



8 October 2024

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 3 September 2024. Your full request is outlined in **Appendix A**.

On 10 September 2024 we wrote to you seeking clarification of your request. You clarified that you preferred us to interpret these questions based on the corresponding parts of the document *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*¹.

Item c: You confirmed you were requesting information on how Inland Revenue (IR) assesses whether a client is in financial hardship when considering writing off a student loan and requested that Small Business Cashflow (Loan) Scheme loans be included if they are considered held by an individual.

Item f: You clarified your request to refer to any process related to investigating whether an overpayment debt arose from a deliberate claim of money when an individual knew they were not entitled to it.

Response to part one of your request

The debt to government work programme was established by the previous government and was jointly led by the Ministers of Revenue, Child Poverty Reduction, Social Development and Employment, and Justice. The key deliverable resulting from this work programme was the document "A framework for debt to government: Guidelines for agencies managing personal debt owed to government", published in September 2023 for all government agencies to use to guide debt policy and practice.

An evaluation of the framework is expected to be reported back to Cabinet in mid-2026. The framework is currently able to be used by all government agencies to inform their debt policy development and practice. Inland Revenue have used the framework to guide recent policy discussions on debt, but these policies have not yet been considered by Cabinet.

In practice, Inland Revenue's debt relief measures are guided by its standard practice statements. These statements guide the way in which Inland Revenue approaches a range of debt relief provisions available to the Commissioner on a case-by-case basis.

¹ [IR website - A framework for debt to government](#)

Standard Practice Statement 18/04² sets out how the Commissioner of Inland Revenue considers the options for removing or deferring the obligation to pay tax, interest, and/or penalties under the Tax Administration Act 1994 (the Act). This standard practice statement excludes child support or student loan obligations.

- **Paragraph 7** states that where amounts were incorrectly charged (e.g., due to an error by Inland Revenue), they will be reversed rather than written off. Further information on cases where the error was a result of an incorrect publication by IR is outlined in paragraph 80.
- **Paragraph 20** sets out the 2-step process the Commissioner must follow prior to making a decision granting financial relief. This process includes considering how the debt arose (e.g., genuine oversight vs. abusive tax position or evasion).
- **Paragraphs 29-37** set out the process to be followed for financial relief. While there is no time limit for an instalment arrangement, Inland Revenue's practice is to make an arrangement for as short as possible. This process has not changed since August 2023.

Additionally, section 176 of the Act allows the Commissioner to not recover outstanding amounts if it would place a person in serious hardship.

Standard Practice Statement 20/05³ sets out relief options relating to student loans. While temporary relief or reduced payments may be granted, the Student Loan Scheme Act does not allow IR to write-off a student loan balance, other than late payment interest. Exceptions are outlined in Standard Practice Statement 20/05.

Customers who do not meet their tax obligations by the due date enter an automated billing cycle. Reminders are sent to encourage payment of debt or to request engagement with IR to resolve their debt. Following this automated billing cycle, monthly statement of account letters continue to be issued for the outstanding debt.

If an individual does not contact IR, proactive debt collection begins. This consists of a range of interventions including outbound calling, letters, SMS messages, deductions on wages or bank accounts or a combination of these interventions. As a last resort, the commencement of legal action (e.g., bankruptcy or liquidation) may also be initiated.

Response to part two of your request

Inland Revenue's frontline staff have extensive experience dealing with situations that involve vulnerable customers. Staff are expected to approach each situation with empathy and understand that they are interacting with people who may be experiencing complex and difficult situations, including family violence. If a customer shares with Inland Revenue that they are suffering from any kind of abuse, it is noted in the system so that staff can be aware of this for future interactions and to avoid repeated disclosure. While Inland Revenue does not have training specifically for family violence, contact centre staff receive training on how to support and guide vulnerable customers, including:

- Unconscious bias training

² [IR website - Standard Practice Statement 18/04](#)

³ [IR website - Standard Practice Statement 20/05](#)

- Demonstrating empathy
- Tailoring customer interactions
- Effective communication strategies

Additionally, under section 88(5) of the Child Support Act 1991, the Commissioner may omit a parent or carer's name from a notice of assessment, or any related correspondence with another party, if the Commissioner is satisfied that revealing the name would pose a risk to the safety of any parent, carer, or child. Each case is considered individually.

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, 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 for your request.

Yours sincerely



Raelene Stewart
Customer Segment Leader (Acting), Micro Business

Appendix A

Please supply the following information:

- a) *What progress has been made since August 2023 to improve internal policies and processes in line with the debt to government framework at Inland Revenue (IR)?*
- b) *What are the current processes for writing-off a debt owed to IR in the case of the debtor being in financial hardship?*
- c) *How does IR assess whether a client is in financial hardship when considering writing off a loan?*
- d) *What are the processes for writing off a debt owed to IR in the case of an error caused wholly or in part by IR staff?*
- e) *How does IR practice the principles of the debt to government framework, of minimising hardship, fairness, consistency with Treaty obligations, accounting for behavioral responses, public value and transparency, when creating and collecting debts owed to IR?*
- f) *What process does IR use for distinguishing between an overpayment debt that is created due to intentional non-compliance versus an error on either the client's or IR's behalf?*
- g) *What process do IR staff use to determine the rate and method for debt recovery and has this process changed since August 2023?*

The below questions relate to the purpose-centred approach section of the debt to government framework:

- a) *Has IR introduced, or does it plan to develop, training for staff to recognise and respond to client cases of family violence?*
- b) *Have there or are there plans to introduce processes to limit clients having to repeatedly disclose their circumstances and experience of family violence?*