



21 August 2024



Dear [Redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 24 July 2024. You requested the following (numbered for ease of response):

*... could you please provide the following for the previous 5 years, broken down by geographical region:*

- 1) The number of Tax fraud cases investigated by IRD*
- 2) The financial Sum involved in those cases (and total loss to the state)*
- 3) The origin of the investigation (i.e how it was triggered)*
- 4) The number of cases which resulted in criminal prosecution.*

### **Questions 1 and 2**

For the purpose of this request, I have interpreted 'tax fraud cases' to be audit cases categorised in our system as "Fraud and Hidden Economy Risk" cases.

These cases cover a range of undeclared or inaccurately reported transactions that obstruct Inland Revenue's ability to protect the integrity of the tax system, increase voluntary compliance and reduce revenue loss. These undeclared or inaccurately reported transactions make up the 'financial sum of those cases'.

The tables attached as **Appendix A** represent the audit cases categorised as "Fraud and Hidden Economy Risk" completed within the periods specified, and the financial sum of those cases.

Those customers whose accounts are now closed or are no longer a resident in New Zealand (have an overseas address) have been grouped into the 'Unknown' category.

### **Question 3**

Your request for the specific origin of each investigation is refused under section 18(c)(i) of the OIA, as making the requested information available would be contrary to the provisions of a specified enactment, namely section 18(3) of the Tax Administration Act 1994. Release of this information would adversely affect the integrity of the tax system or would prejudice the maintenance of the law.

Although I am unable to specify the origin of each investigation, I can advise that Fraud and Hidden Economy audits are selected using a range of factors and criterion designed to identify

suspected under-reporting or omission of income and attempts to inappropriately access refunds and claims. These can include specific rules, historical income and reporting behaviours, a range of risk-based analytics as well as anonymous information received.

#### Question 4

The following are prosecutions taken by the Commissioner of Inland Revenue which have resulted in a conviction and sentencing. The data is for each financial year ending 30 June.

Region	2020	2021	2022	2023	2024
South Island	12	10	2	5	5
Wellington	10	16	10	6	4
Hamilton	13	6	6	1	3
Auckland	22	18	20	22	19
<b>Total</b>	<b>57</b>	<b>50</b>	<b>38</b>	<b>34</b>	<b>31</b>

#### Right of review

If you disagree with my decision on your OIA request, you can ask an Inland Revenue review officer to review my decision. To ask for an internal review, please email the Commissioner of Inland Revenue at: [commissionerscorrespondence@ird.govt.nz](mailto:commissionerscorrespondence@ird.govt.nz).

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman by email at: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz).

If you choose to have an internal review, you can still ask the Ombudsman for a review.

#### Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website ([ird.govt.nz](http://ird.govt.nz)) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely



Richard Philp

**Customer Segment Lead, Micro Business**

**Appendix A****2020**

Region	Closed audits	Additional tax assessed
Auckland	1,021	\$111,468,003
Bay Of Plenty	132	\$1,201,284
Canterbury	234	\$2,627,925
Gisborne, Hawkes Bay	64	\$1,516,596
Manawatu-Wanganui	74	\$1,140,733
Marlborough, Nelson, Tasman, West Coast	54	\$221,445
Northland	72	\$717,637
Otago, Southland, Chatham Islands	100	\$2,897,821
Taranaki	30	\$133,597
Waikato	166	\$3,354,792
Wellington	179	\$3,079,346
Unknown	373	\$32,335,634
<b>Total</b>	<b>2499</b>	<b>\$160,694,813</b>

**2021**

Region	Closed audits	Additional tax assessed
Auckland	1,034	\$34,478,880
Bay Of Plenty	107	\$2,624,404
Canterbury	229	\$4,367,108
Gisborne, Hawkes Bay	76	\$699,378
Manawatu-Wanganui	94	\$754,645
Marlborough, Nelson, Tasman, West Coast	67	\$988,390
Northland	57	\$319,197
Otago, Southland, Chatham Islands	89	\$1,236,072
Taranaki	43	\$2,403,724
Waikato	186	\$6,172,401
Wellington	196	\$5,241,761
Unknown	329	\$14,856,907
<b>Total</b>	<b>2507</b>	<b>\$74,142,867</b>

**2022**

Region	Closed audits	Additional tax assessed
Auckland	265	\$23,149,749
Bay Of Plenty	49	\$1,093,661
Canterbury	57	\$1,135,603
Gisborne, Hawkes Bay	23	\$18,437,805
Manawatu-Wanganui	34	\$15,382,197
Marlborough, Nelson, Tasman, West Coast	24	\$925,347

Region	Closed audits	Additional tax assessed
Northland	25	-\$233,265
Otago, Southland, Chatham Islands	25	\$1,575,188
Taranaki	11	\$237,616
Waikato	44	\$11,543,342
Wellington	52	\$4,106,658
Unknown	87	\$8,233,439
<b>Total</b>	<b>696</b>	<b>\$85,587,340</b>

**2023**

Region	Closed audits	Additional tax assessed
Auckland	342	\$14,165,862
Bay Of Plenty	42	\$18,908,853
Canterbury	66	\$5,877,826
Gisborne, Hawkes Bay	17	\$157,810
Manawatu-Wanganui	27	\$1,562,975
Marlborough, Nelson, Tasman, West Coast	24	\$1,113,790
Northland Region	20	\$882,829
Otago, Southland, Chatham Islands	26	\$1,042,397
Taranaki	13	\$257,466
Waikato	61	\$2,401,225
Wellington	64	-\$1,103,064
Unknown	84	\$9,580,255
<b>Total</b>	<b>786</b>	<b>\$54,848,224</b>

**2024**

Region	Closed audits	Additional tax assessed
Auckland	385	\$33,057,690
Bay Of Plenty	67	\$2,583,604
Canterbury	81	\$3,116,317
Gisborne, Hawkes Bay	26	\$906,746
Manawatu-Wanganui	33	\$2,893,664
Marlborough, Nelson, Tasman, West Coast	15	\$695,064
Northland	26	\$1,114,848
Otago, Southland, Chatham Islands	42	\$2,504,196
Taranaki	18	\$3,152,488
Waikato	82	\$2,651,629
Wellington	68	\$5,421,172
Unknown	54	\$4,486,951
<b>Total</b>	<b>897</b>	<b>\$62,584,369</b>