



21 February 2022

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 26 January 2022. You requested the following:

1. *Does the IRD use their own in-house debt collection agents, or do they engage specialist debt collection agencies to collect debt? If so, which agencies does the IRD specifically engage?*
2. *Is there an overarching set of guidelines or policies which the IRD uses when collect debt? If so, can these be provided in the response to this request.*
3. *Does the IRD use other methods of collecting debt – for example deduction of wages through attachment orders?*

Question 1

Does the IRD use their own in-house debt collection agents? or do they engage specialist debt collection agencies to collect debt? If so, which agencies does the IRD specifically engage?

In New Zealand, Inland Revenue does not engage any debt collection agencies to collect debt on our behalf. This work is solely undertaken by Inland Revenue staff.

If a debtor is located overseas, Inland Revenue will engage with other agencies, as detailed below.

Child Support debt – liable parent is overseas

New Zealand has two agreements with other countries to aid in the collection of child support when a liable parent is overseas and is not voluntarily complying with their child support payments.

Firstly, the Reciprocal Agreement is administered by Services Australia who are responsible for child support assessments and enforcement in Australia. If we refer a case for collection under the Reciprocal Agreement, then Services Australia will apply their own collection methods in accordance with their laws.

Secondly, the 2007 Hague Convention on the International Recovery of Child Support and Other Forms of Family Maintenance (the 2007 Child Support Convention) is a multilateral treaty that provides for the collection of child support and other forms of maintenance (such as domestic maintenance) when the liable person resides in a different member country.

The 2007 Child Support Convention came into effect in New Zealand on 1 November 2021. New Zealand can apply to the Central Authority of another member country requesting assistance in collection of child support owed to Inland Revenue. If the application is accepted, then payments will be collected in accordance with the laws of that member country. This can involve various other agencies and enforcement measures such as judicial proceedings before a Court, collection by a child support agency or by another debt collection agency.

A list of the 2007 Child Support Convention Central Authorities, as well as information about enforcement procedures in each member country, is available on The Hague website <https://www.hcch.net/en/instruments/conventions/specialised-sections/child-support>.

If Inland Revenue is asked to collect payments for another country, we will use the enforcement provisions of the Child Support Act 1991.

Student loan debt – borrower is overseas

When we have reason to believe that the borrower is in Australia or the UK, we can refer the case to have tracing attempted on our behalf. We use third party debt collection agencies in the country we believe the person is living, those being Baycorp Australia and CCI Legal UK. These agencies may where appropriate, take collection action on IR's behalf in the country the borrower resides.

Tax debt – debtor is overseas

New Zealand has agreements with Australia, United Kingdom, Netherlands, Japan, Canada, Poland and Turkey to aid in the collection of tax related debt when a person or entity, such as a company, is not voluntarily complying with their payments.

New Zealand is also a signatory of the 'Multilateral Convention on Mutual Administrative Assistance in Tax Matters' (MAC) along with 144 other jurisdictions. This convention includes provisions on tax collection of which members can opt into. Members can then request help from other members to collect tax debt. Each country will use the powers granted to them within their own domestic laws to collect the debt, that can mean the way in which the debt is collected can vary from country to country. These agreements are reciprocal which typically means any country collecting debt on behalf of another will bear the cost and resourcing of that collection with the understanding that the same provisions would apply the other way if roles were reversed. However, if extraneous costs are incurred due to needing support outside of the tax agency, such as private legal support, then these costs would typically be passed back to the country requesting help in collection.

Question 2

Is there an overarching set of guidelines or policies which the IRD uses when collecting debt? If so, can these be provided in the response to the request.

The primary objective of the department, as contained in section 6A (3) of the Tax Administration Act 1994 (TAA), is "to collect over time the highest net revenue that is practicable within the law". In order to do this, the Commissioner has been granted wide powers under the TAA, including the methods outlined in question 3 below. Full legislation can be viewed at www.legislation.govt.nz. Our charter can be viewed on our website (www.ird.govt.nz), by typing "charter" into the search bar.

Our approach to compliance is multi-layered and based on our commitment to making it as easy as possible for customers to get it right from the start, and hard for them to get it wrong. We know most individuals and businesses want to do the right thing, and we want them to understand that if they get in touch with us when they are struggling, they will get the help they need. We also want the vast majority of New Zealanders who are making the effort to meet their tax obligations to know that we will identify the few who aren't and take action.

Inland Revenue works with customers who anticipate they will not be able to make their payments by the due date to understand their financial situation and to help them resolve their debt. This could be by setting up instalment arrangements or determining if they qualify for financial relief.

Question 3

Does the IRD use any other methods of collecting debt – for example deduction of wages through attachment orders?

As mentioned above, Inland Revenue's approach to compliance is to assist customers to get it right and hard to get it wrong. Inland Revenue has a number of options to collect outstanding

tax debt. Compliance activities can include sending reminder notices, statements or making calls to customers, applying deduction notices to bank accounts or salary/wages or as a last resort taking insolvency or prosecution action.

Inland Revenue also has relief options available for customers having trouble meeting their tax obligations. Some of these provisions were extended by the Government specifically for businesses affected by the COVID-19 pandemic. Relief options include extra time to pay through an instalment arrangement, extra time to file returns, and where appropriate, writing off tax and/or remitting penalties or interest. Inland Revenue's statutory powers allow for decisions to consider a long-term approach to revenue collection, to collect the maximum revenue over time. Guidance to assist customers impacted by hardship or COVID-19 is available on our website.

Publication of response

Finally, please note that Inland Revenue regularly publishes on its website, responses to requests that may be of interest to the wider public. Your personal details or any information that would identify you will be removed prior to it being published.

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

Yours sincerely



Richard Philp
Customer Segment Leader
Micro Business