Research & Evaluation Unit
Te Wāhanga Arotakenga me te Rangahau

ERI GST Pilot:

Early Release Initiative GST, customer survey

April 2016

Introduction

The ERI GST project is an initiative aimed at reducing business compliance costs. With the new system, businesses can use their accounting software package for calculating GST. Customers then submit the information to IR directly from within that package, rather than having to copy and submit the GST information through the current IR channels such as e-File and myIR.

The initiative was trialled from mid-December 2015 to mid-March 2016. A customer survey was conducted throughout the trial asking customers whether the new system:

1. Reduced customers' financial costs
2. Simplified the GST filing process
3. Gave customers confidence they had met their GST filing requirements
4. Created any concerns about the interactive relationship between IR and the software developers.

The Research & Evaluation Unit conducted the survey between 13 December 2015 and 15 March 2016 using the Insight Explorer online survey tool. There were 422 completed survey responses, a response rate of 53%.
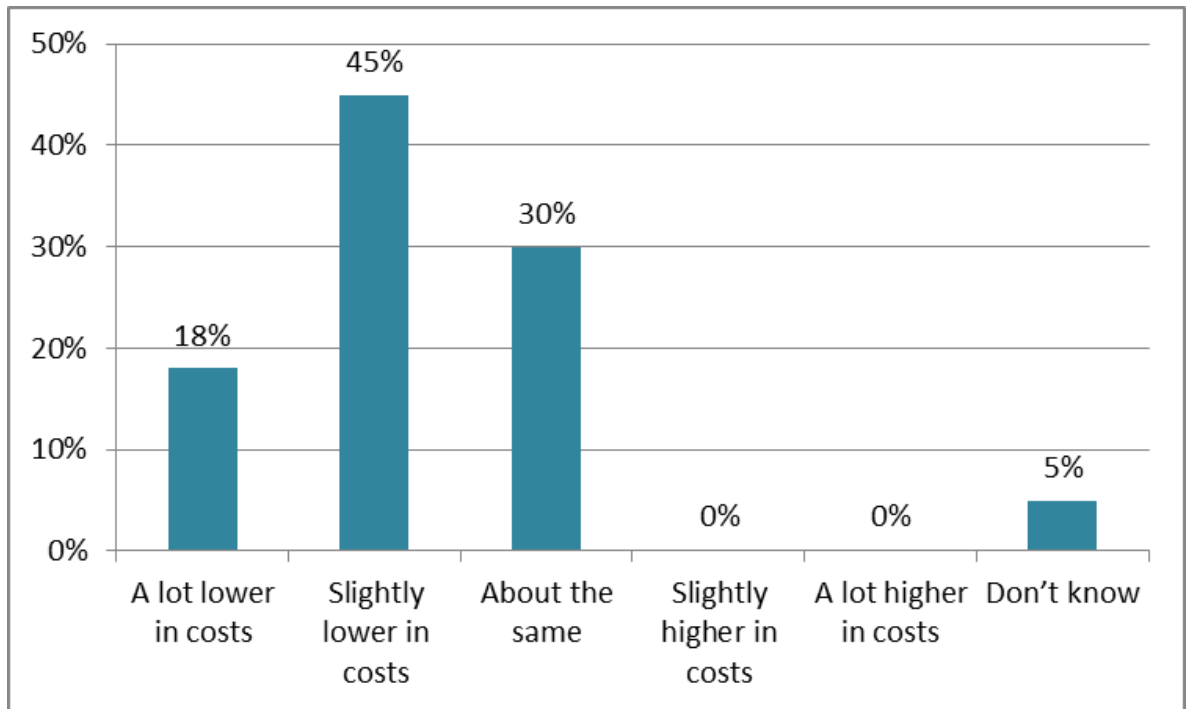
Key findings

Respondents were very positive about the new GST filing process:

- 64% said it reduced their costs of compliance
- 76% said it made it easier to be correct
- 96% were completely comfortable that IR had worked with private software developers on this process.

The main concern was that 43% of respondents had some degree of uncertainty that their GST return had reached IR.

Compliance costs reduced

Figure 1. Effects on financial costs of filing GST

*Percentages do not add to 100% due to rounding.

Figure 1 shows that 63% of respondents reported reduced costs arising from the time saved in filing GST. The time saved was generally said to be around 5 to 15 minutes, with a few saying it saved 'hours'. Some respondents were very enthusiastic about this.
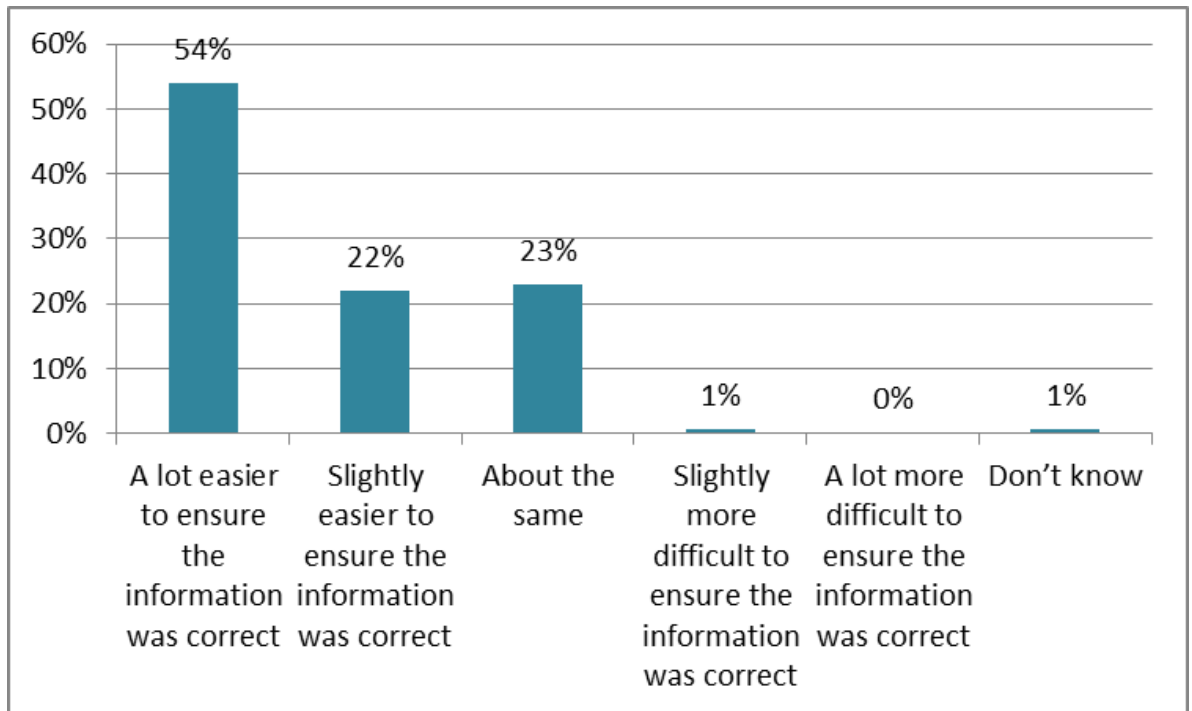
> *I'm a sole trader and this reduced the time taken to file from 10-15 minutes to about 30 seconds. In hourly terms that's huge.*

However, others with similar perceptions of the time savings (5 to 15 minutes) felt the cost reduction was 'minor'.

> *I am self-employed and complete the return personally so the cost to our company is minimal as I am not paying anyone else.*

Easier to ensure the information supplied was correct

Figure 2. Ease of ensuring the information was correct

*Percentages do not add to 100% due to rounding.

Figure 2 shows that 76% of respondents found the new system made it easier to be correct. Respondents emphasised the value of no longer needing to 'retype information' which saves time and reduces the chance of errors. Many related this benefit directly to reduced costs of compliance.

> *Huge cost saving if you take into account the old process was open to human error/typos.*

Some uncertainty about whether the return had been received by IR

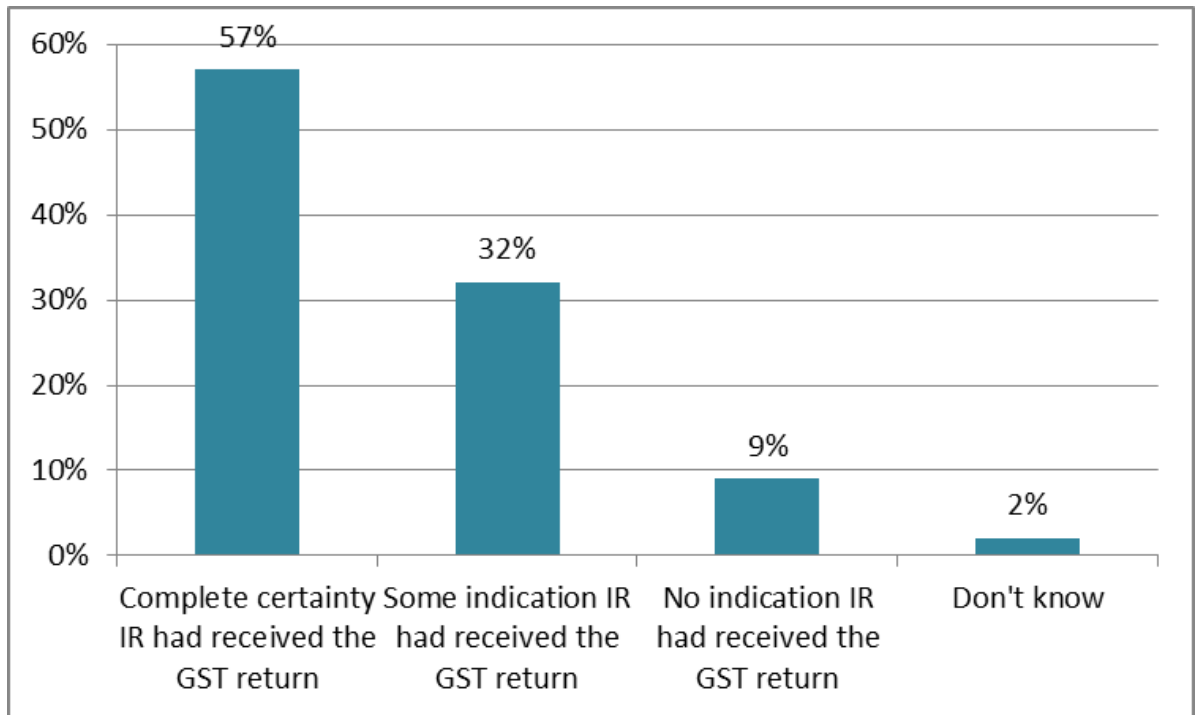**Figure 3. Certainty IR had received the GST return**

Figure 3 shows that 43% of respondents had some degree of uncertainty whether IR had received their GST return. This caused concern for some respondents.

> *Biggest problem I found was that I was uncertain as to whether the process had been successful.*

Some respondents realised there was a delay between filing and IR's systems showing the file had been received and that the confirmation would appear in due course.

> *IRFile system takes a LONG time to update with the fact that the return was filed.*

More certainty that IR has received the information is needed.

Some unexpected technical issues

A number of issues in the filing process caused additional work or concern for respondents. Respondents reported:

- Getting a message that the process didn't work and to contact IR, but when they logged back in they found that it had been received by IR
- Getting a message that their return/assessment for this period is 'unavailable', but they also received a receipt notice that the GST return was filed, and then a few days later received a notice from IR that the GST return did not get processed
- Two days after filing (five days before it was due), they received an alert from IR warning that they had only three days left to file
- Unable to open the pdf file, had to save it and email it to themselves and open it on another computer
- Getting a message saying 'unable to obtain lock' if they were logged into IR when they submitted the return
- The confirmation PDF that is received comes back with an invalid file reference '.pdf- ' (i.e. with a dash after it, which is not a recognised file format)
- Being unable to print the receipt from IR as it was in a format that their computer did not easily put into the PDF program (Foxit Phantom).

Partnership with software developers

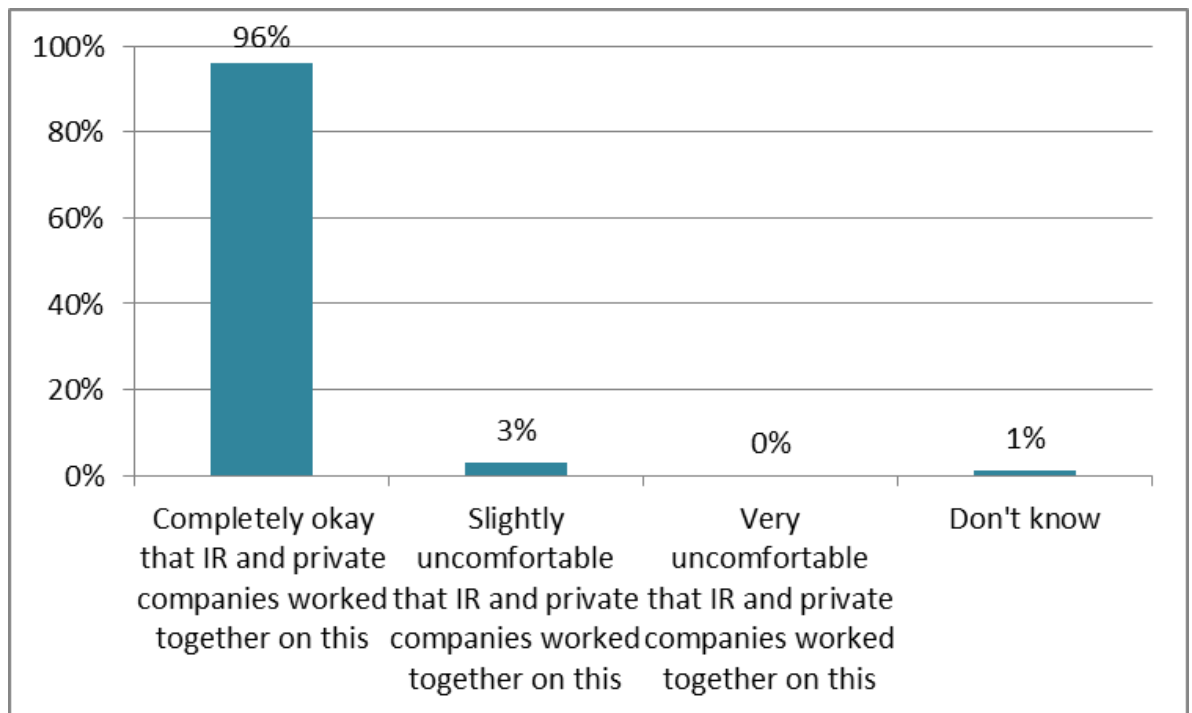**Figure 4. Comfort with IR and private companies working together on the process**

Figure 4 shows that 96% of respondents were completely comfortable that IR and the software developers had worked together on the process. It is noted that the respondents had volunteered to participate in this pilot of the new system, so they may have a different view to the wider public on the appropriateness of this way of developing the system.

Respondents' suggestions

Improvements suggested

Respondents were generally very positive about the process and many wanted to see it extended into other areas such as PAYE, payroll/employee deductions, and NRWT (Non-resident withholding tax). They would also like the system to incorporate a GST payment.

Great work, keep up the innovations.

Respondents also gave the following suggestions for improvements:

- Ability to select 'GST paid by others' under the credit adjustments box
- A single login for people with multiple companies
- Remove the need to print and sign the completed return
- Ability to review the information before it is sent, e.g. to check the bank account details or do a final review
- Ability to specify the type of debit adjustments – rather than them all being grouped under an "other" field
- Make the exact steps easier to find in the instructions
- Make it easier to allocate refunds to provisional or income tax
- Automatically stop users accidentally submitting for only one month rather than two
- A prompt to complete every part of the return
- Have the GST number on the return so it's available when they pay the GST.

Conclusions

This new GST filing system is clearly successful in reducing costs of compliance. It has also not caused these respondents any strong concern that IR worked closely with private software developers to produce this new system. However, these respondents' views on this may differ from the wider public as they were all volunteers for the pilot of the new system.

The key concern is the lack of certainty that the GST return has been received. In particular, the time delay between filing the return and it showing on IR's systems is longer than customers would expect. There are also a number of other teething issues and items needing fine-tuning.

Nevertheless, overall, this new GST filing system has greatly impressed customers, and they are keen for more innovations of this nature from IR, particularly in PAYE and payroll.

Best idea ever!

For more information please contact
Peter.Bickers@ird.govt.nz │ *Classification:* **Inland Revenue Highly Protected**

6