



28 August 2023

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 8 August 2023. You requested the following relating to the *tax debt as at 30 June 2022 (\$ Million) table* from Inland Revenue's 2022 Annual Report:

1. *What percentage of the debts listed in this table are pursued by IR? Answer to be broken down into tax types as per the table.*
2. *What percentage of these debts are repaid? Answer to be broken down into tax types as per the table.*
3. *What percentage of these debts are written off? Answer to be broken down into tax types as per the table.*

Question 1

Inland Revenue pursues all money owed where possible; however, Inland Revenue recognises that a portion of debt is either unable, or unlikely to be collected now or in the future. This debt is called *uncollectable debt*. There are many reasons why debt can be considered uncollectable.

The most common reasons are the customer:

- is facing bankruptcy or liquidation;
- has passed away and the estate has yet to be settled;
- has objected, or has legally disputed the amount owing; or
- is being audited.

Even when debt has been deemed as uncollectable, it is possible that this debt can still be pursued at a later time, depending on final outcomes and recommendations.

The table attached as **Appendix A**, details the percentage of collectable debt, and the proportion of debt that is/was considered collectable as at 30 June of each year. For the purposes of this table, income tax has been combined with other smaller tax types.

I am refusing the release of amounts prior to the 2021 financial year under section 18(f) of the OIA as the information requested cannot be made available without substantial collation.

Question 2

As these reported debts were still outstanding as at 30 June of each year, no amounts have been repaid. For additional information regarding collection of debt, please refer to *Note 4. Receivables* on page 186 of Inland Revenue's 2022 Annual Report available at www.ird.govt.nz/about-us/publications/annual-corporate-reports/annual-report.

Question 3

As these reported debts were still outstanding as at 30 June of each year, no amounts have been written off. When overdue amounts are written off, they are removed from the debt balance. The table attached as **Appendix B**, details the amounts written off by product type in the financial years specified. The amounts represent the total overdue amounts written off (including assessment, penalties, and interest) between 1 July to 30 June of the year specified.

Right of Review

If you disagree with my decisions on your OIA request, you can ask an Inland Revenue review officer to review my decisions. 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.

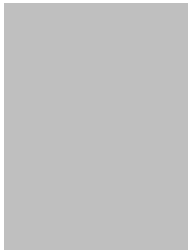
If you choose to have an internal review, you can still ask the Ombudsman for a review.

Publishing of OIA response

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 for your request.

Yours sincerely



Richard Philp
Customer Segment Leader

Appendices

Appendix A: Tax debt as at 30 June (\$ million)

Tax/ Product	2021			2022			2023		
	Collectable Debt	Total Debt	Collectable Debt %	Collectable Debt	Total Debt	Collectable Debt %	Collectable Debt	Total Debt	Collectable Debt %
Income tax and other tax	1,241.9	1,742.7	71%	1,349.5	1,948.4	69%	1,502.0	2,297.2	65%
GST	1,259.5	1,523.0	83%	1,495.5	1,824.5	82%	1,859.1	2,239.8	83%
Employment activities	777.0	919.5	84%	653.9	822.3	80%	785.4	1,015.9	77%
Working for Families Tax Credits	194.6	198.5	98%	245.8	250.8	98%	241.0	245.6	98%
Total	3,473.1	4,383.8	79%	3,744.7	4,846.0	77%	4,387.5	5,798.5	76%

Appendix B: Write-offs occurred in financial years ending 30 June (\$ million)

Tax/Product	2021	2022	2023
Income tax and other tax	373.1	267.7	268.1
GST	239.4	236.0	232.8
Employment activities	160.4	160.5	165.7
Working for Families Tax Credits	39.8	24.5	87.8
Total	812.8	688.7	754.4