



1 February 2024

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 5 December 2023. You requested the following:

1. IRD's debt collection guidelines and/or policies, including policies that establish the Department's position as to call frequency, call times, contacting of next of kind, calling people at their employers and when debt is referred to third-party debt collection agencies.

2. All information pertaining to IRD's debt collection arrangements with third-party debt collection agencies, including what types and sizes of debt are referred to agency and the applicable commission / pricing arrangements.

I would also like to better understand the current state and of IRD debt. Could you please also provide:

3. The total number of people with IRD debt and total aggregate debt for the financial years ending 30 Jun 2021, 2022 and 2023. If possible, please break these amounts down into debtor age groups, gender and ethnicity as well as age of debt.

4. The average repayment amount of IRD debt made by voluntary payments, and made under an attachment order for the financial years ending 30 Jun 2021, 2022 and 2023.

5. The portion by number and dollar-amount of MOJ debt repayments made by attachment order vs voluntary repayments for the financial years ending 30 Jun 2021, 2022 and 2023.

On 12 December 2023, you clarified your request to specify you are requesting debt for individuals only, in relation to just tax and child support debts managed by Inland Revenue, which you requested be separated. You also confirmed that for items 4 and 5 you are seeking amounts recovered by way of enforced deductions pursuant to the Inland Revenue Acts, from a source of income for a particular debtor, and that you would like student loan repayments excluded from these figures.

Item 1:

Inland Revenue's primary objective, as contained in section 6A (3) of the Tax Administration Act 1994 (TAA), is "to collect over time the highest net revenue that is practicable within the law". To do this, the Commissioner has been granted wide powers under the TAA. Full legislation can

be viewed at www.legislation.govt.nz. Our charter can be viewed on our website (www.ird.govt.nz) by searching for "Charter".

Our approach to compliance is multi-layered and based on our commitment to making it as easy as possible for customers to get it right from the start, and hard for them to get it wrong.

We know most individuals and businesses want to do the right thing, and we want them to understand that if they get in touch with us when they are struggling, they will get the help they need. We also want the vast majority of New Zealanders who are making the effort to meet their tax obligations to know that we will identify the few who are not and take action.

Inland Revenue works with customers who anticipate they will not be able to make their payments by the due date to understand their financial situation and to help them resolve their debt. This could be by setting up instalment arrangements or determining if they qualify for financial relief.

Inland Revenue's Standard Practice Statement 18/04 outlines Inland Revenue's general approach to the collection of debts, including options for relief. You can find this on Inland Revenue's tax technical website, www.taxtechnical.ird.govt.nz and searching for "Standard practice statement 18/04". A copy is attached for your convenience.

Regarding call frequency, call times, contacting next of kin, calling people at their employers and referring debt to a third-party debt collection agency, Inland Revenue does not maintain strict guidelines or policies on these criteria and decisions around contacting individuals are made on a case-by-case basis at the discretion of the officer. As such, this part of your request is refused under section 18(e), the documents alleged to contain the information requested do not exist.

Item 2:

Inland Revenue does not utilise third-party debt collection agencies for debtors located in New Zealand. If a debtor is located overseas, Inland Revenue will engage with other agencies, as detailed below:

Child Support debt – liable parent is overseas

Inland Revenue administers two of the agreements New Zealand has with other countries to aid in the collection of child support when a liable parent is overseas and is not voluntarily complying with their child support payments.

Firstly, the Child Support (Reciprocal Agreement with Australia) is administered by Inland Revenue for New Zealand and by Services Australia for Australia. Services Australia are responsible for child support assessments and enforcement in Australia. If we refer a case for collection under the Reciprocal Agreement, then Services Australia will apply their own collection methods in accordance with Australian laws.

Secondly, the 2007 Hague Convention on the International Recovery of Child Support and Other Forms of Family Maintenance (the 2007 Child Support Convention) is a multilateral treaty that provides for the collection of child support and other forms of maintenance (such as domestic maintenance) when the liable person resides in a different member country.

The 2007 Child Support Convention came into effect in New Zealand on 1 November 2021. Inland Revenue can apply to the Central Authority of another member country requesting assistance in collection of child support owed to Inland Revenue. If the application is accepted, then payments will be collected in accordance with the laws of that member country. This could involve various other agencies and enforcement measures such as judicial proceedings before a Court, collection by a child support agency, or by another debt collection agency. There are no guidelines around the types or size of the debt as long as they fall within the scope of the 2007 Child Support Convention.

A list of the 2007 Child Support Convention Central Authorities, as well as information about enforcement procedures in each member country, is available on The Hague Conference website here: <https://www.hcch.net/en/instruments/conventions/specialised-sections/child-support>

The 2007 Child Support Convention stipulates that each Central Authority will bear its own costs in meeting their obligations under the Convention and in general cannot charge an applicant for provision of services (Article 8), however the Reciprocal Agreement with Australia does provide for reimbursement of costs for providing services under the Agreement (article 24).

If Inland Revenue is asked to collect payments for another country, we will use the enforcement provisions of the Child Support Act 1991.

Student loan debt – borrower is overseas

When we have reason to believe that the borrower is in Australia or the United Kingdom, we can refer the case to have tracing attempted on our behalf. We use third party debt collection agencies in the country we believe the person is living, those being Baycorp Australia and CCI Legal UK. These agencies may, where appropriate, take collection on Inland Revenue's behalf in the country the borrower resides.

Tax debt – debtor is overseas

New Zealand has agreements with the United Kingdom, Australia, Netherlands, Japan, Canada, Poland, and Turkey to aid in the collection of tax related debt when a person or entity, such as a company, is not voluntarily complying with their payments.

New Zealand is also a signatory of the "Multilateral Convention on Mutual Administrative Assistance in Tax Matters" (MAC) along with 144 other jurisdictions. This convention includes provisions on tax collection of which members can opt into. Members can then request help from other members to collect tax debt. Each country will use the powers granted to them within their own domestic laws to collect the debt, that can mean the way in which the debt is collected can vary from country to country. These agreements are reciprocal which typically means any country collecting debt on behalf of another will bear the cost and resourcing of that collection with the understanding that the same provisions would apply the other way if roles were reversed. However, if extraneous costs are incurred due to needing support outside of the tax agency, such as private legal support, then these costs would typically be passed back to the country requesting help in collection.

The size of any debt is only one factor considered when determining whether to request collection. Inland Revenue would also consider other factors, for example the level of engagement from the customer and the age of the debt.

Your request for any applicable commission or pricing arrangements is refused under section 9(2)(b)(ii) of the OIA, to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who is the subject of the information.

Item 3:

The attached tables labelled **Appendix 1** display the requested information for individuals broken down into debtor age groups, gender, and age of debt for child support and tax debts separately. Tax debts includes income tax, PAYE, GST, Working for Families tax credits and all other tax debts. This data excludes Student Loans, Child Support, Cost of Living and other debt from COVID-19 relief initiatives (Small Business Cashflow loans, Resurgence Support Payments, and COVID Support Payments) Inland Revenue does not record ethnicity information. Inland Revenue also does not explicitly record information on our customer's gender. Gender information is grouped based on the customer's title. The *Unknown / other gender* category includes customers that have missing or gender-neutral titles (e.g. doctor, military or religious titles, or gender-neutral titles). Your request is therefore partially refused under section 18(g) of the OIA, the information requested is not held by Inland Revenue and I do not believe the information is held by another department.

Items 4 and 5:

The attached table labelled **Appendix 2** provides the average repayment amounts made by voluntary payments and enforced deductions for the financial years requested.

The information regarding the average payment amount for the 2021 financial year is contained within our previous computer system, to which we now have limited access. As a result, we are unable to collate the average value of payments for the period requested without significant manual review. Accordingly, this part of your request is refused under section 18(f) of the OIA, the information requested cannot be made available without substantial collation or research.

Inland Revenue does not collate information related to debt payments that result from actions or orders undertaken by the Ministry of Justice under the Inland Revenue Acts. As such, this part of your request is refused in part under section 18(g) of the OIA, the information is not held by Inland Revenue, and there are no reasonable grounds to believe it is held by, or more closely connected with the functions of, another department. Additionally, Inland Revenue does not explicitly record details on whether the payments are voluntary or via enforced deductions. In order to record this information, we would be required to manually search through each individual account. Therefore, your request is also refused in part under section 18(f) of the OIA, the information requested cannot be made available without substantial collation or research.

For items 4 and 5, I considered whether consulting with you, extending your request, or charging you would help make this information available. However, I concluded the information would not be able to be made available with consultation, extension or charging.

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 (www.ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, will 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 for your request.

Yours sincerely



Richard Philp

Customer Segment Leader – Micro Business Customer Segment

As at 30 June 2021								
Date / Gender / Age	Customers with child support debt (thousands)	Debt value by age (\$millions)						Total Debt Value (\$m)
		a. 0-6 months	b. 6-12 months	c. 1-2 years	d. 2-5 years	e. 5-10 years	f. over 10 years	
Female								
Children (0-14)								
Youth (15-24)	0.5	0.03	0.02	0.06	0.16	0.08		0.36
Adults (25-64)	13.5	1.25	1.18	2.90	8.08	14.29	52.67	80.37
Seniors (65 and over)	0.1	0.00	0.03	0.01	0.01	0.04	3.00	3.10
Male								
Children (0-14)								
Youth (15-24)	2.5	0.24	0.36	1.04	2.18	0.66	0.14	4.61
Adults (25-64)	73.0	7.11	8.40	25.80	91.52	164.35	913.07	1,210.24
Seniors (65 and over)	1.6	0.18	0.06	0.20	0.89	2.72	59.57	63.62
Unknown/Other								
All	1.1	0.19	0.13	0.53	0.49	0.65	1.51	3.49
Total	92.4	9.00	10.17	30.55	103.33	182.79	1,029.96	1,365.80

As at 30 June 2022								
Date / Gender / Age	Customers with child support debt (thousands)	Debt value by age (\$millions)						Total Debt Value (\$m)
		a. 0-6 months	b. 6-12 months	c. 1-2 years	d. 2-5 years	e. 5-10 years	f. over 10 years	
Female								
Children (0-14)								
Youth (15-24)	0.4	0.03	0.02	0.04	0.09	0.07		0.25
Adults (25-64)	13.4	1.00	1.12	1.83	7.17	11.80	50.60	73.52
Seniors (65 and over)	0.1	0.00		0.00	0.00	0.11	3.70	3.81
Male								
Children (0-14)								
Youth (15-24)	2.2	0.22	0.30	0.43	1.61	0.46	0.14	3.15
Adults (25-64)	73.0	7.73	11.83	17.27	83.55	137.94	765.84	1,024.16
Seniors (65 and over)	1.7	0.05	0.55	0.11	0.75	2.89	72.53	76.88
Unknown/Other								
All	0.2	0.05	0.01	0.02	0.24	0.25	5.91	6.48
Total	90.9	9.08	13.83	19.70	93.41	153.52	898.71	1,188.26

As at 30 June 2023								
Date / Gender / Age	Customers with child support debt (thousands)	Debt value by age (\$millions)						Total Debt Value (\$m)
		a. 0-6 months	b. 6-12 months	c. 1-2 years	d. 2-5 years	e. 5-10 years	f. over 10 years	
Female								
Children (0-14)								
Youth (15-24)	0.3	0.03	0.03	0.03	0.05	0.06		0.19
Adults (25-64)	11.9	1.03	1.02	1.82	6.34	11.00	46.01	67.23
Seniors (65 and over)	0.1	0.00			0.01	0.11	3.33	3.44
Male								
Children (0-14)								
Youth (15-24)	1.7	0.24	0.32	0.40	0.81	0.32	0.14	2.22
Adults (25-64)	69.4	8.68	9.62	19.19	70.12	136.08	703.55	947.24
Seniors (65 and over)	1.8	0.02	0.07	0.37	0.80	3.50	66.54	71.32
Unknown/Other								
All	0.2	0.25	0.14	0.07	0.15	0.31	5.91	6.84
Total	85.4	10.25	11.21	21.89	78.28	151.39	825.47	1,098.48

As at 30 June 2021								
Date / Gender / Age	Customers with tax debt (thousands)	Debt value by age (\$millions)						Total Debt Value (\$)
		a. 0-6 months	b. 6-12 months	c. 1-2 years	d. 2-5 years	e. 5-10 years	f. over 10 years	
Female								
Children (0-14)	0.7	0.04	0.00	0.01	0.01	0.00	0.00	0.07
Youth (15-24)	2.5	0.86	0.01	0.32	0.15	0.00	0.00	1.34
Adults (25-64)	113.3	114.34	11.75	78.26	115.28	80.26	35.07	434.96
Seniors (65 and over)	17.1	10.03	0.99	11.75	11.47	9.04	19.76	63.06
Male								
Children (0-14)	0.7	0.04		0.02	0.01			0.07
Youth (15-24)	3.1	0.74	0.05	0.26	0.25	0.00	0.00	1.31
Adults (25-64)	143.7	174.53	30.53	142.33	241.13	159.25	93.98	841.75
Seniors (65 and over)	26.0	24.23	6.63	20.62	45.46	37.03	102.75	236.72
Unknown/Other								
All	0.8	1.05	0.10	0.75	1.19	1.45	0.61	5.16
Total	307.9	325.86	50.07	254.34	414.95	287.05	252.17	1,584.43

As at 30 June 2022								
Date / Gender / Age	Customers with tax debt (thousands)	Debt value by age (\$millions)						Total Debt Value (\$)
		a. 0-6 months	b. 6-12 months	c. 1-2 years	d. 2-5 years	e. 5-10 years	f. over 10 years	
Female								
Children (0-14)	0.9	0.12	0.01	0.04	0.02	0.00	0.00	0.19
Youth (15-24)	4.3	2.01	0.08	0.58	0.34	0.01	0.00	3.02
Adults (25-64)	135.0	147.54	14.22	83.20	142.28	96.73	41.30	525.27
Seniors (65 and over)	19.3	10.50	0.95	6.18	18.06	8.90	22.27	66.87
Male								
Children (0-14)	1.0	0.07	0.00	0.03	0.03	0.00	0.00	0.13
Youth (15-24)	5.0	1.78	0.16	0.40	0.41	0.03	0.00	2.79
Adults (25-64)	165.7	212.62	28.97	150.41	274.14	200.23	104.24	970.63
Seniors (65 and over)	27.8	25.17	4.48	20.95	44.13	38.05	91.32	224.09
Unknown/Other								
All	1.1	1.94	0.13	2.18	0.79	2.59	0.64	8.27
Total	360.1	401.75	49.00	263.96	480.20	346.55	259.78	1,801.26

As at 30 June 2023								
Date / Gender / Age	Customers with tax debt (thousands)	Debt value by age (\$millions)						Total Debt Value (\$m)
		a. 0-6 months	b. 6-12 months	c. 1-2 years	d. 2-5 years	e. 5-10 years	f. over 10 years	
Female								
Children (0-14)	1.3	0.07	0.00	0.07	0.06	0.00	0.00	0.21
Youth (15-24)	5.8	3.78	0.09	1.23	0.93	0.03	0.00	6.06
Adults (25-64)	143.6	184.12	14.46	108.30	151.69	97.39	44.23	600.20
Seniors (65 and over)	19.3	11.02	2.89	6.96	14.62	11.25	22.76	69.50
Male								
Children (0-14)	1.4	0.08	0.00	0.05	0.05	0.00	0.00	0.18
Youth (15-24)	6.5	3.35	0.31	1.32	0.57	0.16	0.00	5.71
Adults (25-64)	177.4	269.10	32.35	188.95	300.62	259.59	117.72	1,168.33
Seniors (65 and over)	28.1	29.02	3.79	20.64	45.11	41.41	92.08	232.05
Unknown/Other								
All	1.3	2.11	0.27	1.36	2.43	2.73	0.70	9.61
Total	384.6	502.65	54.17	328.89	516.09	412.57	277.49	2,091.84

Payments towards debt	Customers with a deduction notice in place		Voluntary Payments	
Year Ending 30 June	Average value of payment/deduction per payment (\$)	Average value of payment/deduction per person per year \$	Average value of payment (\$)	Average value of voluntary payments per person per year (\$)
2021	*	768	179	1,073
2022	50	826	226	1,299
2023	36	750	225	1,253

**The information requested for the 2021 financial year is held within our previous system, to which we have limited access.*