



Micro Business and Not for Profit

Takapuna
507 Byron Avenue
PO Box 33-150
Takapuna 0622
New Zealand

15 June 2022

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 17 May 2022. You requested:

1. *Details of IRD total debt owed by taxpayers*
2. *How much of that is deemed not collectable*
3. *Detail on any softer approach the IRD took to collecting tax during the pandemic*
4. *Detail on whether this amnesty is over and the IRD is resuming normal practice.*
5. *Any detail think would be relevant to this request, such as historical numbers of IRD driven liquidations, versus the much-reduced annual numbers during the pandemic.*

Questions 1 & 2: Total debt owed and total debt not collectable

Your requests for total debt owed by taxpayers and total debt deemed not collectable are refused under section 18(d) of the OIA, on the basis that the information is publicly available.

Total tax debt owed for the 2021 financial year can be found in Table 1 on page 39 in Inland Revenue's 2021 Annual Report: www.ird.govt.nz. This excludes child support (Table 2), student loan (Table 3), and the Small Business Cashflow (Loan) Scheme debt.

Note that debt is primarily deemed "not collectable" when it has been subject to an act of bankruptcy and/or liquidation. See our answer to question 5 for additional information on liquidations.

A full commentary on the collectability of 'tax' debt for the 2021 financial year can be found on pages 169 to 172, Note 4. Receivables.

Previous Annual Reports for the last five financial years can also be found here: <https://www.ird.govt.nz/about-us/publications/annual-corporate-reports/annual-report>.

Questions 3 & 4: Approach to compliance during COVID-19 pandemic

Inland Revenue's 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.

Since the COVID-19 pandemic began in January/February 2020, many individuals, families and businesses have been struggling with the uncertainty caused by COVID-19. Inland

Revenue’s statutory powers allow for decisions to consider a long-term approach to revenue collection, to collect the maximum revenue over time.

Inland Revenue 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, penalties or interest. Some of these relief options are also available to Child Support customers. Specific web pages to help customers understand what is available to them if impacted by COVID-19 events are available on our website.

During the lockdown periods in 2020, we focused on supporting customers, providing relief where appropriate and, additionally, deferred or delayed some audits, disputes and debt recovery activities. This ultimately helps to maintain people’s voluntary compliance over time. We progressed fraud cases, court proceedings and voluntary disclosures that were important to maintaining the integrity of the tax system.

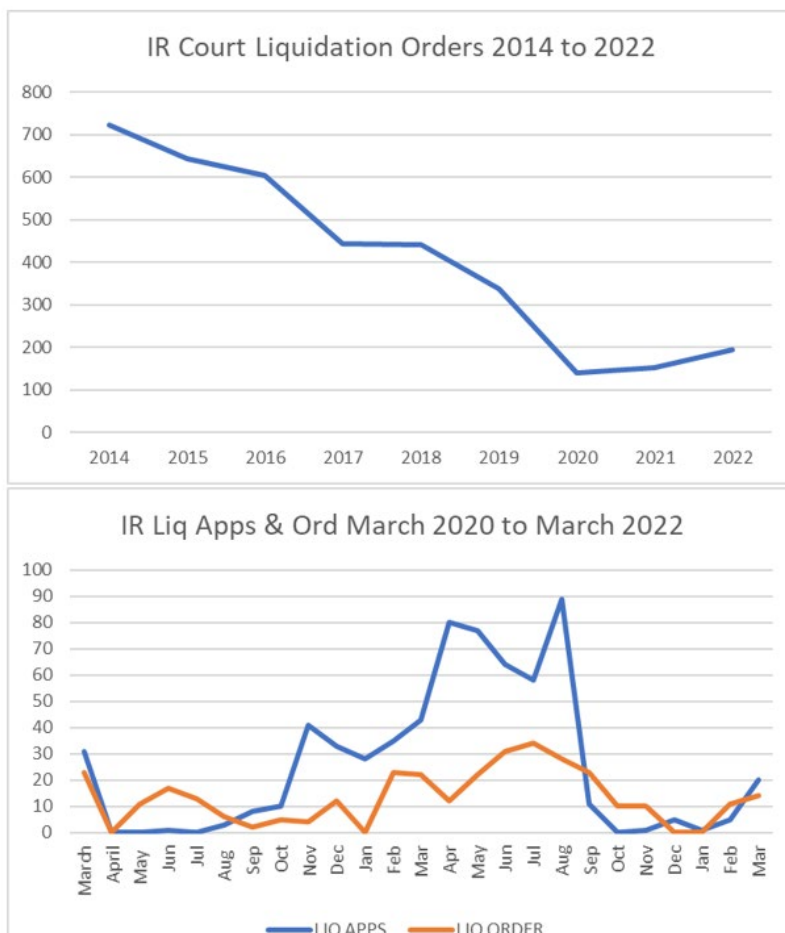
As New Zealand returned to Alert Level 2 in 2020, Inland Revenue recommenced these deferred and delayed debt recovery activities. Some compliance activities were paused while we were in Alert Levels 3 and 4. During this time, we continued to address compliance risks where there was a significant risk to the integrity of the tax system.

Tax relief and income assistance for individuals and businesses affected by COVID-19 is available and can be viewed on Inland Revenue’s website: ird.govt.nz/covid-19.

Question 5: Additional information on liquidations

Inland Revenue’s new system technology put in place over the last six years has contributed to fewer liquidation applications. Since 2017, Inland Revenue now has a range of tools to address business and customer tax debt that it didn’t have prior, which means liquidation applications to the Court are more than ever a last resort.

The two graphs below show the long-term picture of Inland Revenue Court liquidation orders from 2014 to 2022, as well as a monthly view during the peak of the COVID-19 pandemic.



The table below shows the number of Inland Revenue liquidation applications for the past 28 months, as well as number of Liquidation Orders granted (companies liquidated) by the Court, as many liquidation applications are resolved. Resolved includes where a debt is paid or settled in full or partially paid or written off.

Monthly Liquidation Applications and Applications Granted			
Year	Month	Inland Revenue Liquidation Application	Inland Revenue Statement of Claim Granted
2020	January	23	0
	February	27	27
	March	31	23
	April	0	0
	May	0	11
	June	1	17
	July	0	13
	August	3	6
	September	8	2
	October	10	5
	November	41	4
	December	33	12
Total		177	120
2021	January	28	0
	February	35	23
	March	43	22
	April	80	12
	May	77	22
	June	64	31
	July	58	34
	August	91	28
	September	11	23
	October	0	10
	November	1	10
	December	5	0
Total		493	215
2022	January	1	0
	February	5	11
	March	20	14
	April	18	0
Total		44	25

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 or Privacy Commissioner 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 again for your request.

Yours sincerely



Richard Philp
Customer Segment Lead
Micro Business & Not-for-Profit