revenue, MBIE	The ability to share information outlined in the AISA will increase compliance in the tax system and improve the efficiency of a range of services and functions administered by both agencies. It will also reduce duplication of effort, enable better enforcement, improve business support and provide a stronger basis for public policy development.	Medium	High, the AISA would allow both parties to receive information that would help them deliver their services more efficiently.
Others	N/A	N/A	High, this AISA would mainly only improve the functions of Inland Revenue and MBIE.
<b>Total monetised benefits</b>	N/A	N/A	High, the benefit of the AISA is not one to be monetised.
<b>Non-monetised benefits</b>	There are non-monetised benefits because the AISA will increase compliance in the tax system and improve the efficiency of a range of services and functions administered by both Inland Revenue and MBIE.	Medium	High

### Section 3: Delivering an option

#### How will the proposal be implemented?

78. Inland Revenue would be the lead agency for the AISA and would be responsible for the ongoing operation and enforcement of the AISA. If any amendments need to be made to

the AISA in the future, Inland Revenue will lead this jointly with the parties of the AISA in MBIE.

79. Inland Revenue and MBIE are confident that the AISA can be implemented effectively and efficiently, and all costs associated with the implementation and ongoing operation and enforcement will fall under baseline funding. Inland Revenue have experience in developing and implementing AISAs and writing operational protocols for information sharing arrangements. No funding is required for the implementation of the AISA because this can be absorbed in the baseline funding of the agencies.
80. The legal arrangements underpinning the proposed information shares are the AISA itself, which will be signed by the signing authorities of the named parties to the AISA. An Order in Council will implement the arrangement 28 days after it is approved by the Executive Council and signed by the Governor General.
81. The relevant teams in the parties to the AISA are aware of the proposal and are prepared to implement the AISA if it comes into force. They will do this by beginning to draft the operational protocols before the AISA is enacted so that the AISA can be operationalised as soon as possible.

### **Operational protocols**

82. The parties would agree operational protocols under the proposed AISA before sharing any information. The operational protocols will provide details on the methods of information sharing, including:
  - security arrangements and technical standards for the transfer of information
  - procedures to verify an individual or entity's identity, to identify any discrepancies in the information that is held by each party, and how to update that individual's or entity's record
  - provisions that specify how frequently the information is to be shared and in what format
  - requirements for the retention and disposal of information shared, and
  - the appointment and training of authorised staff, so that they can share information appropriately and according to the AISA.
83. The operational protocols will be signed by the parties when they are ready, if the AISA comes into force. The current MoUs that outline the details of the existing shares between the parties will be consolidated into these operational protocols.

### **Legislative implications**

84. A permitted disclosure (clause 36 of schedule 7) in the Tax Administration Act will be repealed at the same time the AISA comes into force. The AISA will be replacing this permitted disclosure as the authorising provision for the share of information from Inland Revenue to the Companies Office within MBIE. There should not be two authorising provisions for sharing the same information in place at once.
85. The other provisions that authorise the information sharing detailed in the other two existing MoUs (Company and Limited Partnerships Removals and Sharing with the New Zealand Insolvency and Trustee Service) do not need to be repealed because they are

authorised by more general disclosure provisions in schedule 7 of the Tax Administration Act and do not specifically relate to services carried out by MBIE.

### **Implementation costs and risks**

86. The general public, company directors, people associated with registers, or businesses will not have any compliance costs imposed on them due to the AISA and will not have to do anything once the AISA comes into force. All information sharing authorised by the AISA will be undertaken by Inland Revenue and MBIE based on information that is already held by the agencies. The operational protocols, privacy impact assessment, and AISA will be published on Inland Revenue's website so anyone can access what information can be shared and for what purpose.
87. Although the proposed AISA includes a range of safeguards to minimise any risks of loss, misuse, or improper disclosure of the information that is shared, some members of the public may not be supportive due to perceived privacy concerns. The parties to the AISA will mitigate this risk by publishing the relevant documents to the AISA including, the AISA itself, the privacy impact assessment, and the operational protocols. This will also increase the level of transparency in relation to the agreement.
88. There are no other foreseeable implementation risks or issues relating to the AISA. The regulated parties will not have to do anything because no new information is required from them. The regulators are both aware of and are preparing for the implementation of the AISA if it comes into effect.
89. Inland Revenue will review any risks associated with the AISA on a regular basis.
90. The current information sharing occurring between the agencies means that processes are known and in place to ensure the secure transfer of information, storage, access, and deletion (when necessary) occurs.

### **How will the proposal be monitored, evaluated, and reviewed?**

91. Inland Revenue and MBIE take the protection of New Zealanders' information seriously. The proposed AISA would include a range of safeguards to minimise any risks of loss, misuse, or improper disclosure of the information that is shared.
92. Individuals would continue to have:
  - the right to seek access to, and correction of, their personal information under the Privacy Act, and
  - the ability to use the agencies' internal complaint procedures if they have concerns about how their information has been treated.
93. If any serious privacy breach were to occur, the party involved would need to notify the Privacy Commissioner and the affected individuals. The steps that would need to be taken to minimise and mitigate any risk to those individuals from a serious privacy breach include:
  - designated senior personnel in the party would meet to assess the issue and manage the response
  - information sharing would be immediately suspended if there were any risk of ongoing breaches, and
  - the Office of the Privacy Commissioner would be notified if it is a notifiable privacy breach under Part 6 of the Privacy Act.

94. Stakeholders may raise concerns about the AISA and its operations with Inland Revenue at any time. The first opportunity is the public consultation conducted at the drafting stage of an AISA. The AISA and reporting on the AISA are always publicly available.
95. No extra data will need to be collected if the AISA comes into effect. Only information already held by the parties will be able to be shared to another party to the AISA.

#### **Review of the AISA**

96. The agencies will assess the operation of the AISA annually to ensure it is operating as intended, and to check that the safeguards remain sufficient to protect the privacy of individuals. This assessment may involve a full audit or some other form of assessment.
97. The results of the assessments will inform Inland Revenue's reporting (as lead agency for the AISA) on the operation of the AISA in its annual report.
98. AISAs are subject to be reviewed by the Privacy Commissioner. The Privacy Commissioner can review the operation of the agreement on their own initiative 12 months after the Order in Council approving the agreement has been made and at any time that the Privacy Commissioner considers appropriate for subsequent reviews.
99. Amendments can be made to an AISA at any time by the lead agency (Inland Revenue) if new needs emerge or the AISA needs to be updated. Significant amendments must be notified to the Minister and the Privacy Commissioner, and the Order in Council must be amended through appropriate processes. Minor amendments (for example, change of name of a party) do not need to be notified in this way, and do not amend the Order in Council.