Hon Simon Watts, Minister of Revenue

Approval for Approved Information Sharing Agreement between Inland Revenue and Customs - Information Release

August 2026

List of documents included in this proactive release

#	Reference	Type	Title	Date
01	BN2026/243	Briefing note	Information release for review – ECO-26-SUB-0133: Approval for the Approved Information Sharing Agreement Between Inland Revenue and Customs	12 August 2026
02	IR2026/138 RPT26/102	Report	Approval for Approved Information Sharing Agreement Between Inland Revenue and Customs	26 June 2026
03	n/a	Cabinet paper	Final Cabinet paper- Approval for Approved Information Sharing Agreement Between Inland Revenue and Customs	22 July 2026
04	n/a	Attachment	Draft Information Sharing Agreement between Inland Revenue and New Zealand Customs Service	22 July 2026
05	n/a	Attachment	Regulatory Analysis Summary	27 July 2026
06	n/a	Attachment	Privacy Commissioner's submission on the proposal for an approved information sharing agreement between Inland Revenue and the New Zealand Customs Service	27 July 2026
07	ECO-26-SUB-0133	Summary	Approval for Approved Information Sharing Agreement Between Inland Revenue and Customs	22 July 2026
08	ECO-26-MIN-0133	Minute	Approval for Approved Information Sharing Agreement Between Inland Revenue and Customs	22 July 2026
09	CAB-26-MIN-0239	Minute	Approval for Approved Information Sharing Agreement Between Inland Revenue and Customs	27 July 2026

Additional information

The Cabinet paper was considered by the Cabinet Economic Policy Committee on 22 July 2026 and confirmed by Cabinet on 27 July 2026.

The following document referred to in IR2026/138 is not included in this information release:

- Appendix 4- Summary of Submissions and Officials' Responses.

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

Not in scope

Availability

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Briefing note

Reference BN2026/243

Date 12/08/2026

To Revenue Advisor, Minister of Revenue - Angela Graham
Private Secretary, Minister of Revenue – Melissa Zhen

From Amie Whitney

Subject **Information release for review – ECO-26-SUB-0133: Approval for the Approved Information Sharing Agreement Between Inland Revenue and Customs.**

Overview

1 This information release covers the approval of the proposed approved information sharing agreement between Inland Revenue and Customs.

2 The Cabinet paper ECO-26-SUB-0133 was considered by the Cabinet Economic Policy Committee on 22 July 2026. ECO-26-MIN-0133 and confirmed by Cabinet on 27 July 2026 CAB-26-MIN-0239.

Documents in this release

3 These documents are included in the information release:

Ref	Title	Date	Information withheld
IR2026/138 RPT26/102	Report - Approval for Approved Information Sharing Agreement Between Inland Revenue and Customs	26 June 2026	S 9(2)(a)-personal phone numbers, signatures-coversheet, recommendation section
n/a	Cabinet paper – Approval for Approved Information Sharing Agreement between Inland Revenue and Customs	22 July 2026	No information withheld
n/a	Draft Information Sharing Agreement between Inland Revenue and New Zealand Customs Service	27 July 2026	No information withheld
n/a	Regulatory Analysis Summary	27 July 2026	S 9(2)(a) - Signatures, (location)
n/a	Privacy Commissioner's submission on the proposal for an approved information sharing agreement between Inland Revenue and the New Zealand Customs Service	27 July 2026	No information withheld
ECO-26-SUB-0133	Approval for Approved Information Sharing Agreement between Inland Revenue and Customs	22 July 2026	No information withheld

ECO-26-Min-0133	Approval for Approved Information Sharing Agreement between Inland Revenue and Customs	22 July 2026	No information withheld
CAB-26-Min-0239	Approval for Approved Information Sharing Agreement between Inland Revenue and Customs	27 July 2026	Not in scope

Information withheld

4 IR2026/138 RPT26/102 - s 9(2)(a)- personal phone numbers, signatures in the coversheet and recommendation section.

5 Regulatory Analysis Summary - s 9(2)(a)- signature.

6 CAB-26-MIN-0239 – other papers considered by Cabinet: not in scope of this release.

Key advice papers

7 Cabinet Office Circular CO (23) 4 states that "Ministers may also choose to proactively release related key advice papers provided to the Minister by departments or agencies.". Officials have provisionally included key advice papers as part of this release because we consider the release of the Cabinet documents will result in an Official Information Act request for these papers in any event.

Risks and issues

8 We don't consider there are any risks or issues with this information release.

Consultation

9 Customs was consulted and has reviewed the information release.

Approval

10 The draft information release was reviewed and approved by Martin Neylan, Principal Policy Advisor for the Tax Administration domain.

Deadline for publishing

11 The last day for publishing this information, if it is released within 30 working days of Cabinet's decision, is 2 September 2026.

Attachments

12 Attached is the draft information release with redactions applied – the only information withheld is personal information (phone numbers and signatures) and the titles of other Cabinet papers considered by Cabinet, included in the CAB minute as they are not in scope.

Amie Whitney

Policy Advisor, Inland Revenue

s 9(2)(a)

Item 02

Joint report

NEW ZEALAND CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA

Inland Revenue
Te Tari Taake

Approval for Approved Information Sharing Agreement between Inland Revenue and New Zealand Customs Service

Date	26 June 2026	**Priority**	High
Security level	Not in scope	**Report number**	IR2026/138 RPT26/102

Action sought		**Deadline**
Minister of Revenue	**Agree** to recommendations	15 July 2026
	Lodge the attached Cabinet paper	16 July 2026
Minister of Customs	**Agree** to recommendations	15 July 2026

Purpose
This report seeks agreement from the Minister of Revenue and Minister of Customs to the proposed Approved Information Sharing Agreement (AISA) between Inland Revenue and the New Zealand Customs Service (Customs). The AISA would provide for automated information sharing on border movement of Working for Families recipients to prevent overpayment. The report also seeks approval of the attached Cabinet paper seeking policy approval for the AISA.

Contacts for phone discussion, if required

Name	**Position**	**Phone number**	**First contact**
Martin Neylan	Principal Policy Advisor, Inland Revenue	s 9(2)(a)	✓
Samantha Aldridge	Principal Policy Advisor, Inland Revenue	s 9(2)(a)	
Adele Hawk	Principal Advisor, Operations, New Zealand Customs Service	s 9(2)(a)	✓

Approval for Approved Information Sharing Agreement between Inland Revenue and New Zealand Customs Service

Executive summary

1 This report seeks agreement from Ministers to the Approved Information Sharing Agreement (AISA) between Inland Revenue and Customs that was announced in Budget 2025, and to authorise the next steps required to give the AISA legal effect. The final draft AISA is contained in Appendix 1. A draft Cabinet paper seeking policy approval is provided in Appendix 2, and the associated Regulatory Analysis Summary is provided in Appendix 3.

2 The proposed AISA will provide the necessary legislative basis to enable automated sharing of border movement information for Working for Families principal caregivers from 1 April 2027. This will allow Inland Revenue to identify when recipients leave New Zealand and stop payments when eligibility is no longer met. Currently, Inland Revenue does not receive this information automatically, which can result in overpayments. Improving information sharing will support the intent of the Working for Families rules, improve system integrity, and reduce fiscal risk.

3 Public consultation on the proposed AISA has been completed. A summary of consultation feedback and officials' comments is provided in Appendix 4. Based on submissions, officials have made two amendments to the draft AISA.

4 Officials consulted with the Office of the Privacy Commissioner throughout the development of the final proposed AISA. The Office of the Privacy Commissioner has provided a report to Ministers under section 150 of the Privacy Act 2020 (Appendix 5). Officials are satisfied that all requirements under the Privacy Act for recommending an Order in Council have been met, including that the information shared is necessary, proportionate, and subject to appropriate safeguards.

5 Subject to Cabinet agreement, Ministers are asked to instruct the Parliamentary Counsel Office to draft an Order in Council to give legal effect to the AISA.

6 The proposed AISA is expected to generate fiscal savings of $23.800 million over the forecast period[1] and $10.000 million per year thereafter. The attached Cabinet paper seeks agreement to draw down funding from tagged contingencies established in Budget 2026 to recognise the fiscal savings and to support implementation. This includes:

- drawing down $51.600 million in tagged negative contingency to recognise fiscal savings from the Working for Families residence changes and AISA, and
- drawing down $1.051 million in tagged contingency into Vote Customs to meet implementation costs.

7 If you agree, the attached Cabinet paper and Regulatory Analysis Summary will be lodged with the Cabinet Office by 10am on 16 July 2026 for consideration by the Cabinet Economic Policy Committee on 22 July 2026.

Background

8 Working for Families provides financial assistance to low- and middle-income families living in New Zealand. Although families are expected to tell Inland Revenue if they move overseas, Inland Revenue does not automatically receive border movement information. This can result in payments being made incorrectly to people who are overseas for a prolonged period and no longer meet the eligibility requirements for Working for Families. This undermines the intention of the Working for Families rules and has a fiscal cost for the Government.

[1] 2025/26 to 2029/30.

9 At Budget 2025, the Government released a discussion document, *Empowering families: increasing certainty and preventing debt in the Working for Families scheme*, which proposed changes to improve the administration of the Working for Families scheme. This included changes to simplify residence rules and improve information sharing between Inland Revenue and Customs.

10 Legislative changes were made at Budget 2026 to simplify the Working for Families residence requirements, to apply from 1 April 2027. These changes make it clear when recipients will lose Working for Families eligibility when they go overseas.

11 In April 2026, the Government released a consultation document that provides detail on the proposal to share Working for Families customer information between Inland Revenue and Customs, *Sharing information on Working for Families in AISA and incorporation of existing agreements for child support and student loans*.

12 An AISA would enable border movement information sharing in near real time allowing Inland Revenue to stop payments to recipients who are overseas for a prolonged period and no longer meet the eligibility requirements for Working for Families, resulting in fiscal savings. The proposed AISA would improve system integrity and administrative efficiency while also providing greater transparency about what information is shared, why it is shared, and the privacy safeguards that protect it.

Submissions received during public consultation

13 Two submissions were received on the consultation document. A summary of submissions and officials' comments can be found in Appendix 4.

14 Submitters were generally supportive of the overarching purpose of the proposed AISA. Some specific concerns were raised relating to the scope and operation of the information sharing agreement. Where applicable, these concerns have been addressed through drafting amendments that officials recommend being made to the AISA.

Final proposed AISA between Inland Revenue and Customs

15 The changes that officials recommend be made to the draft AISA are outlined below. The latest draft of the AISA can be found in Appendix 1.

16 Clause 4 and Schedule 1 Flight details: Concerns were raised by both submitters regarding the inclusion of flight details in the information to be shared. Officials identified an operational solution so that Customs will not share flight details for Working for Families recipients. The AISA has been amended to remove all references to flight details.

17 Clause 8.3 Notice of adverse action: Submitters raised concerns about Inland Revenue's ability to dispense with notice periods for adverse action and recommended further clarification. The clause has been refined so that the ability to dispense with advance notice is linked to specific statutory residence provisions in the Income Tax Act 2007.

Consultation with Office of the Privacy Commissioner

18 The Office of the Privacy Commissioner has been consulted throughout the development of this AISA.

19 The Privacy Commissioner commented that "in accordance with section 150(1)(a) of the Privacy Act, IR consulted on the proposed AISA. I have been able to consider IR's summarised findings from their consultation in making my own submission. Overall, I am satisfied that the AISA meets requirements under the Privacy Act."

Regulatory Analysis Summary

20 A Regulatory Analysis Summary "*Approved information sharing agreement – Inland Revenue and NZ Customs Service*" is attached at Appendix 3.

21 The Quality Assurance reviewers at Inland Revenue and Customs have reviewed the Regulatory Analysis Summary and consider that the information and analysis in the document meets the quality assurance criteria of the Regulatory Analysis Summary framework.

Operational implications

22 Due to the volume of information that would be shared under the proposed AISA, Inland Revenue and Customs have been working together to develop a modern data exchange system to enable the sharing of Working for Families border movement information.

23 For now, the new data exchange system will only share Working for Families information.

24 If Cabinet approves the proposed AISA, officials will continue to develop the data exchange system and begin testing. Testing will provide greater assurance to officials that the data exchange system works as intended and that any unexpected issues can be resolved. Once Inland Revenue and Customs can share information under the AISA, the Working for Families data exchange system can be built, tested using synthetic data, and delivered into production.

25 The new changes are planned to apply from 1 April 2027.

Financial implications

26 The proposed AISA is expected to generate fiscal savings of $23.800 million over the forecast period[2] and $10.200 million per year thereafter. In addition, the proposed AISA would enable savings from the changes to the residency requirements enacted as part of Budget 2026.

27 A negative tagged contingency of $51.600 million over the forecast period was established in Budget 2026 to reflect the combined fiscal savings from the proposed AISA and the changes to residency requirements, which are dependent on the AISA being in place (CAB-26-MIN-0156 refers). The saving was contingent on two things – first, the Government enacting changes to simplify the Working for Families residence rules at Budget 2026 (which has been done) and second, Cabinet's approval for the AISA.

28 The Minister of Finance and the Minister of Revenue were authorised to draw down the $51.600 million from the negative tagged contingency established in Budget 2026, subject to final Cabinet decisions on the AISA between Inland Revenue and Customs. However, because the authority to draw down the contingency is dependent on final Cabinet decisions, we are proposing to seek approval to draw it down as part of the Cabinet approval of the AISA.

29 The cost for Customs to implement and deliver this initiative is $1.051 million operating over the forecast period. A tagged contingency for this amount was established in Budget 2026 (CAB-26-MIN-0156 refers).

30 The Minister of Finance and the Minister of Customs were authorised to draw down $1.051 million from the tagged contingency established in Budget 2026, following receipt of a report back on consultation on the AISA between Inland Revenue and Customs. However, the authority to draw down the contingency is dependent on the report back on consultation, so we are proposing to seek approval to draw it down as part of the report back and Cabinet approval of the AISA.

[2] 2025/26 to 2029/30

31 Inland Revenue's implementation and ongoing costs for the information sharing set up with Customs are estimated at $0.490 million operating and $0.600 million capital over the forecast period. Inland Revenue will be funding this through its existing baselines.

Proactive release

32 Officials recommend that the Cabinet paper, associated minutes, and key advice be proactively released.

33 A draft of the proposed proactive release including the Cabinet paper, associated minutes, and key advice papers with appropriate redactions will be provided to your Office for review. This will be released within 30 days of Cabinet making final decisions.

Consultation on Cabinet paper

34 The Treasury has been consulted on the Cabinet paper.

35 The Ministry of Social Development, the Office of the Privacy Commissioner and the Department of the Prime Minister and Cabinet have been informed of the contents of the Cabinet paper.

Risks

36 There is a risk that some members of the public may not be supportive of this proposal due to privacy concerns. To mitigate this risk, the proposed AISA includes a range of safeguards to minimise any risk of loss, misuse, or improper disclosure of the information that is shared. A Memorandum of Understanding will detail more specific safeguards. It will also be mitigated by ensuring the information-sharing process is transparent.

Matters Ministers must consider before recommending Order in Council

37 An Order in Council will need to be drafted before an AISA can come into force. The Privacy Act requires that, before recommending an Order in Council, the Minister of Revenue and the Minister of Customs need to be satisfied that:

- the AISA will facilitate the provision of a particular public service or public services
- the type and quantity of personal information to be shared under the agreement are no more than necessary to facilitate the provision of that public service or public services
- the agreement does not unreasonably impinge on the privacy of individuals and contains adequate safeguards to protect their privacy
- the benefits of sharing personal information under the agreement are likely to outweigh the financial and other costs of sharing it, and
- any potential conflicts or inconsistencies between the sharing of personal information under the agreement and any other enactment have been identified and appropriately addressed.

38 Officials are satisfied that the criteria listed above have been met.

39 The Minister of Revenue and the Minister of Customs will need Cabinet approval to instruct the Parliamentary Counsel Office to draft an Order in Council. The attached Cabinet paper requests this authorisation from Cabinet.

Next steps

40 The Cabinet paper needs to be lodged with the Cabinet Office before 10am on Thursday 16 July 2026 to be considered by Cabinet on 27 July 2026.

41 If Cabinet agrees to the final proposed AISA and authorises you to instruct the Parliamentary Counsel Office to draft the Order in Council for the AISA, officials will provide the Parliamentary Counsel Office with drafting instructions. The Order will provide the legal authority for Inland Revenue and Customs share information under the AISA.

42 Once the Order is drafted, officials will draft a Cabinet paper for you to take to Cabinet seeking agreement. The Order will come into effect at least 28 days after it has been notified in the *Gazette*.

Recommendations

We recommend you:

1 **Agree** that the proposed changes be made to the draft Approved Information Sharing Agreement as outlined in paragraphs 15 to 16 of this report.

Agree / Disagree	Agree / Disagree
Minister of Revenue	*Minister of Customs*

2 **Note** that the attached Cabinet paper seeks Cabinet authorisation for the Minister of Revenue and the Minister of Customs to instruct the Parliamentary Counsel Office to draft an Order in Council.

3 **Note** that on 7 May 2026 Cabinet agreed to establish two tagged contingencies up to the following amounts relating to the fiscal impacts of the Budget 2026 "Working for Families – Residency Requirements and Information Sharing" initiative.

	$ million – increase / (decrease)				
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Vote Revenue Tagged Operating Contingency	-	-	(9.600)	(21.200)	(20.800)
Customs Tagged Operating Contingency	-	0.520	0.177	0.177	0.177

4 **Note** that on 7 May 2026 Cabinet authorised the Minister of Finance and the Minister of Revenue jointly to draw down the Vote Revenue negative tagged operating contingency, and the Minister of Finance and the Minister of Customs jointly to draw down funding from the Customs tagged operating contingency established above, subject to final Cabinet decisions on the Approved Information Sharing Agreement between Inland Revenue and the New Zealand Customs Service.

5 **Note** agreement and the approval to draw down the contingencies will be included in the attached Cabinet paper.

6 **Note** the following changes to appropriations to provide for the decision in recommendation 5 above, to be charged against the Vote Revenue – Tagged Operating Contingency:

	$ million – increase / (decrease)				
Vote Revenue **Minister of Revenue**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Non-departmental **Benefits or Related Expenses**					
Family Tax Credit	-	-	(5.500)	(11.200)	(11.100)
In-Work Tax Credit	-	-	(2.000)	(4.100)	(4.000)
Best Start Tax Credit	-	-	(0.600)	(1.300)	(1.300)
Non-departmental **Other Expenses**					
Impairment of Debt and Debt Write-offs	-	-	(1.500)	(4.600)	(4.400)
Total Operating	**-**	**-**	**(9.600)**	**(21.200)**	**(20.800)**

7 **Note** the following changes to appropriations to provide for the decision in recommendation 5 above, to be charged against the Customs Tagged Operating Contingency:

	$ million – increase / (decrease)				
Vote Customs **Minister of Customs**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Multi-Category Expenses and Capital Expenditure					
Border Clearance and Risks Management MCA					
Departmental Output Expenses:					
Revenue Collection and Other Services					
(funded by revenue Crown)	-	0.520	0.177	0.177	0.177
Total Operating	**-**	**0.520**	**0.177**	**0.177**	**0.177**

8 **Agree** to **authorise** the lodgement of the attached Cabinet paper with the Cabinet Office by 10am 16 July 2026 for the Cabinet Economic Policy Committee's meeting on Wednesday 22 July 2026

Agree / Disagree Agree / Disagree

Minister of Revenue *Minister of Customs*

s 9(2)(a)

s 9(2)(a)

Kerryn McIntosh-Watt

Policy Director

Policy | Inland Revenue

Richard Bargh

Deputy Chief Executive
Policy Legal and Strategy

New Zealand Customs Service

Hon Simon Watts
Minister of Revenue

/ /2026

Hon Casey Costello
Minister of Customs

/ /2026

Office of the Minister of Revenue

Office of the Minister of Customs

Chair, Cabinet Economic Policy Committee (ECO)

Approval for Approved Information Sharing Agreement between Inland Revenue and Customs

Proposal

1. We are seeking Cabinet's agreement to an Approved Information Sharing Agreement (AISA) between Inland Revenue and the New Zealand Customs Service (Customs) in relation to border movements of Working for Families recipients. This will help prevent Working for Families payments being made to people who are no longer eligible due to moving overseas or when they depart New Zealand for an extended period.

2. We are asking Cabinet to invite the Minister of Revenue and the Minister of Customs to instruct the Parliamentary Counsel Office to draft the Order in Council that will give effect to the proposed AISA.

3. We are also asking Cabinet to agree to:

   - the draw down of $51.600 million over the forecast period from the negative tagged contingency established in Budget 2026 to reflect the combined fiscal savings from the changes to residency requirements, and
   - appropriate $1.051 million of funding included in Budget 2026 into Vote Customs for implementation costs.

Relation to government priorities

4. This proposal supports the Government's social investment priority from Budget 2025 by improving the integrity and fiscal sustainability of the Working for Families scheme.

Executive Summary

5. Working for Families provides financial assistance to low- and middle-income families living in New Zealand. Although families are expected to tell Inland Revenue if they move overseas, Inland Revenue does not automatically receive border movement information. This can result in payments being made incorrectly to people who are overseas for a prolonged period and no longer meet the eligibility requirements for Working for Families. These overpayments leave recipients with debt that must be repaid. This undermines the intent of the Working for Families rules and has a fiscal cost for the Government.

6. Automated information sharing in near real time between Inland Revenue and Customs would reduce the extent of this occurring.

7. The Government released a discussion document *Sharing information on Working for Families in AISA and incorporation of existing agreements for child support and student loans* on 24 April 2026. Consultation ended on 5 June 2026 and two submissions were received. A summary of submissions and officials' responses to these submissions can be found in Appendix 4.

8. As a result of the submissions received, officials have recommended two amendments to the draft AISA provided to you in March 2026.

9. All requirements in the Privacy Act 2020 that the Minister of Revenue and the Minister of Customs must consider before recommending an Order in Council have been met.

10. If Cabinet agrees to the final proposed AISA, Cabinet is asked to invite the Minister of Revenue and the Minister of Customs to instruct the Parliamentary Counsel Office to draft an Order in Council. We will then seek Cabinet agreement for the Order in Council to come into force. The Order in Council gives legal effect to the AISA.

Background

11. At Budget 2025, the Government released a discussion document, *Empowering families: Increasing certainty and preventing debt in the Working for Families scheme,* which proposed changes to improve the administration of the Working for Families scheme. This included proposals to simplify residence rules and implement automated information sharing between Inland Revenue and Customs.

12. At Budget 2026, the Government enacted changes to simplify the Working for Families residence requirements from 1 April 2027. These changes clarify the situations in which recipients will lose Working for Families eligibility if they go overseas.

13. In April 2026, Cabinet agreed to release the discussion document *Sharing information on Working for Families in AISA and incorporation of existing agreements for child support and student loans* [CBC-26-MIN-010 refers].

14. Consultation on the AISA discussion document was carried out for a period of six weeks from 24 April to 5 June 2026. Two submissions were received.

Analysis

What is the problem?

15. Working for Families provides financial assistance to more than 300,000 low- to middle-income families with children each year. Families must meet certain criteria to be eligible for Working for Families payments, including a requirement to be resident in New Zealand.

16. When principal caregivers are overseas and no longer meet the eligibility requirements for Working for Families, they are required to inform Inland Revenue so that payments can be stopped or paused. If the principal caregiver does not notify Inland Revenue, they will continue to be paid until a flag is raised in Inland Revenue's system.

17. If Inland Revenue has information that suggests a customer no longer lives in New Zealand, it can manually request a Working for Families customer's border movement information from Customs on a case-by-case basis. If this information shows that the person has left New Zealand, Inland Revenue can stop their payments. Requests are usually made in bulk at the end of the financial year, delaying detection of overpayments. The current process is administratively burdensome and means Working for Families recipients can be overpaid for some time before payments are stopped. This undermines the intent of the Working for Families scheme. Recovering payments from those living overseas is challenging and often ultimately written off at a fiscal cost for the Government. Payments to those living overseas cost approximately $10 million each year.

18. Inland Revenue and Customs share information about student loan borrowers and child support liable parents on an automated basis. However, automated information sharing does not currently apply to Working for Families recipients.

Benefits of proposed AISA

19. The proposed AISA would allow for automated information sharing about Working for Families principal caregivers' border movements between Inland Revenue and Customs. Automatic sharing of travel information of Working for Families principal caregivers would support a shift to simplified residence requirements and provide the following benefits:

- Border movement information sharing in near real time allows Inland Revenue to stop payments to recipients that no longer meet the eligibility requirements for Working for Families in a more responsive way, preventing debt for recipients and resulting in fiscal savings.
- Improved system integrity and administrative efficiency for Inland Revenue and Customs.
- Greater transparency about what information is shared, why it is shared, and the privacy safeguards that protect it.
- Improved administration and governance of the Working for Families scheme and alignment with existing information sharing for student loans and child support.

Proposed changes to be made to draft AISA

20. There are two proposed changes to be made to the draft AISA.

21. Clause 4 and Schedule 1 Flight details: Concerns were raised by both submitters regarding the inclusion of flight details in the information to be shared. Officials identified an operational solution so that Customs will not

share flight details for Working for Families recipients. The AISA has been amended to remove all references to flight details.

22. Clause 8.3 Notice of adverse action: Submitters raised concerns about Inland Revenue's ability to dispense with notice periods for adverse action and recommended further clarification. The clause has been refined so that the ability to dispense with advance notice is linked to specific statutory residence provisions in the Income Tax Act 2007.

Consultation with Office of the Privacy Commissioner

23. The Office of the Privacy Commissioner has been consulted throughout the development of this AISA.

24. The Privacy Commissioner commented that "in accordance with section 150(1)(a) of the Privacy Act, IR consulted on the proposed AISA. I have been able to consider IR's summarised findings from their consultation in making my own submission. Overall, I am satisfied that the AISA meets requirements under the Privacy Act."

Governance arrangements for data

25. The AISA and the associated Memorandum of Understanding will address the data sharing arrangements, including the accuracy, use, access, monitoring and correction of information that is shared. The Memorandum of Understanding between Inland Revenue and Customs will formally set out the processes, roles, and responsibilities for how information is shared.

26. Inland Revenue and Customs will assess the operation of the AISA annually to check it is still operating as intended. Outcomes will be included in Inland Revenue's annual report.

27. All AISAs are subject to review by the Privacy Commissioner.

Implementation

28. Inland Revenue and Customs are currently working together to develop a modern data exchange system to enable the automated sharing of Working for Families border movements.

29. The AISA generally requires Inland Revenue to provide written notice to recipients before any adverse action is taken against them. The AISA allows Inland Revenue to dispense with the written notice requirement in limited circumstances. Inland Revenue will take action by altering or ceasing a customer's entitlement. The detailed application of these settings, including how notice is issued and how concerns are managed, will be addressed through supporting operational arrangements.

30. Inland Revenue will give recipients a minimum of 10 working days to enable recipients to challenge the findings of the match before any changes are made to their Working for Families entitlements.

31. If Cabinet approves the proposed AISA, Inland Revenue and Customs will continue developing and testing the data exchange system.

32. Changes would apply from 1 April 2027. This aligns with the new, simplified residence rules for Working for Families.

Cost-of-living implications

33. There are no cost-of-living implications in this paper.

Financial implications

34. By reducing Working for Families overpayments, the proposed AISA has a fiscal saving of $23.800 million over the forecast period. In addition, the proposed AISA would enable savings of $27.800 million over the forecast period from the changes to the residency requirements enacted as part of Budget 2026.

35. A negative tagged contingency of $51.600 million over the forecast period was established in Budget 2026 to reflect these fiscal savings (CAB-26-MIN-0156 refers). Cabinet authorised the Minister of Finance and the Minister of Revenue to jointly draw down this contingency, subject to final Cabinet decisions on the AISA between Inland Revenue and Customs. Draw down authority for the Vote Revenue contingency depends on Cabinet decisions in this report, so approval to draw down the contingency is being sought from Cabinet rather than from joint Ministers.

36. The cost for Customs to implement and deliver this initiative is $1.051 million operating over the forecast period. The fiscal impacts of this increased cost and Crown funding were accounted for as part of Budget 2026 and included in the fiscal forecasts, but inadvertently omitted from the final minute (CAB-26-MIN-0156 refers). This paper seeks approval to increase appropriations in Vote Customs, with no additional impacts on the operating balance or net core Crown debt beyond what was anticipated at Budget 2026.

Legislative implications

37. If the final policy in the proposed AISA is agreed to, Cabinet is asked to invite the Minister of Revenue and the Minister of Customs to instruct the Parliamentary Counsel Office to draft an Order in Council, to give effect to the proposed AISA.

Impact analysis

Regulatory Analysis Summary

38. Inland Revenue and Customs have reviewed the Regulatory Analysis Summary (RAS) prepared by Inland Revenue and associated supporting material on 17 June 2026. The assessors consider that the information and analysis summarised in the RAS meets the quality assurance (QA) criteria.

Climate Implications of Policy Assessment

39. The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal because the threshold for significance is not met.

Population implications

40. The proposals will primarily impact low- and middle-income families receiving Working for Families who leave New Zealand. These families will have their entitlement to payments stopped earlier than under the current process, due to the implementation of automated information sharing between Inland Revenue and Customs.

41. Existing safeguards, including advance notification and an opportunity to challenge decisions, mitigate the risk of incorrect cessation of payments.

Human rights

42. There are no human rights implications from this paper.

Use of external resources

43. There has been no use of external resources in this paper.

Consultation

44. At Budget 2025 the Government released a discussion document *Empowering families: increasing certainty and preventing debt in the Working for Families scheme.* The proposals included automated information sharing between Inland Revenue and Customs. Submitters were generally supportive of information sharing between Inland Revenue and Customs, subject to appropriate safeguards.

45. The Government released a discussion document in April 2026, *Sharing information on Working for Families in AISA and incorporation of existing agreements for child support and student loans.* Submitters were generally supportive of the overarching purpose of the proposed AISA. Some specific concerns were raised relating to the scope and operation of the information sharing agreement. Officials have recommended two amendments to the draft AISA. Officials consider that the other concerns are best addressed through supporting operational arrangements and reporting requirements.

46. The Treasury has been consulted on this paper.

47. The Ministry of Social Development, the Office of the Privacy Commissioner and the Department of the Prime Minister and Cabinet have been informed of the contents of this paper.

Proactive release

48. We propose to proactively release this Cabinet paper, associated minutes, and key advice papers with appropriate redactions within 30 working days of Cabinet making final decisions.

Recommendations

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

1 **Note** that the Privacy Act 2020 allows for organisations to enter into an Approved Information Sharing Agreement for the purpose of delivering better public services, with such agreements approved by an Order in Council.

2 **Note** that two submissions were received and have been considered.

3 **Agree** to the final draft of the proposed Approved Information Sharing Agreement between Inland Revenue and the New Zealand Customs Service.

4 **Note** that in May 2026 Cabinet:

4.1 **Agreed** to amend the Working for Families residency requirements and **authorised** the Minister of Revenue and the Minister of Customs to progress work on the Approved Information Sharing Agreement

4.2 **Agreed** to establish two tagged contingences up to the following amounts relating to the fiscal impacts of the Budget 2026 "Working for Families – Residency Requirements and Information Sharing" initiative:

	$ million – increase / (decrease)				
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Vote Revenue Tagged Contingency	-	-	(9.600)	(21.200)	(20.800)
Customs Tagged Contingency	-	0.520	0.177	0.177	0.177

4.3 **Authorised** the Minister of Finance and the Minister of Revenue jointly to draw down the negative tagged operating contingency established above, subject to final Cabinet decisions on the Approved Information Sharing Agreement between Inland Revenue and New Zealand Customs Service.

4.4 **Authorised** the Minister of Finance and the Minister of Customs jointly to draw down funding from the tagged operating contingency established above, following receipt of a report back on consultation on the Approved Information Sharing Agreement between Inland Revenue and New Zealand Customs Service.

5 **Note** that the conditions for drawing down these contingencies have been met through the recommendations in this report.

6 **Agree** to draw down the $51.600 million from the negative tagged contingency established in Budget 2026 for Vote Revenue, reflecting the combined fiscal savings from the changes to residency requirements and the AISA.

7 **Approve** the following changes to appropriations to provide for the decision in recommendation 6 above, with a corresponding impact on the operating balance and net core Crown debt:

	$ million – increase / (decrease)			
Vote Revenue **Minister of Revenue**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Non-departmental Benefits or Related Expenses				
Family Tax Credit PLA	-	(5.500)	(11.200)	(11.100)
In-Work Tax Credit PLA	-	(2.000)	(4.100)	(4.000)
Best Start Tax Credit PLA	-	(0.600)	(1.300)	(1.300)
Non-departmental Other Expenses				
Impairment of Debt and Debt Write-offs	-	(1.500)	(4.600)	(4.400)
Total Operating	**-**	**(9.600)**	**(21.200)**	**(20.800)**

8 **Agree** that the expenses incurred under recommendation 7 above be charged against the Vote Revenue – Tagged Operating Contingency described in recommendation 4.2 above.

9 **Note** that in May 2026 Cabinet agreed to savings for Vote Inland Revenue and additional funding for Vote Customs, as part of the Budget 2026 "Working for Families – Residency Requirements and Information Sharing" initiative, with the impacts incorporated into the Budget 2026 operating allowance and fiscal forecasts as tagged contingencies, but the Vote Customs funding set out below was inadvertently omitted from the final Cabinet minute;

	$ million – increase / (decrease)				
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Vote Customs	-	0.520	0.177	0.177	0.177

10 **Approve** the following changes to appropriations in Vote Customs to meet implementation and ongoing costs with a corresponding impact on the operating balance and net core Crown debt:

	$ million – increase / (decrease)			
Vote Customs **Minister of Customs**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Multi-Category Expenses and Capital Expenditure Border Clearance and Risks Management MCA Departmental Output Expenses: Revenue Collection and Other Services (funded by revenue Crown)	0.520	0.177	0.177	0.177
Total Operating	**0.520**	**0.177**	**0.177**	**0.177**

11 **Agree** that the proposed changes to appropriations for 2026/27 above be included in the 2026/27 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.

12 **Note** there is no additional impact on the operating balance or net core Crown debt for the Vote Customs appropriated amount as it has already been reflected in the Budget 2026 fiscal forecasts.

13 **Invite** the Minister of Revenue and the Minister of Customs to instruct the Parliamentary Counsel Office to draft an Order in Council to give effect to the proposed Approved Information Sharing Agreement.

14 **Note** that all requirements the Minister of Revenue and the Minister of Customs must be satisfied of before recommending an Order in Council, have been met.

15 **Note** that once the Order in Council has been drafted, the Minister of Revenue and the Minister of Customs will seek agreement from the Cabinet Legislation Committee for the Order to come into force.

Hon Simon Watts

Minister of Revenue

Hon Casey Costello

Minister of Customs

Information Sharing Agreement

between

Inland Revenue

and

New Zealand Customs Service

Pursuant to Part 7 of the Privacy Act 2020 and section 18E(2) of the Tax Administration Act 1994

[Insert date] 2026

Information Sharing Agreement

The Parties

Inland Revenue (IR) (acting through the Commissioner of Inland Revenue)

New Zealand Customs Service (Customs) (acting through the Comptroller of Customs)

For the purposes of section 143(3) of the Privacy Act 2020, IR is the lead agency.

The Agreement

This Agreement is put in place under Part 7 of the Privacy Act 2020 and section 18E(2) of the Tax Administration Act 1994 to enable the Parties to share Information for the purposes specified in clause 2.

Acceptance

In signing this Agreement, each Party acknowledges that it has read and agrees to be bound by it.

For and on behalf of **Inland Revenue:**

____

Peter Mersi
Commissioner
Inland Revenue

Date__________________________

For and on behalf of **New Zealand Customs Service:**

____

Christine Stevenson
Comptroller of Customs

Date__________________________

BACKGROUND

A. The Government is committed to the effective and efficient management of New Zealanders' entitlements and tax and social policy obligations.

B. The Working for Families tax credit scheme is administered by IR under Part M of the Income Tax Act 2007. It provides targeted financial assistance to low and middle income families with dependent children aged 18 and under. Families receiving WFF Tax Credits must notify IR if they move overseas, or when they depart New Zealand for an extended time, in case their departure affects their entitlements.

C. While Customs collects information from all individuals who cross the New Zealand border, IR only needs information on Customers who:

   (i) cross the border on or after 1 April 2027; and

   (ii) are registered for WFF for periods commencing on or after 1 April 2027,

   (referred to in this Agreement as **Relevant Customers**).

D. IR and Customs do not have automated sharing of information for Relevant Customers. This means accessing information about them is a manual time-consuming process where both Parties incur high administrative costs. It can mean some Relevant Customers continue to receive WFF Tax Credits they are not entitled to receive.

E. IR and Customs intend to share information relating to Relevant Customers automatically to enable IR to identify whether a principal caregiver that has travelled or moved overseas has ceased to qualify for Working or Families due to the length of time they have been overseas. This will reduce the risk of families incurring debt when they depart New Zealand for extended periods or move overseas.

F. The Information to be shared is a subset of the information the Parties already share under the Current IMAs to identify border movements of student loan borrowers and child support liable parents for administering the student loan and child support schemes.

G. The Parties wish to enter into this Agreement under Part 7 of the Privacy Act and section 18E(2) of the TAA to authorise the sharing of Information for Working for Families purposes, as specified in clause 2.

H. The Parties agree to enter into an MOU that will reflect the new legislative authority for the sharing of Information and set out the operational arrangements for that sharing.

I. The Parties also intend, in the future, to incorporate the sharing of information under the Current IMAs within this Agreement, so that all sharing of border information is covered by this Agreement and memoranda of understanding made under it.

TERMS

1. Defined Terms

1.1 In this Agreement, including the Background, unless the context otherwise requires:

Adverse Action has the meaning specified in section 177 of the Privacy Act.

Agreement means this Information Sharing Agreement between the Parties that is made under Part 7 of the Privacy Act and section 18E of the TAA, and is approved by the Order in Council, and includes the Schedules and any amendment made by the Parties.

Assess includes reassess and determine.

Authorised Staff in relation to a Party, means staff of that Party who are authorised to disclose, receive or use Information under this Agreement.

Borrower has the meaning specified in section 4(1) of the Student Loan Scheme Act 2011.

Commissioner has the meaning specified in section 3(1) of the TAA.

Comptroller means the Chief Executive of Customs.

Current IMAs means the Information Matching Agreements between the Parties for:

(a) the Inland Revenue-Customs Student Loans POI Data Match; and

(b) the Customs-IR Child Support Person of Interest and Alerts, and Student Loans Alerts.

Customer means a natural person who is a principal caregiver, as defined in section YA 1 of the Income Tax Act 2007, and is receiving, or has received, WFF Tax Credits under that Act.

Customs Information means the information that Customs discloses to IR under this Agreement, as described in clause 2 of Schedule 1.

Information means IR Information and/or Customs Information, as the context requires.

Information Sharing Agreement has the meaning specified in section 138 of the Privacy Act.

Inland Revenue Acts has the meaning specified in section 3 of the TAA.

IR Information means the information that IR discloses to Customs under this Agreement, as described in clause 1 of Schedule 1.

IRD Number has the meaning given to ‘tax file number’ in section 3(1) of the TAA.

Lead Agency means IR.

MOU means the memorandum of understanding, developed by the Parties under clause 10.1, that sets out the operational arrangements by which the Parties may share Information.

Order in Council means the Order in Council that approves this Agreement and that is made under sections 145 to 149 of the Privacy Act, as amended from time to time.

Party means IR or Customs and **Parties** means both IR and Customs.

Personal Information has the meaning specified in section 7(1) of the Privacy Act.

Privacy Act means the Privacy Act 2020.

Privacy Commissioner means the Privacy Commissioner specified in section 13 of the Privacy Act.

Purposes means the purposes set out in clause 2.

Relevant Customer has the meaning given to that term in paragraph C of the Background.

TAA means the Tax Administration Act 1994.

Working Day means any day of the week other than:

(a) Saturday, Sunday, Good Friday, Easter Monday, Anzac Day, Labour Day, the Sovereign's birthday, Matariki and Waitangi Day; and

(b) if Waitangi Day or Anzac Day falls on a Saturday or a Sunday, the following Monday; and

(c) a day in the period commencing with 25 December in any year and ending with 15 January in the following year.

WFF Tax Credit has the meaning specified in section MA 8 of the Income Tax Act 2007.

1.2 In this Agreement, unless the context requires otherwise, references to:

(i) clauses and Schedules are to clauses and Schedules to this Agreement;

(ii) the singular includes the plural and vice versa; and

(iii) any legislation includes any amendment to, or replacement of, that legislation and any secondary legislation made under it.

2. Purposes

2.1 This Agreement authorises the Parties to share Information for the purposes of enabling IR to:

(a) assess the entitlement or eligibility of any Relevant Customer to receive WFF Tax Credits where a Relevant Customer is undertaking, or has undertaken, extended travel overseas;

(b) assess the amount of WFF Tax Credits to which any Relevant Customer who is undertaking, or has undertaken, extended travel overseas is or was entitled, or for which they are or were eligible;

(c) avoid the overpayment of WFF Tax Credits, and incurring of debts to the Crown, where a Relevant Customer is undertaking, or has undertaken, extended travel overseas;

(d) enable the recovery of any debt due to the Crown in respect of WFF Tax Credits, including the enforcement of obligations relating to WFF Tax Credits;

(e) enable the prevention, detection, investigation or prosecution of offences relating to WFF Tax Credits: and

(f) test systems and operational processes to enable, support, or improve the sharing and use of Information for the purposes set out in clauses 2.1(a) to (e).

3. **Information to be shared**

3.1 The Customs Information that Customs may share with IR is collected by Customs from Relevant Customers departing from or arriving in New Zealand and is set out in clause 2 of Schedule 1.

3.2 The IR Information that IR may share with Customs is set out in clause 1 of Schedule 1.

4. **How IR may use Customs Information**

4.1 IR may use Customs Information in accordance with the information sharing process authorised by this Agreement for one or more of the Purposes.

5. How Customs may use IR Information

5.1 Customs may use IR Information for the purpose of comparing it against border movement information so that it can supply Customs Information to IR.

6. **Modifications to information privacy principles**

6.1 For the purposes of this Agreement, information privacy principles 1, 2 and 11, which are set out in section 22 of the Privacy Act, are modified (by the Order in Council) as follows:

(a) **Principle 1: Purpose of collection of Personal Information**

It is not a breach of information privacy principle 1 for Customs to collect IR information from IR for the purpose of comparing it against border movement information so Customs can supply Customs Information to IR.

(b) **Principle 2: Source of Personal Information**

It is not a breach of information privacy principle 2 for:

(i) IR to collect Customs Information from Customs for one or more of the Purposes;

(ii) Customs to collect IR Information from IR for the purpose of comparing it against border movement information so Customs can supply Customs Information to IR.

(c) **Principle 11: Limits on disclosure of Personal Information**

It is not a breach of information privacy principle 11 for Customs to disclose Customs Information to IR for one or more of the Purposes.

7. The public services this Agreement is intended to facilitate

7.1 The public services that this Agreement is intended to facilitate, in relation to WFF Tax Credits paid to Relevant Customers, are:

(a) assessing eligibility for, and entitlement to, WFF Tax Credits (in relation to current or past recipients of WFF Tax Credits); and

(b) assessing and enforcing any obligations related to WFF Tax Credits, including recovering any associated debt (in relation to current or past recipients of WFF Tax Credits); and

(c) ensuring debt relating to the receipt of WFF Tax Credits by Relevant Customers is reduced.

8. Adverse Actions

8.1 Section 152 of the Privacy Act requires parties to an Information Sharing Agreement to provide written notice to individuals before any Adverse Action is taken against them on the basis of Personal Information shared under that agreement, including details of the Adverse Action that the party proposes to take and the Personal Information about the individual on which the action is based. The notice must give those individuals 10 Working Days to dispute the correctness of the Personal Information. Section 153 of the Privacy Act allows an approved Information Sharing Agreement to provide that a party to that agreement may give a shorter period of notice or dispense with the notice requirement.

8.2 IR may dispense with the notice requirement under section 152 of the Privacy Act where the sharing of Personal Information under this Agreement gives IR reasonable grounds to suspect that:

(a) either:

(i) an offence has been, is being, or is likely to be committed under an Inland Revenue Act; or

(ii) a person has engaged, is engaging, or is likely to engage in activity that means they may be subject to an administrative sanction or may warrant the imposition of a penalty under an Inland Revenue Act; and

(b) the Personal Information is relevant to IR's decision-making on preventative, investigative or enforcement interventions related to that offence, administrative sanction or penalty; and

(c) advance notification by IR to a suspect of an Adverse Action would be likely to defeat the purpose of the intervention.

8.3 IR may dispense with the notice requirement under section 152 of the Privacy Act and take such actions as are necessary to immediately suspend payment to a Relevant Customer of all or part of an interim installment of a WFF Tax Credit when IR has reasonable grounds to believe that the residence provisions set out below apply to the Relevant Customer:

(a) sections MC5B(4) and (5) of the Income Tax Act 2007; and

(b) sections MD7B(4) and (5) of the Income Tax Act 2007.

8.4 The Adverse Actions IR may take under this Agreement are specified in Schedule 2.

8.5 IR Authorised Staff will comply with all IR policies and guidelines and ensure the correct identity of Relevant Customers before using Customs Information to take an Adverse Action.

9. **Where the public can view this Agreement**

9.1 This Agreement is available for viewing by members of the public:

(a) on the public website of each Party; or

(b) in person at IR, 55 Featherston Street, Wellington.

10. **Overview of operational arrangements**

10.1 The Parties agree to develop an MOU that sets out the operational arrangements the Parties will use to share Information, including:

(a) security arrangements and technical standards in relation to the transfer and use of Information, as described at clause 11 below;

(b) procedures to verify a Relevant Customer’s identity, to identify any discrepancies in the Information about that Individual that is held by each Party, and to update that Relevant Customer's records;

(c) provisions that specify how frequently Information is to be shared and in what format;

(d) requirements in relation to the retention and disposal of Information;

(e) provisions specifying:

(i) the Information to be used for testing of systems and operational processes (as referred to in clause 2.1(f): and

(ii) the controls or safeguards that apply to such testing:

(f) relationship principles and provisions that clarify the role of each Party under the MOU;

(g) governance processes, including processes that enable regular review of the MOU and resolution of any disputes between the Parties;

(h) provisions that specify how the MOU may be amended or terminated and any requirements (such as confidentiality provisions) that continue to apply after termination; and

(i) contact details for each Party’s contact person responsible for the operation of the MOU.

10.2 Operational details will be included in the MOU, rather than in this Agreement, as they may need to be regularly updated over time, and they relate to matters that it is appropriate for the Parties to manage within their respective organisations. The Parties may provide copies of the MOU to the Privacy Commissioner either proactively or on request.

10.3 The Information will be transferred securely between the Parties using the methods specified in clause 11.1(a) and in accordance with the MOU.

10.4 IR will use existing systems and practices to ensure the correct identity of Relevant Customers before using the Information for one or more of the Purposes.

10.5 IR will, with some exceptions, provide written notice to Relevant Customers in advance of any Adverse Action proposed to be taken against them (see clause 8).

10.6 Information will only be accessible by Authorised Staff who need to use it for the purposes of this Agreement.

10.7 Each Party will be responsible for responding to requests for Personal Information as appropriate in the circumstances, in accordance with Part 4 of the Privacy Act.

11. Safeguards that will be applied to protect Information

Security Provisions

11.1 Each Party will have mechanisms and procedures for:

(a) the secure storage and transfer of Information in accordance with government security standards (for example: SEEMail, Secure File Transfer Protocol, B2B framework, etc.);

(b) the appointment of Authorised Staff;

(c) training of Authorised Staff to share Information appropriately and in accordance with this Agreement;

(d) ensuring the Information is of adequate quality at the time it is provided to the other Party;

(e) ensuring the Information is only used in connection with one or more of the Purposes.

Accuracy and Correction

11.2 IR will take all necessary and reasonable steps in accordance with information privacy principle 8 to ensure that Relevant Customers who may be adversely affected by the Information sharing are accurately identified, and that WFF Tax Credits are only suspended when a Relevant Customer is no longer eligible to receive them.

11.3 If IR suspends WFF Tax Credits in error under this Agreement, it will ensure that the error is corrected and any applicable repayment is made to the Relevant Customer as soon as reasonably practicable.

Disclosure

11.4 Neither Party will disclose the Information to any third party, except:

(a) where such disclosure is necessary or incidental to a Party's use of the Information;

(b) where such disclosure to other staff is reasonably necessary for a lawful function or duty connected to this Agreement, including, for example:

(i) disclosing Information to legal advisors to obtain legal advice about the operation or interpretation of this Agreement;

(ii) disclosing Information to relevant staff to assist in responding to a complaint relating to this Agreement; or

(iii) disclosing Information to relevant staff to investigate and respond to a possible breach of this Agreement or a potential privacy breach relating to Information;

(c) where the disclosure is to the individual or entity to whom the Information relates, or to their agents or advisors; or

(d) as permitted or required by law.

Privacy

11.5 Each Party will be responsible for the investigation of privacy incidents and breaches as appropriate in the circumstances. Where Personal Information is found to have been inappropriately accessed or disclosed, the relevant Party's internal investigation processes will be applied and the other Party will be notified.

11.6 Where an internal investigation confirms a notifiable privacy breach under Part 6 of the Privacy Act, the Privacy Commissioner will be notified.

Audit and reporting

11.7 The Parties will assess the operation of this Agreement annually to check that the safeguards in the Agreement are operating as intended, that they remain sufficient to protect the privacy of individuals, and to ascertain whether any issues have arisen in practice that need to be resolved.

11.8 This assessment may (as agreed by the Parties) involve a full audit or another form of assessment that is less than a full audit and that enables the exchange of letters of assurance between the Parties.

11.9 The assessment of mechanisms and procedures for the secure storage and transfer of Information may involve completion of the security Certification and Accreditation process that is required by the Government Chief Information Officer at the Department of Internal Affairs.

11.10 The Parties will co-operate with each other during the assessment process and will take all reasonable actions to make the required resources available.

11.11 The Lead Agency will report annually on the operation of this Agreement as part of its annual report, in accordance with sections 154 to 156 of the Privacy Act.

12. **Assistance statement**

12.1 The Parties will provide any reasonable assistance that is necessary in the circumstances to allow the Privacy Commissioner or an individual who wishes to make a complaint about an interference with privacy to determine the Party against which the complaint should be made.

13. **Breach of security or privacy**

13.1 If a Party has reasonable cause to believe that a breach of a security or privacy provision in this Agreement or the MOU has occurred or may occur, that Party may investigate that actual or suspected breach as it deems necessary.

13.2 The other Party shall ensure that reasonable assistance is provided to the investigating Party in connection with the investigation.

13.3 The investigating Party will ensure that the other Party is kept informed of any developments.

13.4 Compliance by IR officers with this clause 13 is subject to their obligations under the TAA.

13.5 A Party may suspend its sharing of Information under clause 3 of this Agreement to allow time for the relevant security or privacy breach to be remedied.

14. Dispute resolution

14.1 Should any dispute arise in relation to this Agreement, the Parties will meet in good faith to attempt to resolve it as quickly as possible.

14.2 If the Parties are unable to resolve the dispute within 60 days, the matter shall be referred to the Commissioner and the Comptroller, or their delegates, for resolution.

14.3 The Parties will continue to comply with their obligations under this Agreement despite the existence of any dispute.

15. Amendments

15.1 Any amendments to this Agreement must be in writing and signed by the Commissioner and the Comptroller, or their delegates.

15.2 Amendments to this Agreement will be made in accordance with section 157 of the Privacy Act.

15.3 If the Parties are unable to agree on any amendments, the matter will be dealt with under clause 14.

16. Term and termination

16.1 This Agreement comes into force on the date specified in the Order in Council and shall continue in force until the Parties agree to terminate it or the Order in Council is revoked.

16.2 A Party may, by written notice to the other Party, suspend, limit, or terminate its participation in this Agreement if it appears to that Party that the terms of the Agreement or the Order in Council are not being met or the sharing of Information under this Agreement is otherwise unlawful.

16.3 The obligations in the MOU which concern confidentiality shall remain in force notwithstanding the termination of this Agreement.

16.4 If extraordinary circumstances arise (including but not limited to earthquake, eruption, fire, flood, storm or war) which prevent a Party from performing its obligations under the Agreement, the performance of that Party's obligations shall be suspended, to the extent necessary, for as long as those extraordinary circumstances prevail.

17. Contact person

17.1 Each Party will appoint a contact person to co-ordinate the operation of this Agreement with the other Party and will ensure that the contact person is familiar with the requirements of the Privacy Act and this Agreement.

17.2 Each Party's initial contact person is as follows:

(a) IR: Information Specialist (Customs Portfolio), Information Sharing Operations.

(b) Customs: Team Leader, Border Systems.

17.3 All notices and other communication between the Parties under this Agreement must be sent to the contact persons specified above.

17.4 The contact persons set out above may be updated from time to time by notice to the other Party and the Privacy Commissioner.

18. Precedence

18.1 This Agreement takes precedence over the MOU, to the extent of any inconsistency.

Schedule 1: Information

1. IR Information

1.1 IR will supply to Customs the following IR Information about Customers who are registered to receive WFF tax credits in the current tax year:

(a) first or given name(s)
(b) surname or family name
(c) alias (or any other name by which they are known);
(d) date of birth;
(e) IRD Number;
(f) passport number (if available); and
(g) passport country code (citizenship) (if available).

2. Customs Information

2.1 Customs will supply the following Customs Information about Relevant Customers, who are registered to receive WFF tax credits in the current tax year, to IR:

(a) *Personal Information*

- First or given name(s);
- surname or family name;
- date of birth;
- IRD number;
- passport number; and
- passport country code (citizenship).

(b) *Travel information*

- Date of travel;
- time of travel; and
- direction of travel (arrival or departure).

Schedule 2: Adverse Actions

1. The type of Adverse Action IR may take is dependent on:
   (a) the immediacy of the action required; and
   (b) the nature and value of the Information that it receives when considered alongside the facts of the case and the information it already holds.

2. The types of Adverse Action that IR may take include steps to:
   (a) amend or cease entitlement to WFF Tax Credits;
   (b) enforce any unmet obligations in relation to WFF Tax Credits, including debt recovery;
   (c) impose administrative sanctions or penalties under an Inland Revenue Act; and
   (d) prosecute offences relating to WFF Tax Credits.

3. The steps referred to in clause 2 of this Schedule 2 include, but are not limited to:
   (a) investigation;
   (b) suspending, ceasing, reviewing or reassessing entitlement to WFF Tax Credits;
   (c) debt recovery;
   (d) consideration of administrative sanctions and imposition of penalties under an Inland Revenue Act; and
   (e) prosecution.

4. IR may use its statutory powers to support the above steps.

5. IR will comply with all applicable IR policies and guidelines before taking any Adverse Action.

6. If Personal Information shared under this Agreement forms part of the prosecution’s evidence in a criminal case, the Personal Information may be disclosed to an individual in accordance with the Criminal Disclosure Act 2008. Any dispute about the provision of such information will be managed by the courts as part of the subject matter of the prosecution.

7. Customs will not take any Adverse Action in relation to this Agreement.

Regulatory Analysis Summary: Approved information sharing agreement – Inland Revenue and NZ Customs Service.

Decision sought	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 | Te Tari Taake and New Zealand Customs Service | Te Mana Ārai o Aotearoa
Agency responsible	Inland Revenue
Portfolio Minister(s)	Minister of Revenue, Minister of Customs
Date finalised	
Ministry for Regulation tracking number	*REG-2238*

Brief description of the Minister's regulatory proposal (preferred option)

An approved information sharing agreement (AISA) is proposed between Inland Revenue and New Zealand Customs Services (Customs) to share border movement information to identify Working for Families customers who have gone overseas for an extended period and no longer qualify for Working for Families entitlements.

Summary of the problem definition

Working for Families (WfF) is administered by Inland Revenue under the Income Tax Act 2007. It provides financial assistance to low- to middle-income families with dependent children aged 18 years and under to assist with the cost of raising children in New Zealand. To qualify, the principal caregiver or the dependent child must meet certain requirements that include living in New Zealand.

Principal caregivers receiving WfF payments must notify Inland Revenue when they depart New Zealand if their departure affects their entitlements. If a WfF principal caregiver is no longer entitled but continues to receive WfF payments after they leave New Zealand, they may end up with a debt that needs to be repaid or if it remains unpaid would ultimately be written off. For the 2024-2025 year, officials estimate that 33,000 families went overseas during the year, and of these 4,600 were overseas for longer than 43 days and therefore would not qualify under the new WfF residence rules[1].

Inland Revenue has existing manual processes to collect information on a case-by-case basis using its existing information gathering power under section 17B of the Tax

[1] https://www.taxpolicy.ird.govt.nz/-/media/project/ir/tp/publications/2026/ac-taxation-budget-measures.pdf?modified=20260609231800

Administration Act 1994, but these are not efficient or transparent, due to requirements to keep taxpayer information confidential, and not viable long term as they are costly for Inland Revenue to issue requests and for Customs to comply with the request.

Summary of options considered for addressing the problem

There are legislative requirements around Inland Revenue keeping information confidential and not disclosing information to others, including Customs, except as provided for by law. Therefore, the non-regulatory options would need to allow for Inland Revenue to lawfully disclose information to Customs and for Customs to lawfully disclose information back. No non-regulatory options were identified which would meet the criteria.

There are three legislative options considered, which could address the problem plus the status quo. These are outlined below. The difference between options 2,3, and 4 is the legislative vehicle to achieve information sharing.

Option 1 – Continuing with the status quo and rely on Inland Revenue using its existing manual processes to collect information using its information gathering power under section 17B of the Tax Administration Act 1994.

Option 2 - Ministers could enter into an agreement to share information under section 316 of the Customs and Excise Act 2018 (C&E Act) and introduce legislation authorising Customs' collection of WfF information from Inland Revenue.

Option 3 – Changes to Customs and Inland Revenue primary legislation could be introduced to expressly enable information sharing of border movement information.

Option 4 – Establish an AISA agreement under the Privacy Act 2020 (officials and Ministers' preferred option) to enable both agencies to share information in time for a 1 April 2027 implementation date. The AISA also provides safeguards for the information shared and will be publicly available.

Under options 2-4 above, Inland Revenue will share with Customs the identifying information of WfF principal caregivers. Customs will match this information with border movement information and identify principal caregivers who arrive or depart New Zealand. In this situation Customs will share the principal caregiver identification details and the travel details back to Inland Revenue. The consultation document advised that Customs would share flight details with Inland Revenue. Following feedback from submitters, officials have a drafting amendment to the proposed AISA to remove flight details from the information to be shared.

Is the Minister's preferred option in the Cabinet paper the same as the preferred option in the RAS?

Yes

Summary of the main benefits of the Minister's preferred option

The monetised benefit from reducing debt payable by overseas principal caregivers is estimated to be $23M over the 4-year forecast period and approximately $10.2M per annum thereafter.

There are also non-monetised benefits from both Inland Revenue and Customs from reduced use of manual information gathering requests being issued and needing to be complied with. There are also unquantified benefits to Inland Revenue from reduced work in recovering debt. Increased compliance leads to more accurate entitlement, which increases equity among principal caregivers.

Summary of the main costs of the Minister's preferred option The monetary costs of Inland Revenue implementing information sharing will be $0.61M capital and $0.39M operating cost over the forecast period and will be absorbed within baseline. The monetary cost to Customs in implementing the information share is estimated to be $1.051M operating over the forecast period. The non-monetised costs are expected to be low when compared to the counterfactual. WfF is an income tested payment to low- to middle-income families with dependent children. Changes to the WfF residency requirements tend to have a disproportionate impact on low to middle-income families. In this case the impacts on this group will be positive as the intent is to improve the accuracy of entitlement, helping to ensure that families receive the right amount at the right time. Māori and Pasifika tend to be over-represented among low-income families. Administrative data also shows that women are more likely to be the "principal caregiver" for WfF purposes, meaning the compliance burden associated with the scheme's rules generally sits with them. By making it more likely that families receive the correct entitlement at the right time, there should be a reduction in overpayments which also means a reduction in follow-up debt collection activity and a reduction in the amount of WfF debt that is ultimately written off by the government.
Does the RAS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs? Yes The benefits from Inland Revenue receiving information on border movements will improve the accuracy, efficiency and integrity in administration of the WfF regime, which will outweigh the small operational costs for agencies in implementing the change. The benefits are likely to outweigh the costs even if the quantum changes over time.
Have any potential inconsistencies with the principles of responsible regulation in the Regulatory Standards Act been identified in relation to the Minister's preferred option? *No*

Limitations and constraints on analysis			
Condensed timeframes	[Yes, **No**]	Constrained option set	[Yes, **No**]
Legislative constraints	[**Yes,** No]	Data and evidence gaps	[Yes, **No**]
Ministerial direction	[Yes, **No**]	Other	[Yes, **No**]
Limited public consultation	[Yes, **No**]		
Summary of limitations and constraints on analysis The scope of the feasible options has not been limited by Ministers' commissioning or previous policy decisions but has been limited to regulatory options only, as the problem cannot be resolved by non-regulatory options. The scope is limited by the legal exceptions			

available to share information provided in the Tax Administration Act 1994 and the Privacy Act 2020.

What are the implications of these limitations and constraints, and what has been done – or will be done – to mitigate and manage them?

The legislative constraint cannot be mitigated.

I am satisfied that, given the available evidence, this RAS represents a reasonable view of the likely costs, benefits and impact of the preferred option.

s 9(2)(a)

Responsible Manager(s) signature:

Carolyn Elliott

Policy Lead

22/06/2026

Quality Assurance Statement	
Reviewing: Inland Revenue/Customs	**QA rating:** Meets
Panel Comment: Inland Revenue and the New Zealand Customs Service have reviewed the Regulatory Analysis Summary (RAS) prepared by Inland Revenue and associated supporting material on 19 June 2026. The assessors consider that the information and analysis summarised in the RAS meets the quality assurance (QA) criteria.	

Section 1: Diagnosing the policy problem

What is the policy problem?

1. The Government wants to deliver public services more efficiently, whilst ensuring that those entitled to services receive their correct entitlement. For non-beneficiaries the Working for Families (WfF) scheme is administered by Inland Revenue[2]. Inland Revenue provides financial assistance to more than 390,000 low- to middle-income families with dependent children aged 18 years and under to assist with the cost of raising children in New Zealand. To qualify, the principal caregiver or the dependent child must meet certain requirements that include living in New Zealand[3].
2. Currently when WfF principal caregivers leave New Zealand and are no longer eligible, they are required to advise Inland Revenue so that their entitlement to WfF can be stopped or paused. If they do not advise Inland Revenue, they will continue to be paid unless Inland Revenue identifies them as potentially overseas, for example by the absence of NZ source income. This has resulted in approximately $10.2M of overpaid entitlement each year.
3. The current legislative constraints mean that Inland Revenue cannot access border movement information of WfF recipients from Customs apart from on a case-by-case basis. This means Inland Revenue would need to identify who is potentially overseas and request confirmation from Customs on whether they are present in New Zealand, which compromises determining the correct entitlement for some principal caregivers.
4. There are legislative requirements on Inland Revenue to keep taxpayer information confidential and to not disclose the information except as provided for by law. There are also legislative requirements on Customs under the Privacy Act 2020 which restricts the collection and disclosure of information.
5. The Tax Administration Act 1994 provides a list of exceptions to the confidentiality rules in the Act as well as enabling information to be shared under an AISA or disclosed under a Ministerial agreement. Also, legislation can add to the list of exceptions to confidentiality. A legislative solution is needed to overcome the taxpayer confidentiality requirements. No non-regulatory options have been identified that will address the issue by overriding the legislative confidentiality requirements.
6. To support Inland Revenue's administration of the WfF scheme, we propose enhancing information sharing between Customs and Inland Revenue. Having access to timely information on the border movements of WfF principal caregivers would allow Inland Revenue to stop WfF payments when needed, reduce the risk of families getting into debt, and reducing the cost of pursuing debt or writing it off.

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[2] For beneficiaries the WfF scheme is administered by the Ministry of Social Development. Some components of the WfF scheme can be received whilst on benefit alone. The Ministry currently receives border movement information from Customs on beneficiary WfF recipients and is not the subject of this RIS.

[3] Principal caregivers would be able to travel overseas for up to six weeks (42 days) at a time without losing eligibility for WfF. Principal caregivers would not be required to notify Inland Revenue or apply for an exemption for these short trips. Caregivers who are overseas for more than six weeks would continue to be eligible for payments in specified situations, including school trips, family emergencies, or if travel has been delayed because of a natural disaster or similar crisis event. They would need to notify and provide Inland Revenue with evidence that they qualify for one of the exemptions. Further information on residence can be found at the following link: https://www.taxpolicy.ird.govt.nz/-/media/project/ir/tp/publications/2026/ac-taxation-budget-measures.pdf?modified=20260609231800

What objectives are sought in relation to the policy problem?

7. 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.

8. The specific objectives of the proposed AISA are:

   - Efficiency of administration assessment and collection functions by ensuring compliance processes and operational costs are reduced for both agencies and qualifying families.
   - Improving the integrity of the WfF scheme including ensuring privacy and confidentiality of the information is maintained.
   - Accuracy of entitlement – reduce the level of overpayments (support to those not entitled to receive it). This objective ensures the verification mechanism is appropriate to identify those principal caregivers who are overseas and may no longer be entitled.
   - Equity among families (both horizontal and vertical equity) compares how fair each option is regarding those who are entitled and those who are not.

What consultation has been undertaken?

9. As part of Budget 2025, the Government consulted on a range of proposals to improve certainty and prevent debt in the WfF scheme[4]. One of the proposals was to introduce automated information sharing between Customs and Inland Revenue.

10. There were 42 submissions received, although there was little detailed feedback on information sharing. Most supported the combination of the residency proposals and the information sharing provided recipients could still travel overseas for short periods The results of that consultation are available on the Inland Revenue tax policy website[5].

11. On 24 April 2026 public consultation[6] was undertaken for five weeks to consult specifically on the mechanism and details of sharing Customs border movement information with Inland Revenue. There were over 6,000 people and organisations who were notified of the consultation as well as those who submitted previously on the residence changes.

12. Only two submissions were received from the over 6,000 people and organisations notified of the consultation. Submitters were generally supportive of the overarching purpose of the proposed AISA. Some raised specific concerns in relation to the scope of information sharing and the operation of safeguards, particularly in relation to data accuracy, privacy, and adverse action settings. Based on the submissions received, officials have made two amendments to the draft AISA to remove flight details from the information to be shared and refining the ability to dispense with the notice period before adverse action is taken so that it is linked to specific statutory residence provisions in the Income Tax Act 2007.

[4] The link to the 2025 consultation document is: https://www.taxpolicy.ird.govt.nz/-/media/project/ir/tp/publications/2025/wff-consultation-document.pdf?modified=20251216030430

[5] The link to the summary of submissions on the consultation is https://www.taxpolicy.ird.govt.nz/-/media/project/ir/tp/publications/2025/consultation-summary-empowering-families-wff.pdf?modified=20251216030428

[6] The link to the 2026 consultation document is: https://www.taxpolicy.ird.govt.nz/consultation/2026/aisa-ir-customs

Officials consider that the other concerns raised are appropriately addressed through existing safeguards and supporting operational arrangements.

Section 2: Assessing options to address the policy problem

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

13. To address the problem, Inland Revenue needs access to border movement information from Customs. This is to be shared in the most effective, efficient and proportionate way. These criteria mainly relate to what information is shared and how it is shared between the agencies rather than the decision between which legislative mechanism is the most appropriate.

14. Sharing information between agencies in this manner is the most effective and efficient way and the information proposing to be shared is the minimum necessary to address the problem, so proportionality criteria are met. Inland Revenue will send to Customs the identify information about a caregiver, name, date of birth, passport number, and IRD number. If a border movement is identified, Customs will send back the same information plus the date and time of travel and the direction of travel. In response to submissions, officials have drafted an amendment to the proposed AISA to remove flight details from the information to be shared.

15. The following criteria have been used to shape the decision-making process of assessing the options:

    - Timeliness - information sharing should be able to be enacted by 1 April 2027 to align with other policy changes around WfF residency rules and provide a consistent application date.
    - Viability - both agencies need to disclose information to and receive information from each other to make the option a viable one.
    - Integrity and privacy - maintaining the integrity of the WfF scheme and the tax system and ensure sufficient protection of peoples' personal information and a proper level of security. Maintaining taxpayer's privacy will contribute to maintaining the integrity of the WfF and tax system.
    - Transparency – an option with a relatively high level of transparency could encourage public trust in and monitoring of the information sharing process and agreement.

What scope will options be considered within?

16. The scope of the feasible options has not been limited by Ministers' commissioning or previous policy decisions but has been limited to regulatory options only, as the problem cannot be resolved by non-regulatory options. The scope is limited by the exceptions available to share information provided in the Tax Administration Act 1994 and the Privacy Act 2020.

What options are being considered?

17. Moving who detects which principal caregivers are overseas from Inland Revenue to Customs, by checking WfF recipients against border movements information, and doing so

in an automated way via information sharing, improves the efficiency of entitlement and reduces debt for WfF recipients who are overseas.

18. In response to submissions received, officials have made the following changes. Inland Revenue will share with Customs the identification details of principal caregivers, such as the name, passport number and the IRD number. Customs will match these details with their border movement information and provide back to Inland Revenue the identification details and travel details of those who left or arrived back an amendment to the draft AISA to remove flight details from the information to be shared. Because of the need to share information between Inland Revenue and Customs, the legal requirement for Inland Revenue staff to maintain confidentiality of information needs to be overridden to address the overpayment problem.

19. There are three potential legislative options to address the problem plus the status quo. The difference between the options is the legislative vehicle to achieve information sharing. The options being considered are:

- **Option One:** Maintaining the Status Quo with the use of the current manual information gathering provision to access border movement information, or
- **Option Two:** Ministers could enter into an agreement to share information under section 316 of the C&E Act and introduce legislation authorising Customs' collection of WfF information from Inland Revenue, or
- **Option Three:** Introducing changes to both Customs and Inland Revenue primary legislation to expressly enable information sharing, or
- **Option Four:** Establish an AISA under the Privacy Act 2020 (preferred option) for sharing information.

20. Consultation with the Privacy Commissioner is required under all four options to ensure the information sharing maintains or complies with privacy requirements and includes all necessary privacy safeguards.

Option One – Maintaining the status quo

21. This option involves continuing with the current legislative settings. Currently, if Inland Revenue considers a WfF recipient has moved overseas, it can use its statutory information gathering power to manually request information from Customs on whether a principal caregiver has left New Zealand and if they have returned. This process is manual and has high administrative costs for both Inland Revenue in requesting information on specific principal caregivers and for Customs in gathering the information and responding to Inland Revenue.

22. A limitation of this option is that some customers continue to receive WfF payments when they are not entitled to receive them.

23. The status quo has led to the current fiscal cost to the government of approximately $10.2M annually of overpaid WfF entitlement. This fiscal cost would continue under this option and ultimately it will be written off.

Option Two – Ministerial agreements for the sharing of information and legislative change.

24. Under this option, a Ministerial agreement under the C&E Act could be entered into to enable Customs to disclose border movement information to Inland Revenue.

25. Officials have considered the possibility of entering into a Ministerial agreement. However, Customs does not have a clear lawful purpose to collect the list of WfF recipients from Inland Revenue that would be required to facilitate the objectives of such a Ministerial agreement. To overcome this, a separate legislative amendment would be required to either the Tax Administration Act or to the C&E Act.
26. The integrity, privacy and transparency criteria could be incorporated into the agreement to specify the same obligations as an AISA.
27. While this change to primary legislation would enable the option to meet the viability criteria, it will take time to legislate and would not be enacted in time to apply for a 1 April 2027 commencement date. This means the option does not satisfy the timeliness criteria.

Option Three – Introduce changes to primary legislation

28. A change to primary legislation to enable the two-way share of information would involve changes to both the Tax Administration Act 1994 and the C&E Act. While this option is viable to enable sharing, it does not meet the timeliness criteria because legislation could not be enacted in time to apply from 1 April 2027.
29. The integrity, privacy and transparency criteria could be reflected in legislation if it was designed and drafted accordingly and therefore these criteria could be met.

Option Four – Establish an approved information sharing agreement

30. An approved information sharing agreement (AISA) is a legal agreement under the Privacy Act 2020 that allows specified organisations to share defined personal information to support the delivery of public services. It clearly sets out what information can be shared, for what purpose, and the privacy safeguards that apply. These agreements are relatively widely used across government and Inland Revenue to share information, are well understood, and in that sense are not a novel solution.
31. The AISA is the only identified option that meets all the criteria. It incorporates public consultation, is transparent and provides privacy safeguards. This option would enable both agencies to share information with each other, meeting the viability criteria and can be delivered in time for a 1 April 2027 commencement, therefore meeting the timeliness criteria.
32. Under all the options, WfF recipients would still be able to travel outside New Zealand for short periods, for instance, for holidays or family occasions, without losing their eligibility, if they continue to meet residency requirements.

How do the options compare with the status quo/counterfactual?

	Option One – Status Quo	Option Two – sharing via Ministerial agreement	Option Three – sharing by way of legislation	Option 4 – sharing via an AISA
Timeliness	0 As this is a continuation of the status quo, it meets the timeliness criteria	- Although a Ministerial agreement could be entered into in time, it does not enable Customs to receive the identifying information from Inland Revenue, and therefore require legislative change, which could not be enacted in time.	- Changes to both department's legislation could not be enacted in time.	+ The AISA could be enacted by 1 April 2027 and therefore meets the timeliness criteria.
Viability	0 This option is not viable as agencies cannot share information with each other.	+ Both entering a Ministerial agreement and legislation change would meet the viability criteria as both agencies would be able to share information.	+ Changing legislation to enable information sharing would be viable long term.	++ This option enables both agencies to share information.
Integrity and privacy	0 This option continues the current overpayment of entitlement which can undermine the integrity of the WfF scheme and the tax system.	+ Sharing information would meet the integrity criteria, although Ministerial agreements and legislation would need to be designed to meet the privacy criteria.	+ + Sharing information would ensure accuracy of entitlement thereby maintaining the integrity of the system. The legislation could be designed to ensure it meets privacy criteria.	+ + The sharing of information to maintain the accuracy of entitlement will maintain the integrity of the system. Also, the privacy and security of information will be prioritised which will also maintain the integrity of the system
Transparency	0 This option does not allow for transparency. Exercising the information gathering power to obtain information from Customs is not public, which lacks transparency	0 In order to meet this criteria, Ministerial agreements would need to be made public and provide for ongoing reporting on the operation of the agreement.	+ The legislation is publicly available and meets the criteria. However, the agreements underneath the legislation (MOUs) may not be publicly available	+ This option is the most transparent, as it requires public consultation, and if implemented, requires annual reporting. Also, the AISA will be publicly available and is subject to ongoing review by the Privacy Commissioner.
Overall assessment	0	+	++ +	++++

Example key for qualitative judgements:

++or more	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
- - or more	much worse than doing nothing/the status quo/counterfactual

Section 3: Cost-benefit analysis

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

Monetised Costs

33. The monetary costs of Inland Revenue's implementation of the information share will be $0.61M capital and $0.39M operating cost over the forecast period and will be absorbed within baseline. The monetary cost to NZ Customs implementing and supporting the information share is estimated to be $1.051M operating costs over the forecast period.

Non-monetised costs

34. Working for Families is an income tested payment to low to middle-income families with dependent children. Changes to the WfF residency requirements tend to have a disproportionate impact on low to middle-income families. In this case the impacts on this group will be positive as the intent is to improve the accuracy of entitlement, helping to ensure that families receive the right amount at the right time.

35. Māori and Pasifika tend to be over-represented among low-income families. Administrative data also shows that women are more likely to be the "principal caregiver" for Working for Families purposes, meaning the compliance burden associated with the scheme's rules generally sits with them.

36. By making it more likely that families receive the correct entitlement at the right time, there should be a reduction in overpayments which also means a reduction in follow-up debt collection activity and a reduction in the amount of WfF debt that is ultimately written off by the government.

Monetised benefits

37. By reducing WfF overpayments and debt, the proposed AISA a positive impact on tax revenue of $23.0M over the 4-year forecast period and $10.2M per annum thereafter.

Non-monetised benefits

38. Information sharing would provide the following benefits:

- more accurate WfF payments and reduced debt for principal caregivers who go overseas and a more efficient system for Inland Revenue.
- improved system integrity and administrative efficiency for Inland Revenue and Customs.
- improved administration and governance of the WfF scheme for Inland Revenue.

Cost-Benefit Analysis

Nature of the benefit/cost to New Zealand	Dollar value of impact (or quantified impact)	Scale of unquantifiable impact	Nature of impact – one-off or ongoing	Source of evidence
Additional benefits of the preferred option compared with taking no action				
Reduced overpayments to WfF recipients	$10.2M per annum	$23.8M over the forecast period	$10.2M Ongoing revenue benefit	Inland Revenue
More accurate entitlement			Ongoing	Inland Revenue
Increased system integrity			Ongoing	Inland Revenue
Improved administration of WfF scheme			Ongoing	Inland Revenue
Total annual benefits	$10.2M	$23.8M over forecast period		
Total one-off benefits				
Additional costs of the preferred option compared with taking no action				
IR Implementation cost	$0.7M		One-off	Inland Revenue
IR operational cost	$0.39M		Ongoing	Inland Revenue
NZ Customs implementation cost	$0.520M	N/A	One off	NZ Customs
NZ Customs operational cost (per annum for the time period)	$0.531M	N/A	Ongoing	NZ Customs
Total NZ Customs cost (implementation and ongoing costs for the time period)	$1.051M	N/A	Ongoing	NZ Customs
Total annual (operational) costs	$0.921M			
Total one-off costs	$1.22M			
Net impacts compared with taking no action				
Total annual benefits minus costs	$9.279M			
Total one-off benefits minus costs	-$1.22M			

Are the benefits of the preferred option in the Cabinet paper expected to exceed the costs?

39. The cost analysis shows that the monetised and non-monetised benefits are expected to outweigh the monetised and non-monetised costs. The cost benefit ratio is expected to change over time as fewer principal caregivers who go overseas will experience debt as a result of these changes. However, this is not expected to affect the overall net benefit of the proposal.

What are the impacts on different groups of the preferred option compared with taking no action?

40. The proposals will primarily impact low- and middle-income families receiving Working for Families who leave New Zealand. These families will have their entitlement accurately assessed and over-payments stopped earlier than under the current process, due to improved information sharing between the New Zealand Customs Service and Inland Revenue.

41. Existing safeguards, including advance notification and an opportunity to challenge decisions will mitigate the risk of incorrect cessation of payments. Any complaints will be actioned manually by a person and there is the ability to recommence payments. Any back payments of entitlement will either be paid out at year end or if requested paid out during the year.

42. The proposal is for the AISA to authorise the sharing of information about WfF principal caregivers who are registered for WfF payments for periods commencing on or after 1 April 2027, and either:

- travel overseas on or after 1 April 2027, or
- travel overseas before 1 April 2027 and continue to be overseas on or after 1 April 2027.

43. The principal caregivers will not have to do anything extra as a result of the AISA. For those caregivers who go overseas for longer than 4 weeks, Inland Revenue will advise them that their entitlement may cease if they remain overseas after 6 weeks. All information sharing authorised by the AISA will be undertaken by Inland Revenue and Customs based on information that is already held by the agencies.

44. 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. Inland Revenue and Customs will mitigate this risk by publishing the relevant documents to the AISA including, the AISA itself, the privacy impact assessment, and the MOUs. This will also increase the level of transparency in relation to the agreement.

45. There are unlikely to be any distributional impacts on any other groups as a result of the AISA coming into effect.

Conclusion

Which option is the most effective, efficient, and proportionate response to the problem?

46. Option 4, introduce an AISA, has been determined to be the most effective, efficient, and proportionate response. This option is the best way for the two agencies to share information that would help Inland Revenue to access border movement information for the efficient administration of WfF entitlement (better public services).

47. The AISA can be implemented by 1 April 2027, will enable both agencies to share information, provides safeguards to protect personal information, and the agreement is publicly available with ongoing performance included in the department's annual report.

48. This would provide for an automated system of enhanced sharing of border movement information between Customs and Inland Revenue to identify WfF recipients who are overseas for an extended period or permanently. This would mean earlier identification of caregivers who are overseas leading to lower levels of debt and the extent to which these debts must be written off.

49. An AISA provides transparency about the information that may be shared and the purposes of the sharing. It also provides further safeguards, which protect the security of information shared under the AISA. Such transparency and safeguards are designed to encourage public trust in the information sharing process.

50. Initial consultation has occurred with the Privacy Commissioner, and the Privacy Commissioner has provided interim feedback which was incorporated into the discussion document and the AISA. The Privacy Commissioner will make a formal submission prior to Cabinet being asked to make final policy decisions.

Section 4: Delivering an option

What are the next steps for implementing the legislation?

51. The legal arrangements underpinning the proposed information shares are the AISA itself, which will be signed by the two agencies and an Order in Council will implement the arrangement 28 days after it is approved by the Executive Council and signed by the Governor General.

52. The AISA is expected to be in place by 1 April 2027 to support the implementation of proposed change to the WfF residence requirements. Both agencies will be required to make changes to systems and processes to ensure system integrity and administrative efficiency.

53. Due to the volume of information that would be shared under the proposed AISA, Inland Revenue and Customs need to develop and implement a new information sharing system and procedures so that border movement information can be exchanged under the proposed AISA. The existing mechanisms used for the student loan and child support information sharing arrangements are not capable of managing this volume of information. However, the processes are known, and the agencies have experience in sharing border movement information which can inform the WfF process to ensure the secure transfer of information, storage, access, and deletion (when necessary) occurs.

54. We continue to work through the details of the preferred solution and will report back to Ministers should any issues arise that risk delaying implementation of the preferred solution by April 2027.

MOU agreements

55. The parties would need to agree an MOU under the proposed AISA before sharing of information could commence. The MOU 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's identity, to identify any discrepancies in the information that is held by each party, and how to resolve those issues
- 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.

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

56. Inland Revenue and Customs 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.

57. Individuals would continue to have:

- the right to seek access to, and correction of, their personal information under the Privacy Act 2020, and
- the ability to use the agencies' internal complaint procedures if they have concerns about how their information has been treated.

58. If any serious privacy breach were to occur, the agency involved would need to notify the Privacy Commissioner and the affected individuals. Steps would be undertaken to minimise and mitigate any risk to those individuals from a serious privacy breach.

59. Stakeholders may raise concerns about the AISA and its operations with Inland Revenue or Customs at any time. The AISA and reporting on the AISA will be publicly available.

60. 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.

61. 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.

62. The Office of 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.

63. 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.

Privacy Commissioner
Te Mana Mātāpono Matatapu

Privacy Commissioner's submission

Submission on the proposal for an approved information sharing agreement between Inland Revenue and the New Zealand Customs Service

1 Introduction

1.1. Inland Revenue (IR) has consulted me under section 150(a)(i) of the Privacy Act about a proposed approved information sharing agreement (AISA) between IR and the New Zealand Customs Service (Customs). IR is the lead agency for the proposed AISA.

1.2. The proposed AISA would enable two-way information sharing between IR and Customs to identify people whose overseas travel means they are no longer eligible for Working for Families (WFF) entitlements.

1.3. Section 150(2) of the Privacy Act provides that I must consider the privacy implications of the proposed agreement. Subsection 2(b) further provides that I may make any submissions that I consider appropriate.

1.4. I support the proposal for an AISA as the appropriate legal mechanism to enable the intended information sharing. I agree that compared with other options, an AISA provides a higher degree of transparency and protections for individual privacy, while also allowing for changes over time if required.

1.5. In accordance with section 150(1)(a) of the Privacy Act, IR consulted on the proposed AISA. I have been able to consider IR's summarised findings from their consultation in making my own submission.

1.6. My assessment is based on a version of the AISA including changes since the version consulted on publicly, shared to me by IR on 18 June 2026. These changes include removing Flight Details from the information to be shared and making clauses related to suspension of adverse action notice periods more specific.

1.7. Overall, I am satisfied that the AISA meets requirements under the Privacy Act.

1.8. In addition to the proposed AISA text as at 18 June 2026 (**proposed AISA**), my submission has been informed by:

(a) IR's public consultation document (**consultation document**)[1]

(b) IR's draft report of findings from consultation dated 11 June (**IR report**)

(c) IR's draft Regulatory Analysis Summary provided on 28 May 2026 (**RAS**).

Background on the proposed AISA

2 Overview of the AISA

2.1. In summary, the AISA provides for sharing of information from IR to Customs and Customs to IR, to facilitate the assessment of individual entitlements to WFF tax credits when individuals are or have been overseas. It modifies the applications of information privacy principles 1, 2, and 11. The purposes for which it allows sharing of information defined at clause 2.1 are to enable IR to:

(a) assess the entitlement or eligibility of any Relevant Customer to receive WFF Tax Credits where a Relevant Customer is undertaking, or has undertaken, extended travel overseas;

(b) assess the amount of WFF Tax Credits to which any Relevant Customer who is undertaking, or has undertaken, extended travel overseas is or was entitled, or for which they are or were eligible;

(c) avoid the overpayment of WFF Tax Credits, and incurring of debts to the Crown, where a Relevant Customer is undertaking, or has undertaken, extended travel overseas;

(d) enable the recovery of any debt due to the Crown in respect of WFF Tax Credits, including the enforcement of obligations relating to WFF Tax Credits;

(e) enable the prevention, detection, investigation or prosecution of offences relating to WFF Tax Credits: and

[1] IR, *Consultation on proposed Approved Information Sharing Agreement between Inland Revenue and New Zealand Customs Service*, discussion document (April 2026), on taxpolicy.ird.govt.nz

(f) test systems and operational processes to enable, support, or improve the sharing and use of Information for the purposes set out in clauses 2.1 (a) to (e).

2.2. Purpose (f) has been added since the version publicly consulted on.

3 Problem definition

3.1. IR's RAS sets out key details of the policy problem which the proposed AISA is intended to address. In summary:

(a) IR administers Working for Families (WFF) under the Income Tax Act 2007. WFF provides financial assistance to low- to middle-income families with dependent children aged 18 years and under.

(b) To qualify, the principal caregiver or the dependent child must meet certain requirements that include living in New Zealand.

(c) Principal caregivers receiving WFF payments must notify Inland Revenue when they depart New Zealand if their departure affects their entitlements.

(d) If a WFF principal caregiver is no longer entitled but continues to receive WFF payments they may end up with a debt that needs to be repaid.

(e) IR has existing manual processes to collect information using its information gathering power under section 17B of the Tax Administration Act 1994, but IR say these are not effective or transparent and not viable long term.

3.2. The RAS also discusses constraints on policy options, available options, and reasons for recommending an AISA as proposed. In summary:

(a) IR has specific legislative requirements to keep information confidential and not to disclose information except as provided for by law, including requirements under the Tax Administration Act 1994. Enabling two-way information sharing between IR and Customs therefore requires regulatory changes that explicitly authorise sharing from IR to Customs.

(b) The RAS identifies four options (status quo, Ministerial agreements and law change, changes to primary legislation, AISA). It states that of these options only an AISA meets all the criteria identified to address the policy problem.

(c) These criteria include timeliness (with a 1 April 2027 effective date), viability (enabling two-way sharing), integrity and privacy, and transparency (including public consultation and annual reporting).

4 Overview of submissions to IR

4.1. According to the IR report, IR received submissions from Chartered Accountants Australia and New Zealand (CA ANZ) and from Ernst and Young (EY). The two submitters were overall supportive of the AISA as a means to improve the administration of WFF, but raised specific concerns about the proposed scope of the arrangement and the safeguards that would apply in practice. Among the issues submitters raised were:

(a) Concern about sharing of Flight Details information which is not necessary to assess WFF eligibility.

(b) Concern about provisions suspending notice periods for adverse action. Submitters flagged a need for greater clarity, including clear processes and safeguards to manage risk from potential errors.

4.2. The IR report noted these concerns but did not propose changes to the AISA.

4.3. As discussed above, the version of the AISA I reviewed incorporates changes since the version submitters saw and following engagement from my Office.

4.4. I address specific points made by submitters in my analysis below, in the context of the version of the AISA at 18 June 2026.

Assessing the proposed AISA on privacy grounds

5 Assessing the AISA against Privacy Act requirements

5.1. I assess the proposed AISA based on Privacy Act requirements including:

(a) The matters a Minister must be satisfied of under s 149(2) before recommending an Order in Council to approve an information sharing agreement.

(b) Form and content requirements under sections 144.

Does the information sharing agreement facilitate the provision of any public service or public services? – s 149(2)(a)

5.2. WFF is a government programme which provides financial support to qualifying families, administered by IR under the Income Tax Act 2007. Submissions were supportive of the AISA as a means to improve the administration of WFF.

5.3. I agree that the proposed AISA would facilitate IR's assessment of WFF eligibility for people who travel overseas. It would replace current manual processes and would help to avoid overpayments to WFF recipients, meaning fewer people accruing debts and supporting the fiscal position of the Crown.

5.4. I am satisfied that the proposed information sharing would facilitate the provision of public services.

Is the type and quantity of personal information to be shared under the agreement no more than is necessary to facilitate the provision of that public service or those public services? – s 149(2)(b)

5.5. The proposed AISA would authorise the sharing of information about "Relevant Customers", defined at paragraph C of the Background as Customers who:

(a) Cross the border on or after 1 April 2027; and

(b) Are registered for WFF for periods commencing on or after 1 April 2027.

5.6. As defined at 1.1, Customer means a principal caregiver receiving WFF.

5.7. I am satisfied that the AISA appropriately limits the people whose information may be collected and shared. In particular, I support the proposal to avoid sharing information on dependent children (as defined in the Income Tax Act 2007) and focus on principal caregivers.

5.8. Schedule 1 states which information can be shared about Relevant Customers by IR (IR information) and Customs (Customs information) as below.

IR Information	Customs Information
(a) first or given name(s) (b) surname or family name (c) alias (or any other name by which they are known); (d) date of birth; (e) IRD Number; (f) passport number (if available); and (g) passport country code (citizenship) (if available).	(a) Personal Information • First or given name(s); • surname or family name; • date of birth; • IRD number; • passport number; and • passport country code (citizenship). (b) Travel information • Date of travel; • time of travel; and • direction of travel (arrival or departure).

Changes to the AISA have addressed issues with sharing of Flight Details

5.9. The version of the AISA consulted on included Flight Details as part of the Customs information to be shared. I understand that Flight Details were included because of concerns about technical limitations on the systems for sharing information from Customs to IR. As a mitigation, the version of the AISA consulted on would have required that this information was not ingested into IR systems and was securely deleted at the time of receipt.

5.10. Submitters raised concerns about the sharing of Flight Details. I agree that an AISA should not allow for sharing information which is not necessary for the purpose of the AISA. This aligns to the principle of data minimisation.

5.11. On the basis that Flight Details have been removed, I am satisfied that the AISA involves a type and quantity of personal information that is no more than necessary to facilitate the provision of the relevant public services.

Will the agreement unreasonably impinge on the privacy of individuals? Does it contain adequate safeguards to protect privacy? – s 149(2)(c)

5.12. I have addressed concerns about data minimisation above. The AISA also raises potential issues in relation to accuracy and notice of adverse action.

Accuracy – avoiding decisions based on inaccurate personal information.

5.13. Under privacy principle 8 of the Privacy Act, an agency must take reasonable steps to check before using or disclosing personal information that it is accurate, up to date, complete, relevant, and not misleading. The proposed AISA would not modify principle 8.

5.14. Submitters to IR raised concerns related to accuracy including:

(a) Risks from automated data matching including the potential for incorrect matches and subsequent impacts on individuals.

(b) A need for clear processes to identify and resolve discrepancies in data.

(c) Seeking clarity on the level of verification before action is taken, and on agency responsibilities and communication with individuals when errors occur.

5.15. In response, the IR report sets out factors which IR views as mitigating these concerns, including:

(a) Clauses 8.5 and 10.4 of the AISA would require IR staff to comply with policies and guidelines, and to ensure the correct identity of Relevant Customers is established before using Customs Information to take an adverse action.

(b) Supporting operational arrangements will clarify agency responsibilities and accountability and set out processes for identity verification, identifying discrepancies, and updating records.

5.16. I have not seen detail on the operational arrangements, which may adequately address the concerns raised about accuracy. If the AISA explicitly required consultation with my Office on the MOU this would allow an opportunity to assess whether these arrangements adequately address accuracy concerns.

5.17. In my view the area of highest risk to individuals would arise when accuracy concerns combine with suspension of normal notice periods for adverse action.

5.18. At [29], the IR report states "[w]hile information sharing will be automated, individuals will generally be provided with advance notice before any adverse action is taken, allowing errors to be raised and reviewed prior to action being taken". However, AISA provisions suspending notice periods (discussed below) for adverse action could allow for decisions with immediate effect, meaning individuals would have no opportunity to raise errors before action is taken.

Suspension of notice periods for adverse action

5.19. The proposed AISA would allow IR to suspend normal notice periods for adverse action in respect of an individual. As above, this could heighten the risk of adverse action based on inaccurate personal information which an individual has no opportunity to correct.

5.20. The AISA refers to section 152 of the Privacy Act, under which parties to an information sharing agreement need to provide individuals with notice before taking adverse action based on information shared under that agreement. The usual notice period is 10 working days. Under s 153, an information sharing agreement can shorten or dispense with the normal notice requirement for adverse action.

5.21. The consultation document at 4.13 discussed a starting point of a minimum 10 working days of notice for principal caregivers to challenge a decision resulting from a match based on Customs information. For example, one basis for challenging a decision would be where the individual has an exemption and remains eligible for WFF.

5.22. The proposed AISA would allow IR to dispense with the notice requirement under s 152 in two types of situation:

(a) Clause 8.2 would allow IR to dispense with the notice requirement in certain situations related to offences, sanctions, penalties, investigations, and enforcement actions (including where advance notice by IR would be likely to defeat the purpose of the intervention by IR). IR would need reasonable grounds to suspect that the relevant circumstances apply.

(b) Clause 8.3 would allow IR to dispense with the notice requirement to immediately suspend payment to an individual of all or part of a WFF Tax Credit. In the draft AISA submitters responded to, this applied where IR identified a discrepancy based on Customs information. The text I am assessing instead refers to specific provisions of the Income Tax Act 2007 (ITA) as discussed below.

5.23. Notice of adverse action is an important safeguard. It allows individuals to raise issues and correct errors before an agency takes adverse action

Submitters raised concerns about suspension of notice periods

5.24. IR reports that submitters raised concerns about the suspension of notice periods for adverse action and recommended that this be further restricted or clarified in the AISA. Both submitters supported a minimum notice period, with EY noting that 10 working days' notice is an important safeguard. Both submitters said that the use of immediate suspension power should be clearly guided and limited. EY said "reasonable grounds" should be clearly defined, reasons for a decision should be provided when notice is suspended, and dispute processes should be simple, well communicated, and timely.

5.25. Officials responded that in the ordinary course individuals would have 10 working days' notice to raise any concerns before adverse action is taken and further details would be specified in the supporting operational arrangements.

5.26. I agree that the concerns submitters raised are significant. Immediately suspending payments could have significant adverse effects on individuals and families who might have no opportunity to correct errors. While clause 8.5 requires IR staff to ensure the correct identity of individuals before taking adverse action, it is not clear from the AISA how this would be done in the case of an immediate suspension under clause 8.3.

5.27. I note that clause 8.3 has changed since the version submitters saw.

My Office has engaged with IR to understand the purpose of these clauses

5.28. My Office has engaged with IR to understand why the AISA might require these provisions, particularly clause 8.3 allowing immediate suspension of payments.

5.29. Based on that engagement, I understand that IR intended clause 8.3 to apply where a person repeatedly leaves New Zealand for short periods.

5.30. I understand this is related to measures in sections 18 and 20 of the Taxation (Budget Measures) Act 2026. This Act received royal assent on 5 June 2026, which was after the consultation period for the AISA. The relevant provisions will change presence requirements for WFF when a person or child is absent from New Zealand on a temporary basis, with effect from 1 April 2027.

5.31. In the text submitters saw, the trigger for clause 8.3 would have been IR having reasonable grounds to believe a person has been outside New Zealand for longer than the maximum period to remain eligible for WFF, based on IR identifying a discrepancy between their information and Customs information. This would have potentially involved a broader range of situations and comparing information across longer periods of time.

5.32. Clause 8.3 now specifically refers to subsections MC 5B (4) and (5), and MD 7B (4) and (5) of the Income Tax Act 2007, which apply from 1 April 2027 when relevant provisions of the Taxation (Budget Measures) Act 2026 take effect.

5.33. In summary, under these subsections, temporary periods of travel outside New Zealand for a person or child will be assessed as follows:

(a) A person or child who is absent for a period of 42 days or less is treated as being in New Zealand for the whole of that period.

(b) A person or child who is absent for more than 42 days is treated as being in New Zealand for first 42 days of that period.

(c) A person or child who leaves New Zealand for more than 42 days, then returns to New Zealand, then leaves again within 42 days of return, is not treated as being in New Zealand for the subsequent period of absence. On my understanding these are the circumstances relevant for clause 8.3.

(d) There are provisions for unexpected events that delay a person or child's return to New Zealand.

5.34. In engagement with my Office, IR shared their intended approach to notifying principal caregivers who are absent from New Zealand that this may affect their WFF entitlements. The intended approach would include notifying a principal caregiver on the 28th day they are overseas:

(a) That their entitlement will cease if they continue to be absent from New Zealand for more than 42 days.

(b) That if they return to New Zealand, and then subsequently go overseas within 42 days of return and do not qualify for an exemption (study, bereavement, specified circumstances, overseas in service of New Zealand, family related absences) their payments would stop from the subsequent date of departure.

5.35. As I understand it, clause 8.3 is intended to give effect to the new subsections of the ITA which it refers to. It would apply where Customs information indicates that a person has departed New Zealand, within 42 days of returning to New Zealand from a period of absence of more than 42 days. It would allow IR to immediately suspend payment when the subsequent departure would end the person's WFF entitlement. In the normal course the person would have been notified that this would happen on the 28th day of the first period of absence.

5.36. I welcome the changes to clause 8.3. With the added reference to specific legislative provisions, clause 8.3 is both clearer and more targeted to addressing specific issues. My understanding is this more specific scope may also reduce the need to compare travel information across longer periods of time. Comparing information across longer periods of time would have increased the amount of personal information involved and the cumulative risk of errors in information being matched to individuals.

5.37. It will still be important for IR to apply the safeguards set out in the AISA, including having robust systems and processes for staff to check the identity of individuals and ensure personal information is accurate before relying on it.

Purpose 2.1(f) – testing systems and operational processes

5.38. Clause 2.1(f) allows sharing of information for purposes of enabling IR to test systems and operational processes to enable, support, or improve the sharing and use of Information for the purposes set out in clauses 2.1(a) to (e). This purpose was not in the version of the AISA submitters saw.

5.39. By adding a new purpose, clause 2.1(f) expands the range of Authorised Staff who need to use it for purposes of the AISA. It would allow the use of real personal information for testing systems and operational processes. It would also technically allow Customs to share information to IR for this purpose alone.

5.40. I agree that testing systems and processes is an allowed purpose for use of information. I note that this does create some additional potential privacy risks which need to be considered and managed in operational processes.

5.41. Overall I am satisfied that the proposed AISA will not unreasonably impinge on the privacy of individuals and contains adequate safeguards.

Will the benefits of sharing personal information under the agreement be likely to outweigh the financial and other costs of sharing it? – s 149(2)(d)

5.42. The benefits of the proposed sharing under the agreement include improved processes, use of more timely information (which may be more accurate), and a reduced risk of individuals incurring debts due to WFF overpayments.

Are there any potential conflicts or inconsistencies between the sharing of personal information under the agreement and any other enactment, and have they been appropriately addressed? – s 149(2)(e)

5.43. IR has not raised to me any specific issues in relation to conflicts or inconsistencies with other enactments.

5.44. The Tax Administration Act 1994 sets specific requirements and restrictions on how IR may share information. In particular:

(a) Section 18 imposes a general obligation of confidentiality in IR handling of sensitive revenue information.

(b) Section 18E(2) allows for the Commissioner of Inland Revenue to provide information under an information sharing agreement approved by an Order in Council made under s 145 of the Privacy Act.

5.45. Based on the information available to me, my view is that potential conflicts with other enactments are appropriately addressed.

Form and content requirements under section 144

Overview of operational details – s 144(2)(c)

5.46. An information sharing agreement must include an overview of operational details under section 144(2)(c). Some AISAs require consultation with OPC on operational details though this is not a requirement in the Privacy Act.

5.47. At 10.1 the AISA requires the parties to develop a Memorandum of Understanding between IR and Customs (MOU) that sets out the operational arrangements the parties will use to share information, and specifies a range of matters to be included in the MOU. These include security arrangements, procedures to verify and update Customer information, requirements on retention and disposal, and governance processes.

5.48. At 10.2 the AISA says the reason for including operational details in an MOU rather than in the agreement is that they will need to be updated over time. 10.2 also provides that the parties may provide the Privacy Commissioner with copies of the MOU either proactively or on request.

5.49. Handling large amounts of personal information inherently presents significant privacy risks, some of which need to be managed at the operational level. The AISA itself provides a very high level overview of operational details, with more detailed mechanisms to manage privacy risk to be set out in the MOU. Operational details such as the design and monitoring of computer systems, and policy settings or training for staff, can be very important for managing privacy risks over time.

5.50. Under clause 10.1(d), the MOU will also address IPP9 requirements for retention and disposal of information. Details in the MOU will be important for managing privacy risks related to retention and disposal of information, for example reducing potential risks to individuals from data breaches.

5.51. Other information sharing agreements include a requirement to consult my Office on operational details. This gives the parties the chance to hear and respond to any comments from my Office where operational details may be important for understanding and mitigating privacy risks. It is not a requirement for an AISA, but it is a step that helps to ensure privacy risks are well managed.

5.52. As a step to further improve the AISA's privacy protections, I recommend adding a requirement for the parties to consult my Office on the MOU. This would help to ensure privacy requirements can be considered and upheld in relation to more specific operational details. If a consultation requirement were added, decisions on the text would remain with the parties, and consultation need not add significantly to the time required. Confidentiality is protected by section 206 of the Privacy Act, which establishes secrecy requirements for the Privacy Commissioner and employees of the Commissioner in respect of matters that come to their knowledge in the exercise of Privacy Act functions.

Safeguards to protect privacy of individuals and ensure that any interference with their privacy is minimised – s 144(2)(d)

5.53. Section 144(2)(d) requires that an information sharing agreement must specify safeguards to protect the privacy of individuals and ensure that any interference with their privacy is minimised. The AISA sets out requirements for safeguards relating to security, accuracy and correction, disclosure, privacy incidents and breaches, and audit and reporting.

5.54. The approach to retention and disposal is to be specified in the MOU.

5.55. Overall I am satisfied that the AISA provides adequate safeguards to protect the privacy of individuals and to ensure that any interference with privacy is minimised.

6 Conclusion

6.1. In the context of the identified policy problem and options, I agree that an AISA is the most appropriate legal mechanism for the intended information sharing. An AISA can enable the two-way sharing required and can establish specific safeguards to uphold privacy interests. The process to establish an AISA also supports a high degree of transparency, including hearing from submitters.

6.2. The AISA provides for targeted sharing of information to address a particular policy problem. It provides safeguards to mitigate impacts on individual privacy.

6.3. Overall, I am satisfied that the AISA meets Privacy Act requirements.

s 9(2)(a)

Michael Webster
Privacy Commissioner
24 June 2026

Cabinet Economic Policy Committee

Summary

Approval for Approved Information Sharing Agreement Between Inland Revenue and Customs

Portfolio **Revenue / Customs**

Purpose

This paper seeks approval of the **attached** approved information sharing agreement (AISA) between IR and Customs in relation to border movements of Working for Families (WfF) recipients.

Previous Decisions

In April 2026, CBC approved the release of a discussion document on the proposed AISA [CBC-26-MIN-0010].

As part of Budget 2026 urgency, changes were enacted to clarify and simplify WfF residence requirements from 1 April 2027.

Proposal

WfF recipients are required to be resident in New Zealand, and principal caregivers are required to inform IR when they are overseas and no longer meet eligibility requirements. If IR is not notified, WfF payments continue until they are flagged in IR's systems. Information on border movements can only be sought from Customs manually, on an individual case-by-case basis. These administratively burdensome requests are often made in bulk at the end of each financial year, meaning some overpayments continue for some time.

The AISA would allow for automated information sharing, reducing the administrative burden, and curtailing the $10 million per annum spent making WfF payments to ineligible overseas recipients. The AISA has been amended in response to feedback during public consultation, and the Privacy Commissioner is satisfied that it meets requirements under the Privacy Act 2020.

Ministers are seeking approval of the AISA, and the drawdown of a $51.600 million negative tagged contingency established at Budget 2026, to reflect the combined fiscal savings from the AISA, and changes to WfF residency requirements. Approval is also sought to make a $1.051 million correction to Vote Customs reflecting the cost of implementing the AISA; this was accounted for in Budget 2026, but mistakenly omitted from Cabinet documents.

Impact Analysis

The **attached** RAS meets the quality assurance criteria.

Financial

As above.

Implications

Legislative Implications	The AISA will be given effect through an Order in Council.
Timing Matters	Information sharing under the AISA will commence from 1 April 2027, aligning with the legislative changes to WfF residency requirements.
Communications	None indicated.
Consultation	Paper prepared by IR and Customs. The Treasury and Privacy Commissioner were consulted. MSD was informed. The Ministers indicate that all Ministers were consulted.

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

1 note that the Privacy Act 2020 allows for organisations to enter into an Approved Information Sharing Agreement (AISA) for the purpose of delivering better public services, with such agreements approved by an Order in Council;

2 note that in April 2026, the Cabinet Business Committee approved the release of a discussion document on a proposed AISA between Inland Revenue (IR) and New Zealand Customs Service (Customs) on sharing information about Working for Families Recipients [CBC-26-MIN-0010];

3 note that two submissions on the discussion document were received and that these have been considered;

4 agree to the final draft of the proposed AISA between IR and Customs, attached to the submission under ECO-26-SUB-0133;

5 note that in May 2026 Cabinet:

5.1 agreed to amend the Working for Families residency requirements and authorised the Minister of Revenue and the Minister of Customs to progress work on the AISA;

5.2 agreed to establish two tagged contingences up to the following amounts relating to the fiscal impacts of the Budget 2026 "Working for Families – Residency Requirements and Information Sharing" initiative:

	$ million – increase / (decrease)				
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Vote Revenue Tagged Contingency	-	-	(9.600)	(21.200)	(20.800)
Customs Tagged Contingency	-	0.520	0.177	0.177	0.177

5.3 authorised the Minister of Finance and the Minister of Revenue jointly to draw down the negative tagged operating contingency established above, subject to final Cabinet decisions on the AISA;

5.4 authorised the Minister of Finance and the Minister of Customs jointly to draw down funding from the tagged operating contingency established above, following receipt of a report back on consultation on the AISA;

6 note that the conditions for drawing down these contingencies have been met through these decisions;

7 agree to draw down the $51.600 million from the negative tagged contingency established in Budget 2026 for Vote Revenue (IRD-Crown), reflecting the combined fiscal savings from the changes to residency requirements and the AISA;

8 approve the following changes to appropriations to provide for the decision in paragraph 7 above, with a corresponding impact on the operating balance and net core Crown debt:

	$ million – increase / (decrease)			
Vote Revenue **Minister of Revenue**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Non-departmental Benefits or Related Expenses				
Family Tax Credit PLA	-	(5.500)	(11.200)	(11.100)
In-Work Tax Credit PLA	-	(2.000)	(4.100)	(4.000)
Best Start Tax Credit PLA	-	(0.600)	(1.300)	(1.300)
Non-departmental Other Expenses				
Impairment of Debt and Debt Write-offs	-	(1.500)	(4.600)	(4.400)
Total Operating	**-**	**(9.600)**	**(21.200)**	**(20.800)**

9 agree that the expenses incurred under paragraph 8 above be charged against the Tagged Operating Contingency described in recommendation 5.2 above

10 note that in May 2026, Cabinet agreed to savings for Vote Revenue and additional funding for Vote Customs, as part of the Budget 2026 "Working for Families – Residency Requirements and Information Sharing" initiative, with the impacts incorporated into the Budget 2026 operating allowance and fiscal forecasts as tagged contingencies, but the Vote Customs funding set out below was inadvertently omitted from the final Cabinet documents:

	$ million – increase / (decrease)				
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Vote Customs	-	0.520	0.177	0.177	0.177

11 approve the following changes to appropriations in Vote Customs to meet implementation and ongoing costs with a corresponding impact on the operating balance and net core Crown debt:

	$ million – increase / (decrease)			
Vote Customs **Minister of Customs**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Multi-Category Expenses and Capital Expenditure Border Clearance and Risks Management MCA Departmental Output Expenses: Revenue Collection and Other Services (funded by revenue Crown)	0.520	0.177	0.177	0.177
Total Operating	**0.520**	**0.177**	**0.177**	**0.177**

12 agree that the changes to appropriations for 2026/27 above be included in the 2026/27 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

13 note that there is no additional impact on the operating balance or net core Crown debt for the Vote Customs appropriated amount as it has already been reflected in the Budget 2026 fiscal forecasts;

14 invite the Minister of Revenue and the Minister of Customs to instruct the Parliamentary Counsel Office to draft an Order in Council to give effect to the proposed AISA;

15 note that all requirements the Minister of Revenue and the Minister of Customs must be satisfied of before recommending an Order in Council, have been met;

16 note that once the Order in Council has been drafted, the Minister of Revenue and the Minister of Customs will submit the Order to the Cabinet Legislation Committee for approval.

Sam Moffett
Committee Secretary

Hard-copy distribution:
Cabinet Economic Policy Committee

ECO-26-MIN-0133

Cabinet Economic Policy Committee

Minute of Decision

Approval for Approved Information Sharing Agreement Between Inland Revenue and Customs

Portfolios **Revenue / Customs**

On 22 July 2026, the Cabinet Economic Policy Committee:

1 **noted** that the Privacy Act 2020 allows for organisations to enter into an Approved Information Sharing Agreement (AISA) for the purpose of delivering better public services, with such agreements approved by an Order in Council;

2 **noted** that in April 2026, the Cabinet Business Committee approved the release of a discussion document on a proposed AISA between Inland Revenue (IR) and New Zealand Customs Service (Customs) on sharing information about Working for Families Recipients [CBC-26-MIN-0010];

3 **noted** that two submissions on the discussion document were received and that these have been considered;

4 **agreed** to the final draft of the proposed AISA between IR and Customs, attached under ECO-26-SUB-0133;

5 **noted** that in Budget 2026, Cabinet:

5.1 agreed to amend the Working for Families residency requirements and authorised the Minister of Revenue and the Minister of Customs to progress work on the AISA;

5.2 agreed to establish two tagged contingences up to the following amounts relating to the fiscal impacts of the Budget 2026 "Working for Families – Residency Requirements and Information Sharing" initiative:

	$ million – increase / (decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Vote Revenue (IRD-Crown) Tagged Contingency	-	-	(9.600)	(21.200)	(20.800)
Vote Customs Tagged Contingency	-	0.520	0.177	0.177	0.177

5.3 authorised the Minister of Finance and the Minister of Revenue jointly to draw down the negative tagged operating contingency established above, subject to final Cabinet decisions on the AISA;

5.4 authorised the Minister of Finance and the Minister of Customs jointly to draw down funding from the tagged operating contingency established above, following receipt of a report back on consultation on the AISA;

[CAB-26-MIN-0156.59, Initiative 17616]

6 **noted** that the conditions for draw down of the above contingencies have been met through the advice in paragraph 2 above and decision in paragraph 4 above;

7 **agreed** to draw down the $51.600 million from the negative tagged contingency established in Budget 2026 for Vote Revenue (IRD-Crown), reflecting the combined fiscal savings from the changes to residency requirements and the AISA;

8 **approved** the following changes to appropriations to provide for the decision in paragraph 7 above, with a corresponding impact on the operating balance and net core Crown debt:

	$ million – increase / (decrease)			
Vote Revenue **Minister of Revenue**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Non-departmental Benefits or Related Expenses				
Family Tax Credit PLA	-	(5.500)	(11.200)	(11.100)
In-Work Tax Credit PLA	-	(2.000)	(4.100)	(4.000)
Best Start Tax Credit PLA	-	(0.600)	(1.300)	(1.300)
Non-departmental Other Expenses				
Impairment of Debt and Debt Write-offs	-	(1.500)	(4.600)	(4.400)
Total Operating	**-**	**(9.600)**	**(21.200)**	**(20.800)**

9 **agreed** that the expenses incurred under paragraph 8 above be charged against the Tagged Operating Contingency described in recommendation 5.2 above

10 **noted** that the impacts of the decisions in paragraph 5 above were incorporated into the Budget 2026 operating allowance and fiscal forecasts as tagged contingencies, but the Vote Customs funding set out below was inadvertently omitted from the final Cabinet documents:

	$ million – increase / (decrease)				
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Vote Customs	-	0.520	0.177	0.177	0.177

11 **approved** the following changes to appropriations in Vote Customs to meet implementation and ongoing costs with a corresponding impact on the operating balance and net core Crown debt:

	$ million – increase / (decrease)			
Vote Customs **Minister of Customs**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Multi-Category Expenses and Capital Expenditure Border Clearance and Risks Management MCA Departmental Output Expenses: Revenue Collection and Other Services (funded by revenue Crown)	0.520	0.177	0.177	0.177
Total Operating	**0.520**	**0.177**	**0.177**	**0.177**

12 **agreed** that the changes to appropriations for 2026/27 above be included in the 2026/27 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

13 **noted** that there is no additional impact on the operating balance or net core Crown debt for the Vote Customs appropriated amount as it has already been reflected in the Budget 2026 fiscal forecasts;

14 **invited** the Minister of Revenue and the Minister of Customs to instruct the Parliamentary Counsel Office to draft an Order in Council to give effect to the proposed AISA;

15 **noted** that all requirements the Minister of Revenue and the Minister of Customs must be satisfied of before recommending an Order in Council, have been met;

16 **noted** that the Minister of Revenue and the Minister of Customs will submit the draft Order in Council to the Cabinet Legislation Committee for approval.

Rachel Clarke
Committee Secretary

Present:
Hon David Seymour
Hon Nicola Willis (Chair)
Hon Chris Bishop
Hon Shane Jones
Hon Louise Upston
Hon Mark Mitchell
Hon Todd McClay
Hon Tama Potaka
Hon Casey Costello
Hon Andrew Hoggard
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson
Hon Cameron Brewer
Simon Court MP

Officials present from:
Office of Hon Chris Bishop
Officials Committee for ECO

Cabinet

Minute of Decision

Report of the Cabinet Economic Policy Committee: Period Ended 24 July 2026

On 27 July 2026, Cabinet made the following decisions on the work of the Cabinet Economic Policy Committee for the period ended 24 July 2026:

Not in scope

ECO-26-MIN-0133	**Approval for Approved Information Sharing Agreement Between Inland Revenue and Customs** Portfolios: Revenue / Customs	CONFIRMED

Not in scope

Not in scope

Rachel Hayward
Secretary of the Cabinet