



5 March 2025

[REDACTED]
[REDACTED]

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 15 February 2025. You requested the following:

Please provide detail around the following process. I am aware of an entity that has fraudulently advertised and obtained funds. What is the process and what is the IRD policy around audits. If the entity was an iwi would the same process be followed or is there something different? In this case the entity has obtained sponsorship and grants to the tune of hundreds of thousands of dollars however has then taken the items for such things as business start ups and the items and money have disappeared without any delivery of service. Is that fraud? In other instances the fraud has been to receive Government Services funding and not deliver, and in one instance obtained Council funding to host an event called Island Time advertising that a portion of the ticket sales would go to manu however nothing did. It is recidivist and is this the type of thing that should be audited? If there is a charitable entity that is fraud what happens in that instance? Is this a police or IRD matter? Happy to provide detail however the process is what I am mainly seeking clarity around and what can be done given the money heading to the organisation is tax and rate payer dollars.

Information being released

Information about audits and how they are managed can be found on Inland Revenue's website at: ird.govt.nz/managing-my-tax/audits.

The courts determine whether or not fraud has occurred. In general, Inland Revenue would only investigate in cases where evidence indicates tax returns filed are deliberately false and tax fraud is suspected. If the entity in question is a registered charity, the Department of Internal Affairs – Charities Services (Charities Services) is the appropriate agency to investigate whether the funds have been used in an improper way.

As mentioned, Inland Revenue would only audit where there is a tax risk suspected. Various factors would need to be considered, such as whether the grants are taxable, including whether funds have been used for the personal benefit of individuals and/or whether information held by Inland Revenue indicates tax returns filed are incorrect.

Any tax consequences related to any fraud would depend on the circumstances. Charitable status of an entity is not determined by Inland Revenue. Information regarding making a complaint

about a registered charity can be found on Charities Services website at charities.govt.nz/charities-in-new-zealand/making-a-complaint/.

If you believe there any tax risk regarding an entity, you can complete an anonymous reporting form (IR873) on Inland Revenue's website at: ird.govt.nz/managing-my-tax/tax-crime/tell-us-about-evasion-or-fraud/report-anonymously-ir873. When received, the reports are matched with other information held by Inland Revenue and assessed to determine if any further information or investigation is required.

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



Matthew Prince
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