



29 August 2023

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 1 August 2023. You requested the following:

For the 2021/22 tax year

The number of taxpayers who used:

- *The Accounting Income Method*
- *The Standard Option*
- *The Estimation Option*
- *The Ratio Option.*

The total value of Residual Income Tax for taxpayers using each method listed above. In terms of tax collected, I'm interested in the total value of tax payable (provisional tax + terminal tax) – excluding any taxpayers who were in a loss or were not above the provisional tax threshold. Therefore, I think the best indicator would be the combined Residual Income Tax figure for the provisional taxpayers under this method.

Safeharbour taxpayers

The number of provisional taxpayers that RIT of less than \$60k. The related "safe harbour concept" is an important distinction under the standard option.

For the 2022/23 tax year

The number of taxpayers currently using each method:

- *The Accounting Income Method*
- *The Standard Option*
- *The Estimation Option*
- *The Ratio Option.*

The value of the provisional tax obligations of taxpayers using each method listed above.

Extent of the use of new discretion for tax pooling

We'd also interested in the extent of the use of the Commissioner's new tax pooling discretion under the Income Tax Act 2007 RP17B(12)-(13).

<https://www.legislation.govt.nz/act/public/2007/0097/latest/DLM2630341.html>

We're particularly interested in:

- *the number of applications have been made,*
- *the type of taxes involved (e.g. FBT, GST, DWT, NRWT etc.) and*
- *whether applications are generally being successful or not.*

Can you please advise in aggregate and by tax type:

- *The number of taxpayers how have applied,*

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- *The value of the tax they have applied for,*
- *In the number of taxpayers who have been approved*
- *In the number of taxpayers who have been declined.*

Where applications have been declined, please advise the main reasons for applications being denied, for example:

- *The voluntary disclosure was not made "within reasonable time"*
- *Commissioner is not satisfied the taxpayer met the criteria under Subsection 13: e.g. failure to take reasonable steps to comply.*

The information you have requested is enclosed as **Appendix A**. An application for the Commissioner of Inland Revenue to exercise discretion under section RP 17B(12)-(13) of the Income Tax Act 2007 can be made through various channels (e.g., phone or web message via myIR), rather than through a specific form, and is not recorded in a way that is easily retrievable. We have, however, identified some applications which are outlined in Appendix A. Please note, this does not provide a full picture of all applications. We estimate this to be approximately 95% of all applications received since April 2022.

Some of the main reasons applications are declined are:

- The Commissioner is not satisfied that the taxpayer has taken reasonable care to comply with their obligations.
- The return is treated as a late filed return and not a voluntary disclosure.

The total value of all applications made is not easily retrievable as this is not able to be queried by our internal systems, and the value of each application is not necessarily specified in the request. Obtaining this information would require a manual search, review, and calculation of all correspondence within scope, across multiple tax types and years. Your request for this information is therefore refused under section 18(f) of the OIA, as the information cannot be made without substantial collation or research.

Right of review

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

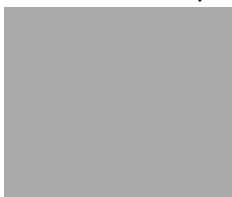
If you choose to have an internal review, you can still ask the Ombudsman for a review.

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



Estelle Le Lievre
Domain Lead, Performance & Reporting

Appendix A**Provisional tax method information – year ending 31 March 2022**

The number of taxpayers and total residential income tax (RIT) value listed by provisional tax method for the year ending 31 March 2022 is outlined in the below tables.

Provisional tax method	Number of taxpayers	RIT value (\$)
Accounting income method	1,248	64,264,327.95
Estimation option	18,853	1,515,902,179.67
Ratio option	1,206	68,510,821.57
Standard option	262,129	21,165,393,626.27
Total	283,436	22,814,070,955.46

Taxpayers with RIT below \$60,000

Provisional tax method	Number of taxpayers	RIT value (\$)
Accounting income method	954	21,485,977.36
Estimation option	16,215	298,389,366.80
Ratio option	770	21,396,493.44
Standard option	220,201	4,609,072,907.58
Total	238,140	4,950,344,745.18

Taxpayers with RIT equal to and above \$60,000

Provisional tax method	Number of taxpayers	RIT value (\$)
Accounting income method	294	42,778,350.59
Estimation option	2,638	1,217,512,812.87
Ratio option	436	47,114,328.13
Standard option	41,928	16,556,320,718.69
Total	45,296	17,863,726,210.28

Provisional tax method information – year ending 31 March 2023

Provisional tax method	Number of Taxpayers	RIT Value (\$)
Accounting income method	1,959	118,290,999.21
Estimation option	7,236	951,093,054.95
Ratio option	988	111,776,784.51
Standard option	242,326	23,953,610,213.09
Total	252,509	25,134,771,051.76

Tax pooling information

Tax type	Approved	Declined	Total
Income tax	38	27	65
Other*	35	25	60
Total	73	52	125

*Tax types included in "other" are unable to be disclosed due to Inland Revenue's confidentiality obligations under section 18 of the Tax Administration Act 1994. Disclosure of this information does not fall within any of the exceptions to the confidentiality obligation listed in sections 18D to 18J of the TAA.