

Inland Revenue

## **Privacy Impact Assessment**

*High Wealth Individuals Research Project*

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## About this Document

The purpose of this document is to fully consider all privacy risks this proposal raises and how they will be mitigated.

### Document version

Version	Date	Section	Description	By
1	7 December 2021	All	Privacy Assessment	David Carrigan

### Document contributors

*The following Inland Revenue business groups have been consulted on the project.*

Name	Role	Business Area
s9(2)(a)	Solicitor	Technical Standards, Legal Services
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### Document Sign off

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## 1 Introduction

### 1.1 Project summary

Inland Revenue has regulatory stewardship responsibilities in respect of the tax and payment system. This includes understanding whether the tax system is effective and efficient in delivering on the policy intent - including meeting the Government's distributional objectives; is operating as intended; and remains fit for purpose.

Inland Revenue currently lacks important information to be able to evaluate the equity and efficiency of the tax system in an evidence-based way. A key gap in the information base is information on full economic income (which seeks to measure the increase in an individual's ability to consume goods and services over a period). This information gap is especially apparent for high wealth individuals (HWIs), who as a small cohort are not well sampled in current surveys that capture information on wealth, such as the Household Economic Survey (HES).

Given this, Inland Revenue received funding in 2021 to undertake research aimed at better understanding the level of progressivity observed in New Zealand, by seeking to understand the amount of tax HWIs pay relative to economic measures of income. To do this, Inland Revenue has identified a HWI population group and is seeking to estimate various concepts of economic income and effective tax rates for this group for the period 2016-2021. For comparability purposes, the information and methods used within the Project will closely relate to those used by Stats NZ, where appropriate.

In terms of data sources, Inland Revenue is first utilising reasonably available internal data (administrative data) and external data sources (e.g. public databases) on the HWIs. However, there are gaps in this data and therefore Inland Revenue will need to collect information from the individuals.

Initially, the HWI lead will be asked to provide details of their partner and dependent children (as defined). This is required because the Project will calculate measures of income for the family unit. Inland Revenue will then collect information on the entities and business undertakings the HWI lead and their partner, respectively, have an interest in. Then, the HWI lead and their partner will respectively be asked to provide a range of financial information that will be used to calculate measures of economic income. The HWI lead will also be asked to provide equivalent information for any dependent children (subject to a threshold).

All three of these requests will be made under section 17GB of the Tax Administration Act 1994 (TAA). Information collected under section 17GB cannot be used by the Commissioner of Inland Revenue in proceedings against that person (section 17GB(2)). Consistent with this, Inland Revenue has put in place a number of operational procedures to ensure that the information collected for this Project is only used for the purpose of the Project. These are detailed in this PIA.

The information will be used to produce a public report on the effective tax rates (ETR) paid out of economic income for these households, to be published in mid-2023. This report will enrich the evidence base available on the progressivity of the tax system and will contribute to improved policy advice in the future. The report will not provide personally identifiable information on any individual.

## **1.2 Governance**

A Governance Group was formed in March 2021 to oversee the Project. Membership is made up of tier 2 and tier 3 officials from across the department. The group includes a nominated member from the Treasury's Tax Strategy team, and a Stats NZ official attends as an observer, to ensure cross government co-ordination.

Membership on the Governance Group does not grant access to collected information.

As at the date this PIA is issued, membership of the Governance Group is:

- David Carrigan, Deputy Commissioner, Policy and Regulatory Stewardship (PaRS) – Chair
- Tony Morris, Significant Enterprises
- Tina Maclean, Intelligence Leader
- Chris Cullinan, Intelligence Leader
- Geoffrey Frost, Business Transformation
- Ron Grindle, Business Transformation
- Nominated member from the Treasury Tax Strategy team
- Phil Whittington, Chief Economist, PaRS
- Karen Whitiskie, Legal Services.

This Project is led by a project team within the PaRS business unit. Services are provided to this team from other parts of Inland Revenue.

## **1.3 Scope of the PIA**

This PIA covers the life cycle of information collected for the Project. This includes the collection, storage, use, flow, access, disclosure and disposal of the information.<sup>1</sup>

An assumption is that Qualtrics will be the main collection instrument. The security features of Qualtrics are discussed in this PIA (see IPP 5).

The matters set out in the PIA are current as at the date of issue.

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<sup>1</sup> The GDPR is not relevant as we are not requesting information from individuals who are resident in the EU.

## 1.4 Glossary of terms

Term	Meaning
Approved Persons List or APL	Means individuals that are authorised to view collected information, as authorised by the Chief Economist
DIP	Means the Data Intelligence Platform, a data analytics platform
Family unit or household	The high wealth individual (or "lead"), the lead's partner and any dependent children (as defined)
HWI	Means a high wealth individual within the population
Individuals	Means HWIs within the population and any partners identified by the HWIs
POW	Policy Only Workspace
Qualtrics	A cloud-based online survey software solution where people can build surveys
RDT	Means individuals on the Rawa Data Team approved persons list
TAA	Tax Administration Act 1994
The Project	Means the High Wealth Individuals Research Project
The report	The report on effective tax rates to be published in 2023

## 2 Personal information

### 2.1 Information to be used in the Project

Personal information will be used and collected in this Project. This will include names, contact details, IRD numbers, connections to entities, financial details and family relationships.

The Project will use personal information:

- already held by Inland Revenue,
- sourced from public registers, such as the Companies Register; and
- new information collected directly from individuals.

Personal information will be collected at three main points of time:

#### 1. Collection 1 – Family details

November 2021: HWIs will be asked for information on their family details, such as the name, date of birth, contact details and IRD numbers (if known) of their partner and the number of dependent children (as defined). They will be asked to provide the names, date of birth and IRD number (if known) of dependent children that hold significant assets or earn significant income.

#### 2. Collection 2 – Entity links

Approximately February 2022: HWIs and, separately, their partners will respectively be asked to supply information in relation to entities and business undertakings in which they have a non-portfolio interest. HWIs will also be asked to provide information on entities that their dependent children (identified in Collection 1) have a significant interest in. An interest will include where, for example, the individual is a settlor, trustee, named beneficiary and/or appointer of a trust, and where the individual is a shareholder of a company.

#### 3. Collection 3 – Financial information

Approximately June 2022: HWIs and, separately, their partners will respectively be asked to provide a range of financial information on themselves and on entities they have an interest in. In some instances, information may be requested directly from entities. This information will include entity balance sheet and income statement information, information on investments, and holdings of significant personal assets (e.g. real property). *De minimis* thresholds will apply where appropriate.

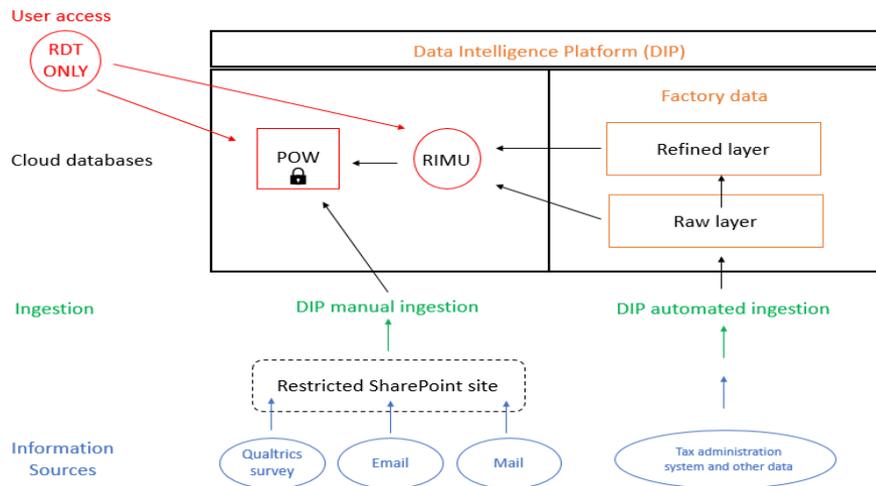
While the lead and partner will receive separate requests, they may choose to provide consolidated information.

The personal information described above is required to calculate the income measures and effective tax rates required for the purpose of the Project. These measures are calculated on a family unit basis. Only personal information that is required to fulfil the purpose of the Project will be used.

*‘Personal information’ is any information that is capable of identifying a living human being. It doesn’t have to be sensitive or negative information just so long as someone could be identified by it.*

*However, the level of sensitivity, and impact on individuals, will influence the privacy risks in managing the information.*

## 2.2 Information flows



Qualtrics will be the main collection platform. In Collection 1 HWIs were asked to complete an online form via Qualtrics, however, they could also respond by email and by mail. Collections 2 and 3 will use Qualtrics to deliver spreadsheets for individuals to download and complete, to be uploaded via Qualtrics, or provide an on-line form. If an individual does not upload the information via the secure Qualtrics platform they will need to use secure email.

Collected information will ultimately be stored in the Policy Only Workspace (POW) within the Data Intelligence Platform (DIP). The DIP has undergone a Certification and Accreditation (C&A) process conducted by Inland Revenue's Chief Information Security Officer. POW can only be accessed by the Rawa Data Team (RDT).

Following receipt from collection, information will be transferred to the POW and deleted from Qualtrics and emails, and hard copies destroyed. Information may be temporarily stored in a restricted SharePoint site as part of the process of transferring the information into the POW. Some limited information (for example, names, IRD numbers and contact details) will remain in a restricted SharePoint site for the purposes of contacting individuals, sourcing internal data and to record compliance with the section 17GB notices.

Information sourced from tax returns and public registers will be transferred into the DIP RIMU lab and accessed by the RDT from there. These labs (POW and RIMU), where they are restricted to the RDT, are called the secure data lab.

Analysis will take place in the secure data lab. Only non-identifiable information will be shared outside of the secure data lab (an exception is information used to assess compliance with and enforce a section 17GB notice). Only aggregate or synthetic data that does not identify individuals will be released publicly (see IPP10). Collected information will be destroyed on completion of the report (synthetic data may be retained).

A data plan setting out the flow of data will be created and approved at Deputy Commissioner level.

### 3 Privacy assessment

#### 3.1 Privacy principles and response

Under section 24(2) of the Privacy Act 2020, an action taken by an agency does not breach IPP 1-5, 7, 10 and 13 if the action is authorised or required by law. An overarching consideration for this assessment is that personal information to be collected from individuals will be required by law pursuant to section 17GB of the TAA.

Similarly, section 24(1) of the Privacy Act 2020 says that nothing in IPP 6, 11 or 12 limits or affects legislative provisions that detail how personal information may be obtained or made available. Any potential disclosure of personal information will be governed by the provisions of relevant legislation, for example, the TAA.

Despite this, Inland Revenue has undertaken the exercise of considering the privacy principles in this Privacy Impact Assessment. The following tables list the department's response to each of the Information Privacy Principles<sup>2</sup> (IPP) for this Project.

#### Description of the privacy principles

##### **IPP 1 Purpose of collection**

*Only collect personal information if you really need it:*

- *collection must be for a lawful purpose connected with a function or activity of IR; and*
- *collection must be necessary for that purpose.*

#### Summary of how IR will comply

Inland Revenue has a lawful purpose to collect the personal information (name, contact details, family relationships, financial information). It is collecting the information for its High Wealth Individuals Research Project. This Project received specific funding in the 2021 Budget and is consistent with Inland Revenue's stewardship obligations under the Public Service Act 2020.

The information will be collected under section 17GB of the TAA which authorises the Commissioner to require any information that she considers relevant for a purpose relating to the development of policy for the improvement or reform of the tax system.

The information needs to be collected to improve Inland Revenue's ability to assess the equity of the income tax system. Improving the evidence base in this regard will improve future tax policy advice. There is an identified gap in our current statistical information base on economic income and effective tax rates, that is particularly acute for those with significant wealth. Information to be collected from individuals is limited to information that cannot otherwise be reasonably obtained by Inland Revenue and is considered necessary to achieve the research needs for the Project.

Identifying information is required to be collected from the individuals to enable it to be matched to information already held or obtained by Inland Revenue. Further, income and effective tax rates will be calculated for the family unit, requiring details of family members.

<sup>2</sup> Office of the Privacy Commission | Information Privacy Principles - <http://privacy.org.nz/news-and-publications/guidance-notes/information-privacy-principles>

## Description of the privacy principles

### **IPP 2 Source of personal information**

*Get it directly from the person concerned wherever possible.*

*You can collect from another source if:*

- *the information is publicly available*
- *the individual concerned has authorised collection from someone else*
- *non-compliance would not prejudice the interests of the individual concerned*
- *it's necessary to collect the information to uphold or enforce the law or protect public revenue*
- *compliance would prejudice the purposes of the collection*
- *compliance is not reasonably practicable.*

### **Summary of how IR will comply**

Personal information will be sourced from:

- Information already held by Inland Revenue. In this case it will have been provided by the person concerned or by an entity they are connected with.
- Public registers. Collecting information from public registers reduces the compliance costs on the individual and would not prejudice the interests of the person concerned. This information will be subject to a reasonable internal verification process.

Using these sources of information is consistent with IPP 2(2)(g) - information need not be collected directly from the individual where the agency believes on reasonable grounds that the information will not be used in a form in which the individual concerned is identified or will be used for statistical or research purposes and will not be published in a form that could reasonably be expected to identify the individual concerned.

As mentioned earlier, only non-identifiable information will be shared outside of the secure data lab.<sup>3</sup> Only aggregated or synthetic information that does not identify an individual will be released publicly. The information will only be used for research purposes.

Further information will be collected from the individual concerned (or relevant entity in the case of Collection 3: Financial Information), during the three collection rounds detailed on page 7. While information will be sought from the HWI lead and partner separately to protect an individual's privacy, couples may choose to provide information on a joint basis.

None of the information collected will have any impact on an individual's tax liability.

<sup>3</sup> With the exception being information required to consider compliance with and potentially enforce a S17GB notice.

**IPP 3 Tell people what you're going to do with their information**

At the point of collection, you must tell people:

- *what information you are collecting*
- *what you're going to do with the information*
- *intended recipients*
- *whether it's voluntary or required by law (and any consequences if they don't provide it)*
- *rights of access to, and correction of, their information.*

You don't have to do this upfront if you believe:

- *non-compliance would not prejudice the interests of the individual*
- *it's necessary to collect information to uphold or enforce the law or protect public revenue*
- *compliance would prejudice the purposes of collection*
- *compliance is not reasonably practicable.*

**Summary of how IR will comply**

Inland Revenue will tell people: what information we are collecting, what the information is going to be used for, who the intended recipients are, whether the request is voluntary or required by law and rights of access to and correction, of information.

Prior to collection 1, the HWI lead received a letter and information sheet informing them that they are in the Project population, the purpose of the information collection and what the information will be used for. The letter stated that future information requests will be collected under section 17GB of the TAA, and therefore the individual will be required to respond. Partners will receive a similar letter. Information is also available on Inland Revenue's website.

For collection 1, a Qualtrics link was provided that led to a form that specified the precise information individuals were required to provide (details of family members). The required information was also provided to individuals by way of hardcopy letter. Individuals were advised the information was required by law and why the information was required. The letter also advised that Inland Revenue would contact partners disclosed by the HWI (who are also in the population).

In respect of the subsequent two collections (see section 2.1), individuals will be provided a guide and/or questionnaire setting out the information to be collected and the matters above. Individuals will be notified that the requests for information will be required by law under section 17GB of the TAA.

An individual's right of access to and correction of personal information for this Project will be the same as Inland Revenue's usual practice, as noted in the relevant section of Inland Revenue's privacy policy on its website. Individuals will be referred to this section when information is requested from them.

#### **IPP 4 Manner of collection of personal information**

*Do not collect information in a way that is unfair, unlawful or unreasonably intrusive.*

##### **Summary of how IR will comply**

Information will be required in response to specific questions. It is not anticipated that interviews will be conducted.

Information is expected to be collected from individuals by way of them either:

- Completing an on-line form through the Qualtrics system (individuals may however choose to provide information by email or mail); or
- Completing an excel spreadsheet and uploading this through the Qualtrics system. If Qualtrics is used, individuals will still have an option to respond via email or mail (see below on security of mail and email).

Information will be collected under the legal authority of section 17GB of the TAA. As is usual in the case of the exercise of regulatory powers, notices issued under this section are subject to review by the Courts.

*De minimis* thresholds will apply to certain information sought to reduce compliance costs for individuals. For example, personal information such as the details (rather than number) of dependent children is only required if a *de minimis* threshold is met.

Where reasonably possible, Inland Revenue will utilise information already held, and will also use sources that are publicly available, to reduce the information that must be supplied by the individuals. It is not anticipated that detailed valuations will need be undertaken. Currently available information can be used, for example, insurance values.

**IPP 5 Storage and security of personal information**

IR must ensure that:

- *there are reasonable security safeguards to protect information against loss, unauthorised access, misuse or disclosure; and*
- *if it is necessary to disclose information outside IR, everything reasonable must be done to prevent unauthorised use or disclosure of the information.*

**Summary of how IR will comply****Information collected from individuals****Collection**

As described above, information will be primarily collected directly from individuals through the Qualtrics system (see below for further information on Qualtrics).

Information on family details was collected via Qualtrics, email to a restricted access email inbox and mail in a small number of cases.

It is anticipated Qualtrics will be used to collect entity information and financial information, by securely delivering excel spreadsheets to be downloaded by individuals, completed and then uploaded via Qualtrics or through an on-line form.

If Qualtrics is not used for financial information, it would be collected through a spreadsheet via secure email to a dedicated limited access email address. Inland Revenue would strongly advise any financial information provided back via email be password protected and encrypted.

Collected information will be deleted from Qualtrics and imported to the POW (and for family details, a restricted SharePoint site) as soon as practicable.

Documents provided by mail will be securely destroyed once converted into electronic form. Emails will be deleted.

**Qualtrics**

Qualtrics is a Cloud based Online Survey Software solution. A cloud risk assessment and security assessment has been completed for the Qualtrics platform. Qualtrics data is stored in Australia and is ISO 27001 certified. Qualtrics has undergone Certification and Accreditation by our information security team and is considered a secure platform.

Inland Revenue's Customer Insights and Evaluation (CIE) unit operate Qualtrics, which sits outside Inland Revenue's tax administration system (START). However, only individuals on the relevant APL (including from CIE) will be able to see collected information.

Access to Qualtrics can be audited and can be monitored. Unless an administrative issue arises that requires Qualtrics to temporarily access the data (and in that case only with Inland Revenue consent), the data will never be seen by Qualtrics staff.

**Access**

Only individuals on approved persons lists (approved by the Chief Economist) have access to collected information. There are two approved persons lists (APLs):

- the family details APL (approximately 17 persons);
- the RDT APL (approximately 10 persons);

Individuals on the family details APL have access to the information received in the first collection. These individuals have been sent a letter of expectations that provides that the information cannot be shared with individuals who are not on the family details APL.

Individuals on the RDT APL have access to all collected information. The RDT APL is made up of a small number of identified data and policy analysts, and people from CIE required to extract data from Qualtrics. Individuals on the RDT APL will be provided a letter of expectations setting out the expectations of this APL. This includes not sharing the information outside of those on the RDT APL and following the sharing protocols (below). Additionally, these people will need to declare a conflict of interest if in future work at Inland Revenue that work involves knowledge of any HWIs they have gained knowledge of through the Project.

New APLs may be needed if individuals have needs to access limited data sets, for example, named analysts for analytical support or Legal Services representatives in relation to non-compliance with section 17GB notices. Multiple APLs are created to ensure individuals' access to information is restricted to business need.

Inland Revenue administration staff have access to Inland Revenue tools, platforms and documents associated with these. They will not access information without a specific reason to do so, such as a major technology issue. These people could include, but are not limited to, SharePoint Administrators, Workplace Technology Services and DIP administrators. Audit logs are in place so that any activity can be tracked.

All Inland Revenue staff are subject to confidentiality obligations. Before an Inland Revenue employee performs their first official duty they must complete a declaration of confidentiality (see s18B(1)). Any unlawful disclosure of taxpayer information by an Inland Revenue employee is a potential criminal offence with a maximum sentence of six months imprisonment and a \$15,000 fine (see sections 18(1) and 14(C)). Unlawful disclosures include disclosures that are made internally within Inland Revenue without a legitimate business purpose or lawful authority. This obligation by law continues after an Inland Revenue employee has left the organisation (see s16C(4)(b)(ii)). Beyond the possibility of criminal prosecution, a breach of confidentiality will be a matter of serious misconduct under Inland Revenue's Code of Conduct.

Access to information that is otherwise restricted to those on APLs would be in accordance with permitted disclosures and disclosures required by law, as described below (IPP 11).

### **Storage**

To ensure only authorised persons have access to collected information, the collected information will be held in the Policy Only Workspace in the DIP (except as noted below and during the process to transfer to POW). Access to POW is limited to a subset of people on the RDT APL (approximately 5 people). These people will undertake the analysis of collected information in POW. Access to the secure data lab can be audited if required.

There are three circumstances where collected information will be stored in a restricted access SharePoint page:

- The first is a master list of the name, contact details and authorised agent for the HWI lead. This information is not collected under section 17GB but is restricted to those with a business need relating to the Project.
- The second is names, IRD numbers and contacts details of HWI partners and dependent children, obtained pursuant to section 17GB. This information is restricted to the Family details APL and is needed to contact people and obtain administrative data.
- Third, entity and financial information may be temporarily stored in a restricted SharePoint site until importation into the POW in the DIP is finalised and useability is confirmed.

If there is any delay in converting hardcopy documents to electronic form, these documents will be stored in a safe (for which access is restricted to a single person). Hardcopy documents will be securely destroyed following being converted to electronic form.

A data plan setting out the flow of data will be created and approved at Deputy Commissioner

level.

### Information not collected from the individual

Information that is sourced from tax returns or external sources is not restricted in the same manner as information collected from the individual pursuant to section 17GB. However, where this information is sourced for the Project it will be stored in the secure data lab and/or a restricted access SharePoint group.

### Sharing of information

Analysis of identifiable information will take place in the secure data lab, with only non-identifiable information released.

The sharing of information for the Project is subject to information sharing protocols. When sharing any information internally, individuals are required to use links to folders so that only people who have access to the folder can view it. Emails should be addressed to named persons. Where circumstances mean it is not possible to share links, then the person should take extra precautions in sharing the information (that is, double checking email addresses and password protections).

External emails that disclose information about customers are encrypted (through being marked as *Customer Communication*) and other communications marked *External Release*. Emails and correspondence sent externally are subject to a checking protocol – one person creates the email or places a letter in an envelope, and another checks it is correct.

### Other security measures

The information collected from the HWI and their partner is classified as IN-CONFIDENCE and will have a further specific endorsement.

Inland Revenue staff are required to maintain a clear desk policy in relation to sensitive information, furthermore, individuals will only discuss sensitive information with other staff members who are involved with that information and are on the APL and not in a space where they could be overheard by others.

### Summary

Data title	Description	Example	Storage (for Project purposes)	Access (for Project purposes)
Administrative data	Non-project specific data that has been collected by Inland Revenue for usual compliance and administrative purposes	IR10 data	DIP – Secure data lab And, temporarily  Private SharePoint group	Those with a purpose to see the information within Inland Revenue
Lead details	HWI Name, contact details, authorised agent	Email addresses	Private SharePoint group  DIP – Secure data lab	Those with a purpose to see the information within Inland Revenue for the purpose of the Project
External data	Data that has been sourced from third	LINZ data	DIP – Secure data lab	Those with a purpose to see the

	parties, but not requested under s 17GB		And, temporarily Private SharePoint group	information within Inland Revenue
Family details	Details of the partners/dependent children - collected under s 17GB	Partner and children names and contact details	DIP - Secure data lab And, private SharePoint group Temporarily Qualtrics	Family details APL
Entity details	A list of entities - collected under s 17GB.	Companies and Trusts	DIP - Secure data lab And, temporarily Qualtrics and Private SharePoint group	RDT APL
Financial account data collected under s 17GB	Personal financial details and entity financial account data that has been sourced by way of a s 17GB notice	Collected financial account information	DIP - Secure data lab And, temporarily Qualtrics and private SharePoint	RDT APL
Merged data	This is the merged or pooled data from the administrative, external and collected data	Individual financial profiles	DIP - Secure data lab	RDT APL
Aggregated tables	Aggregated, non-identifiable data that is used to arrive at conclusions in the report	Estimated total economic income and ETRs	Private SharePoint	Those with a purpose to see the information within Inland Revenue
Final report information	A subcategory of the aggregated tables	ETR calculations	Publicly released	Publicly released

### **IPP 6 Access to personal information**

Where a person's information is held in a way that it can be readily retrieved, they are entitled to:

- obtain confirmation of whether the information is held; and
- have access to their information (subject to withholding grounds contained in the Privacy Act)

*Note: IR has business processes to deal with access requests. If the project will not affect that, say so.*

### **Summary of how IR will comply**

Inland Revenue has processes to enable individuals to request access to their personal information and [there is information on the website](#). This initiative does not change or impact on that process or an individuals' ability to request access to their information.

### **IPP 7 Correction of personal information**

Everyone is entitled to:

- ask that their personal information be corrected; and
- if it is not corrected, have a statement attached to the original information saying that correction was sought but not made.

### **Summary of how IR will comply**

Individuals have a standard entitlement to correct personal information. However, information collected in this Project will not be used for the purpose of assessing anyone's tax liability. Furthermore, as discussed below it is intended that synthetic anonymised data be created for the Project following collection.

An individual's Customer Record will be updated with a current email address, unless they have indicated that they do not wish this to happen.

**IPP 8 Accuracy of personal information to be checked before use**

*Before using personal information, reasonable steps should be taken to ensure it is accurate, complete, relevant, up to date, and not misleading.*

**Summary of how IR will comply**

Inland Revenue will use the following sources of information: internal administrative data, data from public databases, such as the Companies Office register and property registers, and collected information.

Information collected from public registers will be subject to an internal verification process. This information will supplement collected information and be a source of verification of collected information.

In order to contact individuals, the Project has obtained contact details from the START system. Initial contact was also made to the HWI's tax agent listed for income tax purposes on the START system. A verification process was carried out for these details. Individuals have also been asked to provide an up-to-date email address. Where notified that information was incorrect the information has been corrected on the master list of contact details and agents used for the purpose of the Project and on the Customer Record. Due to the separation of information for the Project from Inland Revenue's normal systems, amendments to the Customer Record on START following the initial collation of customer contact details do not automatically flow through to the Project's contact details data base. This is a necessary consequence of the restrictions on the use of information that have been put in place. Individuals have been asked to communicate with the Project via a dedicated email address.

HWIs and their partners have been asked to authorise an agent for the Project. Following initial contact with the HWIs' income tax agent, only authorised agents for the Project will be contacted going forward.

Administrative data about individuals that has been obtained from Inland Revenue's own systems should be accurate as it will have been provided by the individuals themselves (as is the case with collected information).

Information from external sources will be cross-checked against internal data for accuracy prior to being used in the Project.

In order to reduce compliance costs on individuals who are required to provide information under section 17GB, reasonable estimates will be acceptable for the purposes of this Project. Information collected or obtained for the Project will not be used to assess anyone's tax obligations.

**IPP 9 Don't keep personal information for longer than necessary**

*Personal information must not be kept for longer than needed for the purpose for which the agency collected it.*

**Summary of how IR will comply**

The information collected from individuals is a form of raw research data that is being collected and used specifically for the purpose noted above. As a result, the raw research data will be disposed of once this purpose is achieved – namely when the public report has been released, expected June 2023. The disposal of this data once the purpose is achieved is in line with Inland Revenue's Disposal Authority (DA418), specifically with section 6.3 of the Appraisal Report, which requires that performance analysis data should be disposed of in accordance with the agreement the data was collected under.

As mentioned earlier, information will be deleted from Qualtrics (and other collection channels) once stored. Any information in SharePoint (that is, contact details and partner names) will be deleted once no longer required.

Although most information collected will be held in electronic form, it is expected that some paper documents are likely. Where possible any paper documents will be scanned and immediately destroyed through the normal secure destruction processes. If they are retained during the Project, they will be stored in a secure location separate to other sensitive Inland Revenue documents (a safe in the Freyberg building accessible by a single person).

At the conclusion of this Project an audit will be completed by Inland Revenue's Information Knowledge Management area to ensure secure and permanent destruction of information has taken place.

**IPP 10 Limits on use of personal information**

*Only use personal information for the purpose you got it for*

*Exceptions include:*

- *it's used for a directly related purpose*
- *source of the information is publicly available*
- *it's necessary to use it to detect or investigate an offence or assist court or tribunal proceedings*
- *it's necessary to use it to protect public revenue.*

**Summary of how IR will comply**

Inland Revenue will only use the information collected under section 17GB directly for the purpose for which it was obtained: to undertake policy research and draft a report into the effective tax rate of HWIs.

The information collected will not be able to be used for the purpose of assessing an individual's tax liability or to enforce compliance with tax obligations. The controls discussed in this PIA are designed to achieve this outcome.

When considering compliance with a section 17GB notice, Inland Revenue may use information that has been provided by individuals (for example, in circumstances where incomplete or false information has been provided in response to section 17GB notices).

Information that is not obtained pursuant to section 17GB may be used for any valid purpose by Inland Revenue.

Individuals' identities will be protected. After initial analysis has been undertaken, Inland Revenue intends to destroy the raw data and replace it with synthetic microdata. Synthetic data is created by using a statistical model to modify the raw data and generate a simulated population of individuals that has the same general features as the original data, but in which individuals cannot be identified. Synthetic data will be produced for a significantly greater number of individuals than the number of individuals in the collected population, to make it clear that this does not refer to individual people. This information can then be used to evaluate research and modelling that has been undertaken, without providing information on any of the individuals in the population. Information will also be aggregated for analysis. Reporting on this data will follow Stats NZ guidance in the 2020 Microdata Output Guide.

Furthermore, the final report will be based on aggregate or synthetic data that does not identify an individual. This will be subject to the same confidentiality conditions as the IDI/LBD data as outlined in the Stats NZ guidance in the 2020 Microdata Output Guide. For example, industry data will only be reported at a level of aggregation that does not allow individuals to be identified. For financial variables an additional rule will be applied to ensure individual information cannot be determined from the aggregated data.

**IPP 11 Limits on disclosure of personal information**

Only disclose personal information if you've got a good reason such as:

- *the individual authorised you to disclose*
- *disclosure is one of the purposes for collecting the information (and people were told at the point of collection – this links to IPP3)*
- *it's a directly related purpose to why the information was obtained*
- *it's necessary to disclose it in order to detect or investigate an offence or assist court or tribunal proceedings*
- *it's necessary to disclose it in order to protect public revenue.*

**Summary of how IR will comply**

In order to contact the HWI lead in the first instance, contact was made with the agent listed for income tax purposes on Inland Revenue's information system (START). This disclosure was approved by the Deputy Commissioner, PaRS as a permitted disclosure under the TAA.

Following initial contact, HWIs were asked to authorise an agent for the Project. Subsequent communications will only be with agents authorised for the Project. The Project team will maintain a data base to keep these authorities separate from Inland Revenue's systems.

Inland Revenue will also contact partners of the HWI lead that have been disclosed by the lead, as these individuals will be in the population themselves. This disclosure to the partner (that the HWI lead is in the population) is a permitted disclosure under the TAA approved by the Deputy Commissioner, PaRS. Aside from this, information on the HWI lead and partner will not be shared with the other party without consent. Couples may however choose to provide a joint response to collections 2 and 3.

Information sourced from Inland Revenue internal information, public registers or collected from the individual will not be publicly disclosed in a form that can identify individuals. The report on effective tax rates to be published in June 2023 will provide aggregated or synthetic data that does not identify individuals.

As discussed above, section 24(1) of the Privacy Act 2020 states that IPP 11 is subject to other legislative provisions that govern or regulate disclosure of personal information.

There are a few circumstances in which information collected by Inland Revenue may be disclosed to external agencies or authorities. These are permitted disclosures under section 18C of the TAA. Information collected for this Project will not be disclosed unless there are exceptional circumstances that would justify this action, for example, national security or serious crime. Any decision to disclose this information would be made at the highest level, by the Deputy Commissioner, PaRS. These disclosures are an exception to the APLs.

The Competent Authority for New Zealand's international tax obligations has confirmed that should a valid exchange of information request be received under a tax treaty that might relate to information collected from individuals for this Project, the Competent Authority would approach the persons concerned directly to collect the required information.

There may be the rare occasion where Inland Revenue is legally obliged to disclose the information collected under section 17GB, for example, for a commission of inquiry.

As the information will only be retained by Inland Revenue for the duration of the Project, we do not anticipate the above scenarios will occur. They are documented for transparency.

**IPP 12 Cross border disclosures**

*Only disclose personal information to foreign persons or entities if it's reasonably believed it:*

- *is carrying on business in NZ so subject to the Privacy Act*
- *is subject to privacy laws that provide comparable safeguards to those in the Privacy Act*
- *is required to protect the information in a way that provides comparable safeguards to those in the Privacy Act (for example, by agreement)*
- *is subject to privacy laws of a country or State, or is a participant in a binding scheme for international disclosures of personal information prescribed in regulations by the NZ Government as providing comparable safeguards to the Privacy Act.*

**Summary of how IR will comply**

Inland Revenue has a requirement that customer data is stored and located in New Zealand or Australia. Because the Project is using the Qualtrics system, the data provided to Qualtrics is stored in Australia. Qualtrics is ISO 27001 certified and has undergone Certification and Accreditation process conducted by IR's Chief Information Security Officer.

Being Australian based, Qualtrics is subject to privacy laws that provide comparable safeguards to those in the Privacy Act 2020.

The DIP has undergone a Certification and Accreditation (C&A) process conducted by Inland Revenue's Chief Information Security Officer.

**IPP 13 Unique identifiers**

*Unique identifiers must not be assigned to individuals unless this is necessary for the organisations concerned to carry out its functions efficiently.*

**Summary of how IR will comply**

Existing identifiers such as Inland Revenue numbers, incorporation numbers and NZBN registration numbers will be used to identify people and entities. No new identifiers will be created.

## 4 Risk assessment

### 4.1 Table of risks and mitigations

As described above, the information to be collected from individuals will be required pursuant to section 17GB of the TAA. Any potential disclosure of this information will be governed by relevant legislation. However, the following table describes the general privacy risks identified in preparing this privacy impact assessment and describes measures that are proposed to mitigate and manage those risks.

Ref No	Description of risk	Consequences for IR or individuals	Existing controls that help manage risks identified	Residual current risk	Suggested action to reduce or mitigate risk	Residual risk remaining
RSK-01	<i>Personal information is collected that is not needed.</i>	The individual would provide personal information that is not necessary; IR would collect information that is not necessary.	Existing information is used where possible.	Medium	A clear list of what information is required for the Project is created and this is matched to what information is held by IR, identifying where there are data gaps that need to be obtained from individuals.	Low
RSK-02	<i>HWI's affairs disclosed to incorrect tax agent.</i>	Unwarranted disclosure of the HWI's affairs.	Contacting agent for initial correspondence approved as a permitted disclosure under the TAA. Agents only contacted where they are listed on START as an agent for the HWI for personal income tax purposes.	Medium	Only names of HWI clients selected to participate in the Project will be shared with agents for income tax purposes. Specific authorisation for the Project is required for any further information about the Project and the individual to be provided.	Low
RSK-03	<i>Notifying a partner that the HWI is a high wealth individual may disclose</i>	Unwarranted disclosure of the individual's affairs.	We are asking the HWI to provide their partner's details and will only	Low	Other than names, information will not be shared between partners. Each	Low

	<i>private information.</i>		contact these people.		partner is subject to a notice themselves. Couples provide information individually unless they choose otherwise.	
RSK-04	<i>Personal information is provided to the wrong individual.</i>	Unwarranted disclosure of the individual's affairs.	Various identifiable information is cross-checked before sending correspondence. Contact details extracted from START and verification checks made on individual's addresses.  All correspondence is double checked to ensure correct addressee before sending.	Medium	Contact details updated when notified of incorrect information. Limited personal information is disclosed (e.g. names).  Couriers may leave mail in a letter box but personal service will be used if an address appears incorrect. Letters double packed (envelope and courier package). Generic email addresses not used.	Low
RSK-05	<i>Individuals consider the information requested is unreasonably intrusive or a breach of their privacy.</i>	Information is not provided leading to poor data.	General information about the Project, its purpose and why the information is required has been published and sent to individuals. Restrictions on access and use of the data are implemented.  Information requested using section 17GB.	High	Same as RSK-01. Ensure only necessary information is collected for the Project outcomes.	High
RSK-06	<i>Information collected by the Project is accessed by unauthorised staff or used/disclosed for other</i>	IR misuses the information.	Strict protocols on access to information. Information is only accessible to those with a	Low	Collected information stored in a secure data lab in the DIP. Audit of access to secure data lab. Staff to be reminded	Low

	<i>purposes.</i>		need to view the data. Appropriate APLs put in place.		of sharing protocols. Data plan (setting out the flow of data) is created and approved at Deputy Commissioner level.  Destroy the raw data at the end of the Project.	
<i>RSK-07</i>	<i>Information collected is not deleted at the completion of the Project</i>	Information is subsequently used for improper purpose.	Disposal Authority provides disposal requirements under the Appraisal Report.	Low	Create synthetic non-identifiable data that can be stored. IKM audit of electronic storage sites on completion of Project.	Low
<i>RSK-08</i>	<i>Inadequate steps taken by Inland Revenue to ensure participants in the Project are not identified</i>	Unwarranted disclosure of individuals' affairs.  Reputational damage to Inland Revenue.	APLs and letters of expectation around access to Project information.  Strict protocols on access to information.	Medium	Only aggregated or synthetic data will be released. Industry data aggregated to ensure anonymity.	Low

## **4.2 Summary of risks**

There is a potential risk that Inland Revenue may seek to obtain more information from individuals than is needed or that individuals may consider the request unreasonably intrusive or burdensome. This risk will be addressed by taking steps to ensure that each category of information requested is required for the purposes of the Project and it is not practicable for the project team to obtain it from other sources.

The risks to unauthorised use of the information (that is, for purposes other than the Project) are mitigated by storing collected data in a secure data lab or restricted sites, which only authorised persons can access. These authorised persons are listed and are given clear expectations of how to handle the data. Additionally, data collected under section 17GB will be destroyed at the end of the Project and this will be audited by the IKM team.

There is a risk that agent contact details are wrong on Inland Revenue's system or that the wrong agent is contacted. Only limited information (names) will be shared with agents until a specific authorisation is obtained for the Project.

There is a risk that individuals' contact details may not be up to date on Inland Revenue's systems. We will use contact details on Inland Revenue's START system and run a verification process for this information. All communications are subject to a two-person addressee checking process before being sent to minimise sending errors. Letters are couriered in a secure package, and personal service used if an address is doubtful.

Partners are treated as separate individuals for information gathering purposes. The only information Inland Revenue will disclose on one partner to another is name and that they are in the population. Couples may choose to provide a joint response, but this is not required.

## 5 Recommendations

Based on the suggested actions in the risk table, below are summarised recommendations to minimise the impact on privacy. These should be agreed with the senior responsible owner.

Ref	Recommendation	Agreed Y/N
R-01 R-05	A clear list of what information is required for the Project is created and this is matched to what information is held by IR, identifying where there are data gaps that need to be obtained from individuals.	Y
R-02	The HWI's agent authorised for income tax purposes is contacted initially. HWIs are then asked to authorise an agent for the Project. Following this (from December 2021) only authorised agents are contacted.	Y
R-03	Only partners disclosed by the HWI are contacted. Individuals to be treated separately for collection purposes (unless they choose otherwise).	Y
R-04	Contact details from START are used initially. Contact detail verification checks are completed and information corrected when an error notified. Limited information (names) provided in outward communications.	Y
R-06	Approved persons lists are put in place to control access to information. A letter of expectations is sent to those on APLs. Data plan put in place.	Y
R-06	Collected info analysed in the secure data lab by individuals on the RDT APL. All collected information can only be accessed by those on an APL. Any information outside of the DIP is subject to access controls.	Y
R-07	Action item to destroy the raw data is added to the data plan. Use synthetic data. IKM to audit electronic data bases at end of Project.	Y
R-08	Follow Stats guidance on anonymisation.	Y