



12 September 2024

[Redacted]
[Redacted]
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Dear [Redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 15 August 2024. Your full request is detailed in **Appendix A**, enclosed.

On 3 September 2024, you clarified your request for 'Tax paid by Industry and Significant Enterprises' and asked for this information to be broken down by industry codes and for the data in scope of this part of your request on large companies who have non-resident ownership to be presented only in aggregate form. As data on large companies who have non-resident ownership is not held by Inland Revenue in aggregate form, and as per your instructions, this part of your request (item 2c of 'Tax paid by Industry and Significant Enterprises') is considered to have been withdrawn.

You also clarified the timeframe for the 'Extent of the use of new discretion for tax pooling' part of your request to be for the periods from enactment to 30 June 2023 and 1 July 2023 to 30 June 2024. As 'the value of the tax they have applied for' in items 1 and 2 of this part of your request cannot be provided without substantial collation, you agreed for this information to be provided in the same manner as it was provided in your previous request [24OIA1133 refers]. You also asked Inland Revenue to include a list of tax types where applications have been approved/declined.

Information being released

Information provided for the 2023/24 tax year are lower as not all returns have for this period have been filed/completed.

Provisional and terminal tax paid by provisional tax method

I have interpreted this part of your request to be for the number of taxpayers who used a provisional tax method for 2023 and 2024 (these customers would have had RIT >\$5,000 for the 2022 and 2023 tax year respectively) and have RIT for 2023 and 2024 (once the return is filed) greater than \$5,000.

The information requested for the 2022/23 and 2023/24 tax years is detailed in tables 1 and 2 respectively on the following page.

Table 1: Provisional tax method information – 2022/23 (year ending 31 March 2023)

Provisional tax method	Number of taxpayers	RIT value (\$)
Accounting income method	1,338	\$71,848,614
Estimation option	21,918	\$1,409,572,834
Ratio option	1,069	\$55,488,014
Standard option	271,825	\$20,736,726,318
Total	296,150	\$22,273,635,781

Table 2: Provisional tax method information – 2023/24 (year ending 31 March 2024)

Provisional tax method	Number of taxpayers	RIT value (\$)
Accounting income method	680	\$33,134,498
Estimation option	15,272	\$510,811,298
Ratio option	398	\$19,672,774
Standard option	108,315	\$4,715,500,710
Total	124,665	\$5,279,119,281

Payment behaviour by safe harbour taxpayers vs non-safe harbour taxpayers

Table 3 below details the number of payments, the paid amount, penalties and interest for the 2020/21, 2021/22 and 2022/23 tax years for safe harbour taxpayers. Table 4 on the following page details this information for non-safe harbour taxpayers. The paid amount includes credit transfers and tax pooling payments. Interest includes debit and credit interest.

Table 3: Safe harbour taxpayers

Paid on time	Payments	Paid amount	Penalties	Interest
2020/21				
Payments not on time	64,989	-\$334,272,187	\$8,092,757	\$21,160,373
On time payments	224,993	-\$1,550,836,707	\$69,940	\$12,072
Total	289,982	-\$1,885,108,895	\$8,162,697	\$21,172,445
2021/22				
Payments not on time	94,714	-\$488,749,261	\$12,553,455	\$28,438,904
On time payments	317,825	-\$2,226,092,729	\$89,644	\$5,765
Total	412,539	-\$2,714,841,990	\$12,643,099	\$28,444,669
2022/23				
Payments not on time	119,674	-\$581,758,371	\$20,006,040	\$8,874,125
On time payments	411,359	-\$2,885,842,027	\$392,408	\$35,627
Total	531,033	-\$3,467,600,398	\$20,398,448	\$8,909,752

Table 4: Non-safe harbour taxpayers

Paid on time	Payments	Paid amount	Penalties	Interest
2020/21				
Payments not on time	11,667	-\$606,168,871	\$3,684,107	\$6,243,002
On time payments	64,364	-\$8,358,266,792	\$101,786	\$286,483
Total	76,031	-\$8,964,435,662	\$3,785,893	\$6,529,486
2021/22				
Payments not on time	16,629	-\$691,762,993	\$5,883,698	\$11,681,115
On time payments	85,516	-\$10,458,471,479	\$69,406	\$290,458
Total	102,145	-\$11,150,234,472	\$5,953,104	\$11,971,573
2022/23				
Payments not on time	22,288	-\$2,159,433,501	\$10,131,870	\$17,295,562
On time payments	104,148	-\$10,885,879,818	\$318,037	\$432,677
Total	126,436	-\$13,045,313,319	\$10,449,908	\$17,728,239

Tax paid by Industry and Significant Enterprises

Penalty and interest information for Significant Enterprises is considered sensitive revenue information under section 18 of the Tax Administration Act 1994 (TAA) because it is reasonably capable of being used to identify entities. Consequently, your request for this information 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 Inland Revenue's confidentiality obligation in section 18 of the TAA. Disclosure of this information does not fall within any of the exceptions to the confidentiality obligation listed in sections 18D to 18J of the TAA.

The remaining information requested in this part of your request is attached as **Appendix B**. Total payments include transfers from other income tax periods, transfers from tax pooling account, standard payments, and provisional tax payments. Interest includes debit and credit interest.

Extent of the use of new discretion for tax pooling

As the breakdown of "other" tax types' is considered sensitive revenue information under section 18 of the Tax Administration Act 1994 (TAA) because it is reasonably capable of being used to identify a person. Consequently, your request for this information 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 Inland Revenue's confidentiality obligation in section 18 of the Tax TAA. Disclosure of this information does not fall within any of the exceptions to the confidentiality obligation listed in sections 18D to 18J of the TAA.

Tables 5 and 6 detail the number of applications made for the Commissioner of Inland Revenue to exercise discretion under section RP 17B(12)-(13) of the Income Tax Act 2007. The "other" approved tax types include DWT, EMP, FBT GST, IPS, IPS, NRT, NRWT and RWT.

Table 5: Section RP 17B(12)-(13) applications approved/declined during from enactment (September 2011) to 30 June 2023

Tax type	Approved	Declined	Total
Income Tax	267	347	614
Other	99	94	193
Total	366	441	807

Table 6: Section RP 17B(12)-(13) applications approved/declined during from 1 July 2023 to 30 June 2024

Tax type	Approved	Declined	Total
Income Tax	30	17	47
Other	39	11	50
Total	69	28	97

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



Teresa Dillon

Domain Lead, Performance and Reporting

Appendix A: Your OIA request

With the 2022/23 income tax year now closed for tax pooling, we’re keen to obtain the latest information about provisional taxpayers to keep our presentations and material up to date.¹

Provisional and terminal tax paid by provisional tax method

We are interested in trends in the number of provisional taxpayers, the provisional tax method they are using, and the value of tax they pay (both provisional and terminal).

For the 2022/23 tax year please provide

1. The **number** of taxpayers who used:
 - The accounting income method
 - The standard option
 - The estimation option
 - The ratio option.
2. The total value of residual income tax (RIT) for taxpayers using each method listed above.

For the 2023/24 tax year:

1. The number of taxpayers using each method:
 - The accounting income method
 - The standard option
 - The estimation option
 - The ratio option.
2. The value of the provisional tax obligations of taxpayers using each method listed above.

Payment behaviour by safe harbour taxpayers vs non-safe harbour taxpayers

We are interested in the impact of changes in interest rules on the payment behaviour of safe harbour taxpayers (provisional taxpayers with RIT<\$60k), compared to non-safe harbour taxpayers. To help us understand this, we are requesting data for three income tax periods. For each of the 2020/21, 2021/22 and 2022/23 tax years, please provide the data points representing by [x] in the table below:

	Safe harbour taxpayers		Non-safe harbour taxpayers	
	# Taxpayers	\$	# Taxpayers	\$
Value of Residual income tax	[x]	[x]	[x]	[x]
Late payment penalties	[x]	[x]	[x]	[x]
Dr UOMI interest	[x]	[x]	[x]	[x]
Cr UOMI interest	[x]	[x]	[x]	[x]
	# Payments	\$	# Payments	\$

¹ Please note when we refer to value in this request, we’re interested in the total amount of tax payable (provisional tax + terminal tax) – excluding any taxpayers who were in a loss or were not above the provisional tax threshold. We think this is usually best represented by total Residual Income Tax (RIT).

	Safe harbour taxpayers		Non-safe harbour taxpayers	
On time payments	[x]	[x]	[x]	[x]
Payment not on time	[x]	[x]	[x]	[x]

Tax paid by Industry and Significant Enterprises

We are interested what industries provisional taxpayers operate in and their relative tax contributions. Given there have been substantial economic and global events over the last 6 years, we're interested in data over 6 income tax periods.

1. For the 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23 periods, can you please provide the following information by Industry, using the ANZSIC divisions:
 - Number of taxpayers
 - Total RIT paid
 - Late payment penalties
 - Dr use of money interest
 - Cr use of money interest
2. The same data above, for the same periods split by each category of "Significant Enterprises" and other taxpayers:
 - a. Companies or groups of companies with annual turnover of more than \$100 million
 - b. Companies whose industry is governed by specialised taxation legislation
 - c. Large companies who have non-resident ownership.

Extent of the use of new discretion for tax pooling

Last year we requested information on the Commissioner's then new tax pooling discretion under the Income Tax Act 2007, s.RP17B (12)-(13). Another year on, we're interested in the number and nature of applications for discretion, and whether there are any significant trends in the types of tax being applied for, and any common grounds for discretion not being granted.

Please provide the following data split over the two periods from enactment to 30 June 2023 and from 1 July 2024 to 30 June 2024:

1. Can you please advise in aggregate and by tax type:
 - The number of taxpayers who have applied
 - The value of the tax they have applied for
 - In the number of taxpayers who have been approved
 - In the number of taxpayers who have been declined.
1. Where applications have been declined, please advise the main reasons for applications being denied, for example:
 - The voluntary disclosure was not made "within reasonable time"
 - Commissioner is not satisfied the taxpayer met the criteria under subsection 13 (e.g. failure to take reasonable steps to comply).

If data that could be provided directly in an excel readable or otherwise structured format would be appreciated.