



28 June 2023

[REDACTED]

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 30 May 2023. You requested the following:

- 1. Has IRD or any other relevant government agencies contacted Australian officials on this matter, including enquiring if PWC NZ has been involved in similar conduct. If so please provide all information directly and indirectly around that conduct.*
- 2. Is PWC NZ currently or previously been under investigation for tax avoidance/evasion in the last five years and if so please provide a summary, including similarly misconduct to that identified in the above linked article.*

Inland Revenue predominantly relies on its employees in developing tax policy. However, on relatively rare occasions, external contractors have assisted with specific areas of tax policy.

New Zealand legislation has a strict focus on confidentiality. When external contractors assist with Inland Revenue's tax policy work, they must sign an Inland Revenue certificate of confidentiality, that reflects these strict confidentiality requirements. Under Inland Revenue legislation, a breach of the certificate of confidentiality may result in criminal prosecution.

Inland Revenue has every confidence in the contractors it works with, the confidentiality arrangements they work under, and its ability to enforce its legal confidentiality requirements.

Question 1

Inland Revenue has not been in contact with Australian officials regarding the recent events with PricewaterhouseCoopers (PwC). Inland Revenue also holds no information regarding whether other government agencies have contacted Australian officials on this matter. PwC NZ has contacted the Commissioner and provided an assurance that no staff of PwC NZ were involved in the activities under scrutiny in Australia. The letters are attached.

Question 2

The information you have requested is considered sensitive revenue information under section 18 of the Tax Administration Act 1994 (TAA) because it directly identifies an entity. Sensitive revenue information can only be released in certain circumstances, as set out in sections 18D to 18J and schedule 7 of the TAA.

In this case, there are no grounds that permit me to release this information to you. Therefore, I have decided to refuse this part of your request under section 18(c)(i) of the OIA, as releasing this information would be contrary to section 18 of the TAA.

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 again for your request.

Yours sincerely



Mike Cunnington
Deputy Commissioner, Enterprise Services



Peter Mersi
Commissioner and Chief Executive of Inland Revenue
WELLINGTON

[by email]

26 May 2023

Dear Peter

PwC Australia matter follow up

Thanks for your time last week to discuss a recent finding by the Australian Tax Practitioners Board (TPB) against a former PwC Australia tax partner, Peter Collins and the PwC Australian firm. We are providing some further information on the matter and PwC New Zealand's position to assist you.

The TPB matter

The context for this reporting is a recent finding by the Australian Tax Practitioners Board (TPB) against Peter Collins and the PwC Australian firm. Peter Collins is no longer with PwC. The details for your reference include:

- Former PwC Australian tax partner Peter Collins shared, without consent, confidential information he obtained when participating in consultations with the Australian Treasury.
- This was investigated by the TPB, which found that he did not act with integrity and the TPB cancelled his tax agent registration.
- The TPB also found that the Australian firm failed to have in place adequate arrangements to manage conflicts of interest in relation to confidential Australian Government consultations.
- PwC internal emails (redacted) related to this matter were made public on 2 May 2023. The emails were obtained through an Australian Senate Committee as part of Estimates where a question was asked in relation to the TPB matter.
- Two types of conduct were reported in the TPB matter both of which fell below the standards PwC sets for itself:
 - Sharing or misuse of the Australian Treasury's confidential information (involving Peter Collins and a very small group of now retired partners).
 - A culture within parts of the tax group was such that Peter Collins' dual roles (as a party to an Australian government confidential consultation and the head of international tax in PwC Australia), were not questioned or challenged.

PwC deeply regrets the situation that arose in Australia and we are unequivocal that the unauthorised sharing and/or utilisation of confidential information is unacceptable and goes against our culture and values.

PwC Australia has taken a range of actions in response to these matters, including commissioning an external, independent review of the firm's governance, culture and accountability. Immediate changes within the business have also been made with Tom Seymour stepping down as the Australian firm CEO and retiring from the partnership on 30 September 2023. Other changes have also been made to the firm executive. These changes are in addition to changes made to the PwC Australia business since the events occurred, including a review of tax governance and internal controls and establishing a central register of confidentiality agreements.

PwC New Zealand

We have, and continue to, review our work practices here in New Zealand. PwC can confirm that no PwC New Zealand Partners or staff were recipients of those emails.

We expect our partners and staff to meet the highest standards of professional and ethical behaviour.

We take our professional and ethical obligations to clients, governments and regulators extremely seriously.

Our partners and staff members are required to follow the relevant rules and obligations of the applicable public procurement processes in all of our work for the Government and public sector. We undertake the work we do in line with the relevant regulations, frameworks for ethical behaviour and in line with our Code of Conduct.

From time to time there may be events where we fall short. We will absolutely learn from these events and build any learnings into how we continually improve as a firm.

PwC New Zealand has systems, policies and processes to identify and manage conduct and conflict of interest and to ensure confidentiality. These include:

- Before engaging with a client or potential client, staff and Partners are required to carry out checks which identify any restrictions on us working with an entity (e.g. an audit client) or any other potential conflicts due to other work we have previously completed or are currently engaged in.
- On larger clients and or sectors where we have multiple engagements we have Governance Forums that monitor current engagements and screen any new work before engaging with clients.
- PwC's engagement acceptance protocols are used to identify matters that must be reviewed by PwC New Zealand's tax policy panel and/or second partners. The tax policy panel reviews complex tax matters or high risk advice, including a requirement for timely and constructive engagement with Inland Revenue.
- All staff complete Annual Risk and Compliance training covering our Code of Conduct and Ethics. This includes modules on the handling of confidential and sensitive information.

- All of our people complete an Annual Compliance Confirmation which includes attestations that they have complied with PwC's ethics and compliance network standards and policies including confidentiality, our Code of Conduct and staff in our PwC Financial Advisory Services which includes our tax practitioners, are required to confirm that they have complied with our Tax Code of Conduct.
- PwC Financial Advisory Services partners are subject to an annual risk and quality review to assess their compliance with PwC's Global Tax Code of Conduct and governance policies.

If you have any questions or would like to discuss this matter further, please let me know.

Yours sincerely

s 9(2)(a)

Geof Nightingale
Partner and PwC Board Member

s 9(2)(a)

RELEASED UNDER THE OFFICIAL INFORMATION ACT



Peter Mersi
Commissioner and Chief Executive of Inland Revenue
32-42 Manners Street
WELLINGTON 6011

[by email]

2 June 2023

PwC Australia matter follow up

Dear Peter

Further to our recent discussions and our letter of 26 May 2023, I wanted to provide a further update on additional actions PwC Australia has taken to enhance the Australian firm's governance, accountability and culture in light of the breach of confidentiality identified by the Australian Tax Practitioners Board.

PwC Australia

In a [media release](#) and [open letter](#) on 29 May, PwC Australia acting CEO Kristin Stubbins outlined those actions, which include:

1. An update regarding the accountability consequences for individuals.

PwC Australia has directed 9 Australian partners to go on leave, effective immediately, pending the outcome of its investigation. This includes those with leadership or governance roles in the Australian firm. In addition, the Chairs of the PwC Australia Governance Board and its designated risk committee have decided to step down from their respective roles. These decisions are in addition to the leadership actions already announced.

2. The commencement of a process to ringfence the provision of services to Australian Federal Government Departments and Agencies to enhance PwC Australia's controls to prevent conflicts of interest.

This will cover all services to Australian Federal Government Departments and include people, operations and governance within its perimeter. It will be operationally ringfenced from PwC Australia's other businesses, and will have a standalone Executive and Governance Board. This will establish independence and enhance controls relating to confidentiality and conflicts. PwC Australia will consult with the Australian government on these arrangements including timing and process.



3. The appointment of two independent, non-executive directors to the Australian firm's Governance Board.

These two external board members will deliver independent, outside-in perspectives and bring additional objectivity to the Australian firm's governance, risk management and strategic decision making.

4. A commitment to publish the report and recommendations, in full, at the conclusion of Dr Ziggy Switkowski AO's independent review into PwC Australia's culture, governance and accountability in September.

PwC Australia has and will continue to take appropriate action against anyone who is found to have breached confidentiality or failed in their leadership duties.

PwC deeply regrets the situation that arose in Australia and we are unequivocal that the unauthorised sharing and/or utilisation of confidential information is unacceptable and goes against our culture and values.

PwC New Zealand

I can again confirm that this matter does not involve PwC New Zealand and that no PwC New Zealand partners or staff were recipients of the PwC emails related to this matter that were made public on 2 May.

As previously shared with you, we expect our partners and staff to meet the highest standards of professional and ethical behaviour and take our professional and ethical obligations to clients, governments and regulators extremely seriously.

We have, and continue to, review our work practices here in New Zealand. As you would expect we are closely watching the processes underway at PwC Australia and will continue to review any impact these may have for how we work with our clients, regulators and wider stakeholders here in New Zealand.

If you have any questions or would like to discuss this matter further, please let me know.

Yours sincerely

s 9(2)(a)

Geof Nightingale

Partner and PwC Board Member

s 9(2)(a)

9 June 2023

Geof Nightingale
Partner and PwC Board Member
PricewaterhouseCoopers
WELLINGTON

By Email: s 9(2)(a)

Dear Geof

PwC Australia Matter

Thank you for your telephone call and recent correspondence in relation to the PwC Australia matter.

I appreciate your proactive approach on this matter and both the work PwC New Zealand have done to date to test whether there were any PwC New Zealand employees involved in the Australia event, and the ongoing effort you are making to ensure potential conflicts of interest and confidentiality are appropriately identified and managed.

I confirm that having canvassed staff from within Inland Revenue, we are not aware of any similar concerns arising in New Zealand with PwC staff and we look forward to continuing our relationship with PwC New Zealand.

As mentioned in your latest letter of 2 June, please advise any impacts on how you work with us here in New Zealand as you closely watch the processes underway at PwC Australia.

Yours sincerely



Peter Mersi
Commissioner of Inland Revenue

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