



Highlights from Inland Revenue's Business Plan

The Way Forward

2001 onwards



Inland Revenue
Te Tari Taake



“Inland Revenue provides service to all New Zealanders – we collect the bulk of the revenue Government needs to fund its programmes and with such an important role, we need to constantly strive for excellence, and to be truly effective and efficient in all that we do.

“As the environment

changes, we need new ways of thinking about our business, a new focus. We need to:

- manage relationships, not just undertake transactions
- streamline complex processes
- tailor our interactions for different taxpayer groups – and for other clients
- enhance our use of technology – for those who wish to do more transactions on-line

“I am confident that these are the right areas for Inland Revenue to focus on, and our new business plan will keep us on track to maintain this focus. When you read these highlights, I trust you will feel as positive as I do about the direction it lays out.

“The changes I see us making over the next five years are not structural ones. They are about making it easier for taxpayers to meet their obligations. We will continue to provide the opportunity for staff to learn new skills, and to enhance the tools they use in their daily work.

“Realising our aspirations for the future depends upon Inland Revenue’s capable, dedicated staff striving to achieve their best. I look forward to working with staff and key stakeholders to meet the challenges ahead. I expect us to make real progress during the next few years.”

David Butler

Commissioner of Inland Revenue

DESIRED FUTURE

- Taxpayers and other customers meet obligations of their own accord – and Inland Revenue makes this easy
- Increasingly, the community regards paying tax as contributing to society
- Inland Revenue is visible in the community, getting alongside taxpayers
- The community regards Inland Revenue as professional, approachable, effective and efficient

STRATEGIC DIRECTION

Our strategic direction has four strands:

- 1** Streamline and simplify tax processes
- 2** Create an environment which promotes compliance
- 3** Enhance our people capability
- 4** Enhance the administration of non-tax business

Inland Revenue's strategic direction is reflected in our:

- Business Plan
- HR Strategy
- Strategic IT Plan

Underpinning the strategic direction are:

- Inland Revenue's mission
- the taxpayer charter
- the principles guiding Inland Revenue's tax administration

Inland Revenue's mission

"To provide quality tax and social policy services to the Government for all New Zealanders. We aim to maximise compliance with New Zealand's tax and social policy legislation through education, quality service and appropriate enforcement."

Taxpayer charter

- We will be prompt, courteous and professional – we acknowledge individual, cultural and special needs and look for solutions to them
- We will provide reliable and correct advice and information about entitlements and obligations
- We respect taxpayer privacy and treat all information about taxpayers as private and confidential
- We will apply the law consistently so everyone gets their entitlements and pays the right amount – we will take particular circumstances into account as far as the law allows
- Taxpayers have the right to question information, advice and services we provide
- We work in ways consistent with the spirit of the Treaty of Waitangi

Guiding principles

- Inland Revenue administers tax, social policy and loan regimes on behalf of all New Zealanders, for the good of all New Zealanders
- Inland Revenue administers tax and social policy regimes within the laws made by Parliament
- Inland Revenue will work with New Zealanders to make it simpler and easier to meet obligations of their own accord – aimed at reducing costs both for the community (compliance costs) and Inland Revenue (administration costs)
- New Zealanders are a diverse group, with varying tax service needs that require a range of responses

1

Streamline and simplify tax processes

The New Zealand tax system is based on a regime of voluntary compliance. If we expect taxpayers to pay the right amount of tax on their own accord, we must make it as easy as possible for them – this involves making sure that our business processes and procedures are designed for complying taxpayers. Using a current example, we know that much of the information we collect on returns is collected for verification purposes, rather than determining the amount of tax owed – yet the majority of taxpayers do, in fact, pay the right amount of tax.

To ensure we are making it easy for taxpayers to meet (and hard to avoid) their obligations we will revisit our current tax assessment, and other key business processes. We will also continue to have appropriate interventions for the small number of taxpayers who choose not to comply.

This theme of simplification is not new – we have already simplified tax for salary and wage earners, and will look to extend that to others, specifically small businesses and tax agents.

2

Create an environment which promotes compliance

If we are to encourage taxpayers to pay the right amount of tax on their own accord, Inland Revenue has a responsibility to:

- inform taxpayers of their rights and obligations
- provide help to enable taxpayers to calculate their tax, and meet their obligations
- ensure taxpayers are aware of what to do if they have difficulty meeting their obligations
- have procedures in place for those who choose not to comply – and ensure taxpayers are aware of these
- provide frank and appropriate advice to Government on the most effective tax policy for the benefit of the whole society

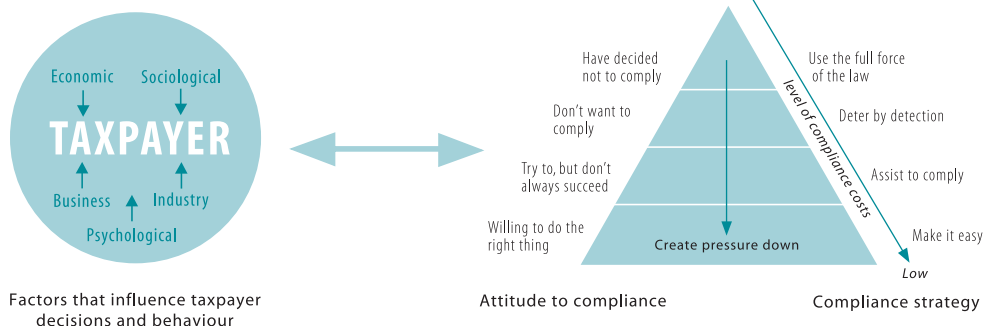
We must tailor our work to suit taxpayers' varied circumstances. The model below provides a

framework for thinking about how Inland Revenue can most appropriately interact with taxpayers.

A number of factors – business, industry, sociological, economic and psychological – interact and influence whether a person chooses to pay the right amount of tax. By understanding these factors, and the range of taxpayer attitudes towards compliance (see the left side of the triangle below), Inland Revenue can select the most appropriate response (see the right side of the triangle). In the future, Inland Revenue will, as much as possible, tailor our approach for different taxpayers – rather than apply a 'one size fits all' approach to revenue collection. This model reminds us that we have the ability to influence taxpayers' compliance behaviour, through the way we respond.

At the same time, we will build a public profile in the community, for example, we will establish relationships with associations, clubs and other organisations, to help them understand the tax regime, and encourage them to support our work.

Taxpayer compliance model



Inland Revenue:

- collects approximately 80% of government's revenue (\$27.7 billion in tax revenue in the year ended 30 Jun 1999/00)
- administers the collection of the Student Loan Scheme
- collects residual claims and earner account policy responsibilities make up 25% of Inland Revenue's business)
- deals with over 5.1 million taxpaying payments, 7.2 million returns, and 4.7 million taxpayer contacts in 1999/00)
- works with over 4,000 tax agents

The outcomes we seek:

The table below shows how the strategic areas and the initiatives within them contribute to the outcomes Inland Revenue seeks.

Outcomes we seek	Strategic areas	Key initiatives to achieve outcomes
<ul style="list-style-type: none"> • Make revenue collection more effective and efficient • Minimise compliance costs 	<p>1</p> <p>Streamline and simplify tax processes</p>	<ul style="list-style-type: none"> • Make key internal processes simpler and timely for taxpayers • Simplify tax assessment processes and the collection of information from return processing • Ongoing simplification for small businesses, including the proposals in the Government's discussion document <i>More Time for Business</i> • Review the disputes process
<ul style="list-style-type: none"> • Improve voluntary compliance • Community confidence in the tax administration • Minimise compliance costs • Make revenue collection more effective and efficient • Long-term sustainability of the tax system 	<p>2</p> <p>Create an environment which promotes compliance</p>	<ul style="list-style-type: none"> • Ensure our services are accessible to taxpayers • Understand and influence taxpayer behaviour and attitudes • Enhance assistance for small businesses • Tailor services for tax agents • Develop an understanding and statement of our responsibilities under the Treaty of Waitangi • Enhance assistance to Māori – extend Māori Community Officer work to all Māori taxpayers • Establish ongoing relationships with external groups, for example, industry, community, financial institutions, and other government agencies • Expand the scope of debt and returns compliance activities – match actions to severity of non-compliance • Strengthen compliance activities to allow streamlined processes
<ul style="list-style-type: none"> • The people capability outcomes developed to support the business outcomes above, are presented in the Enhance our People Capability section (refer inside) 	<p>3</p> <p>Enhance our people capability</p>	<ul style="list-style-type: none"> • The specific initiatives that will support these HR outcomes will be detailed in Inland Revenue's HR Strategy
<ul style="list-style-type: none"> • All those eligible for Family Assistance receive their correct entitlement • Efficient, effective collection and redistribution of Child Support payments • Efficient, effective management of Student Loan debt, repayments and loan balance • Community confidence in our administration of non-tax business 	<p>4</p> <p>Enhance administration of Inland Revenue's non-tax business – Family Assistance, Child Support and Student Loans</p>	<ul style="list-style-type: none"> • Improve take-up of Family Assistance entitlement • Review Family Assistance administration across departments • Review and enhance Child Support services • Review the administration as the Student Loan business grows in size • Make information about Student Loan obligations, repayments, etc, available to borrowers

More information and the opportunity to give feedback about *The Way Forward, 2001 onwards* can be found on

www.ird.govt.nz