Inland Revenue
Te Tari Taake

26OIA2338

5 June 2026

[redacted]

Dear [redacted]

Thank you for your request, received on 9 May 2026. The following part of your request is being considered under the Official Information Act 1982 (OIA):

> *Copies of any standard operating procedures, rules, process maps or any other information related to how IRD handle strikes*

The remaining part of your request, "*copies of all notifications provided to me of my strikes?*" is being considered as a Privacy Act request by the appropriate team.

How Inland Revenue handles Direct Debit strikes

I am releasing, Inland Revenue's internal guidance for staff on dealing with instalment arrangement defaults as **Appendix A.** Some information has been removed from this document under section 18(c)(i) of the OIA, as making the requested information available would be contrary to the provisions of section 18(3) of the Tax Administration Act 1994 (TAA). The Commissioner of Inland Revenue is not required to disclose any item of revenue information if the release of the information would adversely affect the integrity of the tax system or prejudice the maintenance of the law. The way failed direct debit payments are handled is managed through a combination of system settings, operational guidance, and case-by-case actions depending on the customer's circumstances.

The "strike system" is designed to maintain an accurate record of adherence to an instalment arrangement, and to ensure that penalty suppression is properly managed.

Adherence to an instalment arrangement is checked every 5th day of the following month. The total expected payments are checked against those that have been received. Each time a scheduled repayment is missed it is counted as a strike. For example, if fortnightly payments are due on 6 and 20 May, and 6 May payment is missed then this would be counted as strike 1. Should a further payment in June be missed then the count would rise to strike 2. Should there also be a default in August this would be strike 3. At this stage the arrangement could be cancelled if missed payments are not paid.

Strikes are only reset in cases where a payment was misdirected or where a payment date falls on a public holiday or weekend and the payment is received on the next working day which happens to fall on the following month.

Inland Revenue sends text messages and myIR reminders 3 – 4 days before the first payment and after missed payments (strike 1, strike 2 and strike 3).

If a direct debit cannot be taken (for example, because funds are not available), the payment is not received by Inland Revenue. This may mean the amount remains unpaid and late payment consequences can apply depending on the tax type and timing. General information about direct debits and late payment penalties is available on our website: www.ird.govt.nz/managing-my-tax/make-a-payment/ways-of-paying/direct-debit-payments-in-myir.

Right of review

If you disagree with my decision on your OIA request, you have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the OIA. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely

James Barker
Domain Lead - Planning, Design & Delivery - Compliance

Appendix A

Instalment Arrangement Default work item

Published 24/04/2026

If the instalment arrangement changes from Strike 1 to Strike 2 (or from Strike 2 to Strike 3) another Instalment Arrangement Default work item will not be created if the existing work item has not been completed. Instead, the work item will show as 'Expired'.

On this page

Important Information

No matter what the situation, our aim is to help our customers manage their debt. Choose the best contact method. Ideally contact should be by voice, as it gives you the best chance to understand and educate the customer. This allows you to quickly address any questions or concerns, ensuring they know what's expected and by when.

Instalment arrangements get policed every 5th day of the following month (previously was the 15th day of the month). This checks the total expected payments for the previous month vs the actual payments received. If the 5th day falls on a weekend or on a public holiday, the checks will commence on the next business day.

The late payment penalties will be charged for any month in the arrangement that the payments planned were not made. Refer to Penalties and interest. If the arrangement was a pre-emptive instalment arrangement, the 4% late payment penalty that was suppressed will be charged.

Account maintenance – checking payments

Payment allocation

To check if the instalment arrangement defaulted correctly, review the expected payment received vs the expected amount. Make sure to check the date payments were received and that the correct payments have been made within the correct month and that the payments went to the right bill items. 18(c)(i) [redacted]

Move any misdirected payments to the bill items that are under arrangement. Do not move any that have already been moved by either an officer, customer or third party.

- Check the payments for the current month, redirect if necessary.
- Refer to Credit transfers

The status of the arrangement can be changed at any time. You may need to Correct penalty suppression.

18(c)(i) [redacted]

18(c)(i)

- If the instalment arrangement payments are being made but the dates do not line up with the arrangement schedule, contact the customer to discuss changing the payment date or resetting the arrangement to align with the payments being made.
- If the instalment arrangement payments are being made and being allocated correctly to arrears, the work item can be completed, and no further action is required.

Customer checks – Instalment Arrangement

Check the instalment arrangement to see what strike the arrangement is staged too.

Strike 1

- **If the payments recommence:** The work item closes the next time arrangements are checked by the system. The arrangement status stays at **Strike 1**.
- **If the payments do not recommence:** Unless manually resolved, the work item stays open and the arrangement status moves to **Strike 2** the next time arrangements are checked by the system.

Strike 2

- **If payments recommence:** The work item closes the next time arrangements are checked by the system. The arrangement status stays at **Strike 2**.

- **If payments do not recommence:** Unless manually resolved, the work item stays open and the arrangement moves to **Strike 3** next time arrangements are checked by the system.

Strike 3

- **If payments recommence:** The work item closes the next time arrangements are checked by the system. The arrangement status stays at **Strike 3**.
- **If payments do not recommence:** If not resolved seven working days after **Strike 3**, the arrangement is automatically inactivated, and an instalment arrangement default letter will be automatically issued to the customer.

The arrangement will show as **Strike 3 Defaulted** and the Collection case is updated to **Instalment arrangement defaulted**.

The **Instalment Arrangement** present indicator is removed with an end-date added as of the date when the instalment arrangement has been inactivated.

Contact the customer

Attempt to contact the customer and discuss the instalment arrangement. Determine their ability to repay the debt, refer to Debt case pre-checks.

Confirm the customer cannot make immediate payment of arrears in full, if they are able to, advise of payment options and complete the work item.

Confirm if the customer can make up the missed payments and/or recommence the payments towards the instalment arrangement, if they are able to, advise of payment options and complete work item

18(c)(i)

[redacted]

If you're unable to make contact by phone, continue to Unable to Make Contact below.

Unable to make contact

Strike 1 and Strike 2

If you are unable to make contact, send a letter/web message to request customer make contact. The work item can be completed.

Strike 3

18(c)(i)

[redacted]

If the customer has an employer, issue a S157 Wage Deduction Notice and complete the work item. If the customer has no employer but has an active bank account, add a Bank Account Deduction Notice and complete the work item. Remember to check Certificates for further bank account information if the customer has no active bank account.

If a deduction notice cannot be added, send a letter/web message to request customer make contact. Check other resources such as Infolog, you may be able to locate further information and issue a S17B, potentially identifying a s157 deduction source. The work item can be completed.

Notes

Add notes under Items in the work item. Use the heading **Instalment Arrangement Default Work Item** and add a description of actions taken.

Example 1

"Instalment Arrangement Default Work Item – Customer ceased making payments and the Instalment Arrangement on Strike 2. Called XXXX XXXX, left message. Work Item completed. If customer calls back, please address XXXX XXXX arrears."

Example 2

"Instalment Arrangement Default Work Item – Strike 3 Instalment Arrangement inactivated, and default letter issued on XX/XX/XXXX. Called XXXX XXXX, no answer. S157 Bank Account Deduction Notice issued on bank account XX-XXXX-XXXXX-XX for $XX weekly. If customer calls back, please address XXXX XXXX arrears."

Not in scope