

22 April 2022

[REDACTED]

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 30 March 2022. You requested the following:

Is there a law that states you must have an IRD number to trade your labour? If so, can you please provide The Act, Section and sub section and its contents.

If there is no law that states one must have an IRD number to trade your labour, can you please supply the following information:

- a) Is it allowed in law to send your existing IRD number back to Inland Revenue?*
- b) How does one go about closing off your IRD number if you are still living in New Zealand?*

Legislation detailing use of an IRD number

The Privacy Act 2020, and its predecessor the Privacy Act 1993, gives agencies, including Inland Revenue, the power to assign unique identifiers, such as an IRD number, where the issue of that identifier is necessary to enable the agency to carry out one or more of its functions.

The Income Tax Act 2007, section YA 1, defines a tax file number as “an identification number that the Commissioner has allocated to a person generally for the purposes of this Act or specifically for the purpose of the issue to the person of an RWT exemption certificate under section RE 27(RWT exemption certificates).

The Commissioner of Inland Revenue utilises IRD numbers to help ensure that the functions conferred upon the Commissioner under section 6A of the Tax Administration Act 1994 (TAA) are carried out, which include the care and management of the Inland Revenue Acts. Section 3 of the TAA also defines a tax file number as an identification number that the Commissioner allocates to a person.

Any New Zealand resident who derives taxable income, including salary or wages, will need an IRD number. Employees must supply their IRD number to their employer to enable them to deduct the correct amount of tax from their employees’ income as required by section 24C of the TAA. If the employee’s IRD number is not provided, tax on salary or wages will be deducted at the non-notified rate of 45 cents in every dollar earned. Section 24E of the TAA states when the non-notified tax code is to be used and includes when employees have not notified their employer of their IRD number.

IRD numbers allow the Commissioner to efficiently and accurately identify information on specific taxpayers or taxpayers generally. They are used to ensure that each taxpayer is assessed with and pays the correct amount of tax. They safeguard confidentiality of

information, enable completion of certain forms, and also allow taxpayers to use automated systems.

Publishing of OIA response

Please note that Inland Revenue regularly publishes responses to requests that may be of interest to the wider public on its website. We consider this response is of public interest so will publish this response in due course. Your personal details or any information that would identify you will be removed prior to it being published.

Thank you again for your request. I trust that the information provided is of assistance to you.

Yours sincerely



Louise Bastion
Technical Specialist