



12 December 2024



Dear

Thank you for your request made under the Official Information Act 1982 (OIA), received on 3 December 2024. You requested the following:

Under the OIA, can I please get copies of the following reports:

- BN2024/340
- IR2024/425

Information being released

Please find enclosed, as **Appendix A**, the requested documents. I have decided to release the documents subject to information being withheld under the following sections of the OIA, as applicable:

- 9(2)(a) – to protect the privacy of natural persons,
- 9(2)(f)(iv) – to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials, and
- 9(2)(g)(i) - maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

	Reference	Title	Decision
1	BN2024/340	Working for Families Stewardship Programme of Work Background and OIA Request (25OIA1001)	Released in part with redactions under sections 9(2)(a) and 9(2)(g)(i).
2	IR2024/425	Seeking feedback on the proposed published Tax and Social Policy Work Programme	Released in part with redactions under sections 9(2)(a) and 9(2)(f)(iv).

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this instance, I do not consider that to be the case.

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.

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.

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) 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



Candice Russell

Programme Lead - Policy

Briefing note

Reference: **BN2024/340**

Date: 22/08/2024

To: Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Helen Kuy

From: Andrew Paynter

Subject: **Working for Families Stewardship Programme of Work –
Background and OIA Request (25OIA1001)**

Background

1. Inland Revenue, under its stewardship obligations laid out in the Public Service Act 2020, began a stewardship programme of work looking at Working for Families tax credits in 2023. We provided the Minister of Revenue with a brief overview of this project through a hot topic item in the Status Report commencing the week of the 5th of February 2024 [24SR28 Refers].
2. Inland Revenue has received an Official Information Act 1982 (OIA) request for the release of information from [REDACTED] relating to this stewardship project (The reference code for this request is 25OIA1001).
3. This note provides you with a brief overview of the stewardship project, as well as the documentation that will be released under the information release request.

Working for Families Stewardship Programme of Work

4. Under the Public Service Act 2020, Government departments are required to proactively promote and undertake stewardship, and act as stewards for the areas in which they are responsible. Stewardship reviews is one of the ways Inland Revenue upholds these obligations.
5. In July 2023, Inland Revenue began a stewardship review of Working for Families. The purpose of this work is to develop a coherent, evidence-based framework for Inland Revenue's long-term advice on how income support payments can be optimally delivered through the tax system.
6. This stewardship project was initiated in part because Inland Revenue had completed its Business Transformation (BT) journey. The WFF stewardship project can leverage, and be shaped by, the new systems, environments and capabilities developed through BT.
7. The project seeks to develop insights into current tax credits and how they can be improved to better fit policy intent, what ideal tax and transfer structures might look like, and the implications of decoupling Working from Families from tax.

8. The project also seeks to develop insights into how the administration of Working for Families can be improved, with a focus on improving accessibility and customer experiences, decreasing instances of debt and delivering timely support for customers.
9. The project involves input from staff across policy and operational areas of the department. Work on the project is expected to have finished in December 2024. Officials will then look to provide insights to Ministers in early 2025, and advice on where these insights may fit into the work programme.

Information to be released

10. On 1 July 2024, Inland Revenue received an OIA request for the release of information pertaining to this stewardship project. The request is as follows:

"Copies of all documents, including file notes, aide memoirs, briefing notes, and presentations, prepared by Inland Revenue as part of the review of Working for Families as outlined on page 38 of the Inland Revenue Annual Report 2023."

11. Due to the number and draft nature of many of the documents involved, the scope of the request was later clarified to be:

"documents that record more advanced considerations closer to the final versions; and documents that are policy documents rather than project management or timelines."

12. We identified 71 documents as being in the scope of this request. s 9(2)(g)(i)

[Redacted]

[Redacted] fifty documents were withheld in full under a mixture of provisions under the OIA and section 18(3) of the Tax Administration Act 1994 (via s18(c)(i) of the OIA). These are as follows:

- 12.1. 11 documents were withheld under a combination of 9(2)(g)(i), 9(2)(f)(iv) and section 18(c)(i),
- 12.2. 32 documents were withheld under a combination of 9(2)(g)(i) and 9(2)(f)(iv),
- 12.3. 7 documents were withheld under section 18(c)(i).

13. Inland Revenue's response is due to the requestor on the 30th of August 2024. Below is a list of the documents that are being proposed for release.

14. s 9(2)(g)(i)

[Redacted]

Item	Document Name	Release Information
1.	Leveraging IR's Gateway Services (GWS) to provide better access to support	With redactions
2.	Context - Kickoff Workshop	Full release
3.	The tax and transfer framework - Workshop Kickoff	Full release
4.	Overview Data - Setting the Scene - Workshop Kickoff	Full release
5.	Current state of Working for Families functionality for digital	Full release

6.	Proposal for Income Support Work Programme (Project Keymaster)	Full release
7.	Initiative concept template - Project Keymaster	Full release
8.	Project Keymaster (WFF Stewardship Programme) Steering Group Update	Full release
9.	Project Keymaster (WFF Stewardship Programme) Sub-ELT Update	Full release
10.	Project Keymaster (WFF Stewardship Programme) Portfolio Governance Committee	With redactions
11.	Project Keymaster Update - Steering Group meeting 19 October 2023	With redactions
12.	Project Keymaster Update - Sub-ELT Group meeting, 31 October 2023	With redactions
13.	Keymaster Governance Minutes - Steering Group December 2023	With redactions
14.	Keymaster Governance Agenda - Steering Group May 2024	With redactions
15.	Multi-family households - How common is this in New Zealand?	With redactions
16.	Working for Families Stewardship programme of work (Project Keymaster) Proposal	With redactions
17.	Income support information access Scope & Approach	With redactions
18.	Intermediary ecosystem Scope and Approach	With redactions
19.	Internal Engagement on Keymaster Principles	With redactions
20.	Policy design parameters for the Best Start Tax Credit	With redactions
21.	Keymaster Underpinning – IWTC policy design parameters	With redactions

Consultation

15. We have informed the Ministry of Social Development and the Treasury of the documents we are releasing.

Andrew Paynter

Policy Advisor

s 9(2)(a)



POLICY

Tax policy report: **Seeking feedback on the proposed published Tax and Social Policy Work Programme**

Date:	24 October 2024	Priority:	High
Security level:	In Confidence	Report number:	IR2024/425

Action sought

	Action sought	Deadline
Minister of Revenue	Discuss with officials Indicate any changes to Appendix A	29 October 2024

Contact for telephone discussion (if required)

Name	Position	Telephone	Suggested first contact
Graeme Morrison	Programme Lead, Policy Inland Revenue	s 9(2)(a)	<input checked="" type="checkbox"/>
Andraya Heyes	Policy Advisor, Policy Inland Revenue		<input type="checkbox"/>

24 October 2024

Minister of Revenue

Seeking feedback on the proposed published Tax and Social Policy Work Programme

Purpose

1. This report seeks your feedback on the proposed Government Tax and Social Policy Work Programme (attached as Appendix A) to be published on the Inland Revenue tax policy website.

Government's Tax and Social Policy Work Programme

2. We previously reported to you on the key considerations for setting and publishing the Government's Tax and Social Policy Work Programme (TSPWP)¹ ahead of a joint Ministers' meeting held on 10 October 2024. Following this, the Minister of Finance discussed the key strategic and non-strategic items for inclusion on the TSPWP at Budget Ministers on 17 October. We have, as a result, drafted the attached published Government Tax and Social Policy Work Programme (Appendix A) for your consideration.
3. Appendix A is a summarised version of the TSPWP that will be published on the Inland Revenue tax policy website, subject to any feedback. Appendix A includes:
 - 3.1 workstreams based on key themes from the Revenue Strategy and Ministerial priorities; and
 - 3.2 items to be progressed under these workstreams that are not of a sensitive nature (i.e., not including Budget 2025 proposals).
4. Appendix A has been developed in consultation with the Treasury. They are supportive of its content.

Next steps

5. We recommend you consider Appendix A and discuss your feedback with officials at the next Minister of Revenue meeting on 29 October 2024. We will then send a revised draft published TSPWP to you and the Minister of Finance for approval on 31 October.
6. An indicative timeline for publishing the TSPWP on 11 November 2024 is set out on the next page.

¹ Tax policy report: *Publishing the Tax and Social Policy Work Programme* (T2024/2482; IR2024/248 refers).

Table 1: Indicative timeline for publishing the TSPWP

Action	Tentative date
Minister of Revenue meeting with officials to discuss feedback on Appendix A	29 October
Joint report to the Ministers of Finance and Revenue with the proposed published TSPWP attached	31 October
TSPWP referred to Budget Ministers for their information	4 November
Consultation with Budget Ministers	4 to 8 November
TSPWP published on Inland Revenue's tax policy website (alongside any launch activities)	11 November

Recommended action

We recommend that you:

1. **discuss** with officials at the next Minister of Revenue meeting on 29 October 2024 your feedback on the attached draft Tax and Social Policy Work Programme (Appendix A);
discuss/not discuss
2. **indicate** any changes required to the attached draft Tax and Social Policy Work Programme (Appendix A).
indicated

s 9(2)(a)

Graeme Morrison
Programme Lead
Policy, Inland Revenue

Hon Simon Watts
Minister of Revenue
/ /2024

Government Tax and Social Policy Work Programme

The Work Programme's overarching priorities are reducing compliance costs and improving fiscal sustainability.

The Government is committed to transparency through public engagement on the design of tax policy through the Generic Tax Policy Process. Public consultation plays an important role in creating and sustaining a durable and widely accepted tax system.

It is intended that the Work Programme be updated periodically to reflect the Government's current priorities. This is the latest version of the Work Programme as at November 2024.

Growth and productivity

This workstream promotes building a stronger and resilient economy by minimising biases on economic decisions, reducing compliance costs, and rewarding effort and individuals' investment in their own skills. Work in this area includes:

- Improvements to the employee share scheme regime, including a threshold increase for exempt schemes *
- Generic response measures for emergency events *
- Exploring compliance cost reductions, including improving tax compliance for small businesses
- Fringe Benefit Tax review
- Reviewing thin capitalisation settings for infrastructure
- Reviewing the Foreign Investment Fund tax rules for migrants
- Supporting the transition to digital tax administration for tax intermediaries
- Reviewing the GST rules for joint ventures
- Simplifying tax compliance for Māori authorities
- Work to find a multilateral solution to the challenges the digital economy poses to international taxation (OECD Pillar 1 and Pillar 2 work)

Maintaining the tax system

This workstream ensures the tax system is regularly maintained and updated in response to changing technology, business practices, jurisprudence, or other factors. Work in this area includes:

- Reviewing exempting the New Zealand Superannuation Fund from income tax
- Reviewing the Commissioner's power to collect information for policy purposes
- Donee status for overseas focused organisations (schedule 32)
- Remedial work programme

Social policy

This workstream involves improving the delivery of income support payments delivered through the tax system and increase work incentives. Work in this area includes:

- Easing opting-in to KiwiSaver for children under 16 *
- Ongoing FamilyBoost improvements

Integrity of the tax system

This workstream protects against tax avoidance and evasion to maintain a stable and predictable revenue system. Work in this area includes:

- Clarifying that banks and licenced deposit takers cannot be PIEs and that non-eligible income cannot be transferred into a PIE using related party interest payments *
- Implementation of the Crypto-asset Reporting Framework *
- Trust disclosures post-implementation review
- Policy options to support wider Inland Revenue compliance work and reduce tax debt
- Reviewing elements of charities and not-for-profits, s 9(2)(f)(iv)
- Clarifying the income tax treatment of software development expenditure

Strengthening international connections

This workstream fulfils New Zealand's international obligations with other tax jurisdictions (and as an OECD member) and includes projects that respond to shifts in the global economy, such as increased cross-border activity. Work in this area includes:

- Simplification of the Approved Issuer Levy reporting, including retrospective registration *
- Inwards pension transfers and locked in KiwiSaver changes *
- Simplifying the tax rules for non-resident contractors
- Double tax agreement negotiations

Other agency work

This workstream involves other agency work that aligns with Government priorities that may have tax consequences or Inland Revenue delivery implications. Work in this area includes:

- Approved information sharing agreement with MBIE
- Student loans – final year fees free and overseas-based borrower settings
- Local Water Done Well project
- Treaty of Waitangi settlements
- Supporting all-of-Government response to organised crime
- Other ministerial priorities as they arise

* Items included in the Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill