



Dear [REDACTED]

Thank you for your requests made under the Official Information Act 1982 (OIA). On 2 April 2025 you requested the following (numbered for ease of responding):

*I request the following under the OIA*

1. 4 Feb 2025 Inland Revenue Briefing Note BN2025/035: Charities and not-for-profits: First draft consultation document and timeline
2. 10 Feb 2025 Inland Revenue Report IR2025/007: Outcome of consultation on the effects of FIF rules on immigration
3. 12 Feb 2025 Inland Revenue Briefing Note BN2025/051: Outcome of targeted consultation regarding potential effectiveness of FIF policy settings
4. 14 Feb 2025 Inland Revenue Report IR2025/018: Fringe benefit tax review – updated policy options
5. 8 Feb 2025 Inland Revenue Briefing Note BN2025/061: Fact sheet for tax changes to artist resale royalty
6. 20 Feb 2025 Inland Revenue Report IR2025/066: Base maintenance measure for inclusion in upcoming Amendment Paper
7. 21 Feb 2025 Inland Revenue Report IR2025/012: 2025 March Baseline Update submission for Vote Revenue
8. 6 Feb 2025 Inland Revenue Report IR2025/022: Tax monitoring report: Collections to January 2025

On 11 April 2025, the Treasury partially transferred your request for the following:

9. Inland Revenue Report IR2025/066: Base maintenance measure for inclusion in upcoming Amendment Paper

### **Information being released**

I am partially releasing, attached as **Appendix A**, documents one, five and eight. Some information within these documents has been withheld under the following sections of the OIA, as applicable:

- 9(2)(a) to protect the privacy of natural persons,

- 9(2)(f)(iv) to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials, and
- 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

The attachments to documents one and five are withheld in full under section 9(2)(g)(i) as final versions are available.

The final version of the attachment to document one, titled *Official's issues paper: Taxation and the not-for-profit sector*, can be found on Inland Revenue's Tax Policy website ([taxpolicy.ird.govt.nz](http://taxpolicy.ird.govt.nz)) by searching for [Taxation and the not-for-profit sector](#).

Additionally, I am releasing the final version of the attachment to document five, titled *Proposed changes to GST treatment of artist resale royalty scheme*, attached as **Appendix B**.

### Information being withheld

I am withholding documents two and three in full under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i) of the OIA.

Some of the information relating to the consultation on the effects of FIF rules on immigration is publicly available on Inland Revenue's Tax Policy website by searching for [Effect of the FIF rules on immigration: proposals for amendments](#), [Proposed foreign investment fund changes - Fact sheet](#), and on the Beehive's website ([beehive.govt.nz](http://beehive.govt.nz)) by searching for [Tax change for incoming talent to boost growth](#).

I am withholding documents four and seven in full under section 9(2)(f)(iv) of the OIA.

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this instance, I do not consider that to be the case.

### Information being refused

Documents six and nine are the same document. I am refusing to release of this document under section 18(d) of the OIA, as it will soon be made publicly available on Inland Revenue's Tax Policy website, as part of the proactive release of the remaining information related to the Amendment Paper to the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill.

### Right of review

If you disagree with my decision on your OIA request, 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](mailto: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](http://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



Josh Green

**Domain Lead, Governance & Ministerial Services**



**Policy  
Taukaea**  
55 Featherston Street  
PO Box 2198  
Wellington 6140  
New Zealand  
T. 04 890 1500

## Briefing note

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Reference: BN2025/035

Date: 4 February 2025

To: Revenue Advisor, Minister of Finance – Felicity Barker  
Revenue Advisor, Minister of Revenue – Angela Graham  
Private Secretary, Minister of Revenue – Helen Kuy  
Private Secretary, Minister for the Community and Voluntary Sector – Jess Watt

cc: Peter Mersi, Commissioner  
David Carrigan, Deputy Commissioner  
Graeme Morrison, Policy Director  
Maraina Hak, Policy Director  
Phil Whittington, Policy Director  
Joanne Petrie, Executive Support Advisor to the Commissioner  
Jill Compton, PA to Deputy Commissioner  
Governance, Ministerial & Ministerial Services  
Jayne Beggs, Director, Department of Internal Affairs

From: Stewart Donaldson  
Philip Marshall

Subject: Charities and not-for-profits: First draft consultation document and timeline

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### Background

1. The first draft of the officials' issue paper "Taxation and the not-for-profit sector" is attached, along with a proposed timeline for the approval and consultation process.
2. Inland Revenue officials plan to discuss these documents with Minister advisors at 1pm this afternoon.

### Consultation with the Treasury

3. The Treasury was informed of this briefing note.

s9(2)(a)

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Stewart Donaldson  
**Principal Policy Advisor**  
s9(2)(a)

### Taxation and the not-for-profit sector: Draft timeline for public consultation

M	T	W	T	F
3 Feb	4 Draft consultation document to Ministerial advisors	5 Draft consultation document to RIS QA panel for same-day feedback	6 Waitangi Day	7
10 Feb Discuss 2 <sup>nd</sup> draft with 3 Ministerial advisors.	11 Final consultation document and draft Cab paper provided to Ministers	12	13 Cabinet paper lodgement	14
17 Feb Cabinet decision on release of paper Consultation begins	18	19	20	21
24 Feb	25	26	27	28
3 Mar	4	5	6	7
10 Mar	11	12	13	14
17 Mar	18	19	20	21
24 Mar Consultation closes	25	26	27	28
31 Mar s9(2)(f)(iv)	1 Apr	2	3 Cabinet paper lodgement	4
7 Apr Final Cabinet B25 decisions	8	9	10	11
14 Apr	15	16	17	18



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## Briefing note

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Reference: BN2025/061

Date: 18 February 2025

To: Revenue Advisor, Minister of Revenue – Angela Graham  
Private Secretary, Minister of Revenue – Helen Kuy  
Revenue Advisor, Minister of Finance – Emma Grigg

From: Ben Smith

Subject: **Fact sheet for tax changes to artist resale royalty scheme**

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### Purpose

1. The Ministers of Finance and Revenue agreed to include amendments ensuring appropriate tax outcomes for the artist resale royalty scheme in the current omnibus tax bill (IR2024/487 refers).
2. Ministers also agreed these amendments would be backdated to 1 December 2024 (when the scheme came into force) and that officials could communicate Ministers' decisions to those affected ahead of the legislation being introduced in the March Amendment Paper.
3. We prepared the attached fact sheet alongside officials at the Ministry for Culture and Heritage and the collection agency. We expect it to be distributed to affected art vendors, art market professionals, artists and right holders from next week. It will be provided to fewer than 100 persons to help them understand the intended tax implications of the scheme.
4. Inland Revenue will continue to work with the Ministry for Culture and Heritage to ensure appropriate guidance is available on the tax implications of the artist resale royalty scheme once the relevant amendments have passed into law in March this year.

### Consultation

5. The Ministry for Culture and Heritage were informed about this briefing note. Officials at the Ministry for Culture and Heritage will share the fact sheet with the office of the Minister for Arts, Culture and Heritage for his office's information.

Ben Smith  
**Principal Policy Advisor**  
s9(2)(a)



## POLICY

**Tax policy report: Tax monitoring report: Collections to January 2025**

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<b>Date:</b>	26 February 2025	<b>Priority:</b>	Low
<b>Security level:</b>	In Confidence (Information is released to a timetable)	<b>Report number:</b>	IR2025/022

### Action sought

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Revenue	<b>Note</b> the contents of this report <b>Refer</b> report to Minister of Finance	None 04 March 2025

### Contact for telephone discussion (if required)

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Sandra Watson	Policy Lead, Forecasting and Analysis	s9(2)(a) [REDACTED]

26 February 2025

Minister of Revenue

## **Tax Monitoring Report: Collections to January 2025**

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### **Purpose and context**

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1. The purpose of this report is to inform you of how tax collections<sup>1</sup> for the seven months to January 2025 are tracking against the Treasury's forecasts from the 2024 Half Year Economic and Fiscal update (HYEFU). No action is required from Ministers.
2. Monthly tax outturns have a timetabled release by the Treasury and January figures should not be disclosed until after publication on 6 March 2025.
3. The 2024 Half Year Economic and Fiscal Update (HYEFU) was released on 17 December 2024. As outturns to October 2024 were known at the time HYEFU forecasts were prepared, variances presented in this report are for the months of November 2024 to January 2025.

### **Tax receipts for the year to January 2025 (2024/25 fiscal year)**

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#### *Receipts Variance*

4. For the seven months ending 31 January 2025, unconsolidated aggregate tax receipts totalled \$75,234m, \$304m (0.4%) below the Treasury's HYEFU forecast.
5. The key tax types below forecast were:
  - **PAYE:** \$328m (1.1%) lower than forecast,
  - **Total net GST:** \$78m (0.3%) lower than forecast,
  - **Net company tax:** \$37m (0.3%) lower than forecast.
6. The PAYE variance is an improvement on \$378m below forecast in December<sup>2</sup> and the revenue measure for PAYE is much closer to forecast at \$66m below.
7. The negative variances in paragraph 5 were partially offset by **net other persons tax**, which was \$140m (3.5%) greater than forecast. This variance has increased from \$56m greater than forecast in December, reflecting that January contains the second of three provisional tax instalments for the largest group of taxpayers with March balance dates. The year-to-date variance remains consistent with the revenue measure.

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<sup>1</sup> Limited to Inland Revenue administered tax types plus Customs GST, referred to in this document as Aggregate taxation. Two measures are reported. Tax receipts reflect actual collections (cash). Tax revenue reflects amounts estimated to be earned but not necessarily received yet.

<sup>2</sup> Source: On 5 February Statistics NZ released December quarter Household Labour Force Survey and Quarterly Employment survey statistics. For that quarter the annual growth in the number of people employed was -1.09% (HYEFU +0.03%) and growth in average weekly ordinary time earnings was +4.3% (HYEFU +7.0%).



## Receipts Growth

8. Over the twelve months to January 2025, unconsolidated aggregate tax receipts grew by \$6,176m (5.1%) compared to the previous year. The main contributors to this growth were:
- **PAYE**: increased by \$2.6b (5.4%),
  - **Residents withholding tax on dividends (DWT)**: increased by \$1.1b (86.8%) due to increased dividends paid ahead of the 39% trustee tax rate taking effect,
  - **GST**: increased by \$0.9b (2.2%),
  - **Interest RWT**: increased by \$0.8b (26.3%).
9. **Net company tax** receipts grew by \$703m (+4.1%) over the same period, and **net other persons** receipts declined by \$317m (-4.1%).

## Tax revenue for the year to January 2025 (2024/25 fiscal year)

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10. Unconsolidated aggregate tax revenue for the seven months to 31 January 2025 totalled \$74,131m, which is \$477m (0.6%) below forecast.
11. The main tax types below forecast are **net company tax** at \$892m (8.7%) below forecast, and **PAYE** which was \$66m (0.2%) below forecast. The negative variance in net company tax will be removed on consolidation<sup>3</sup>, with an underlying variance above HYEPU forecast.
12. These variances are partially offset by positive variances in the other main tax types. **Total net GST** was \$279m (1.1%) greater than forecast. This is the third consecutive month with an increased positive variance and is considered a trend. **Net other persons tax** was \$181m (4.1%) greater than forecast, consistent with the receipts measure.

## Consultation and next steps

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13. The Treasury has been consulted on this report.
14. The Government's interim financial statements for the seven months ended 31 January 2025 will be published by the Treasury on 6 March 2025.

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<sup>3</sup> The consolidation process carried out by the Treasury removes the impact of Government paying tax to itself, mainly GST and income tax from Government-owned entities.


## **Recommended action**

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We recommend that you:

16. **note** the contents of this report, and  
Noted
17. **refer** a copy of this report to the Minister of Finance for their information.  
Referred/Not referred

s9(2)(a)



**Sandra Watson**

Policy Lead, Forecasting and Analysis

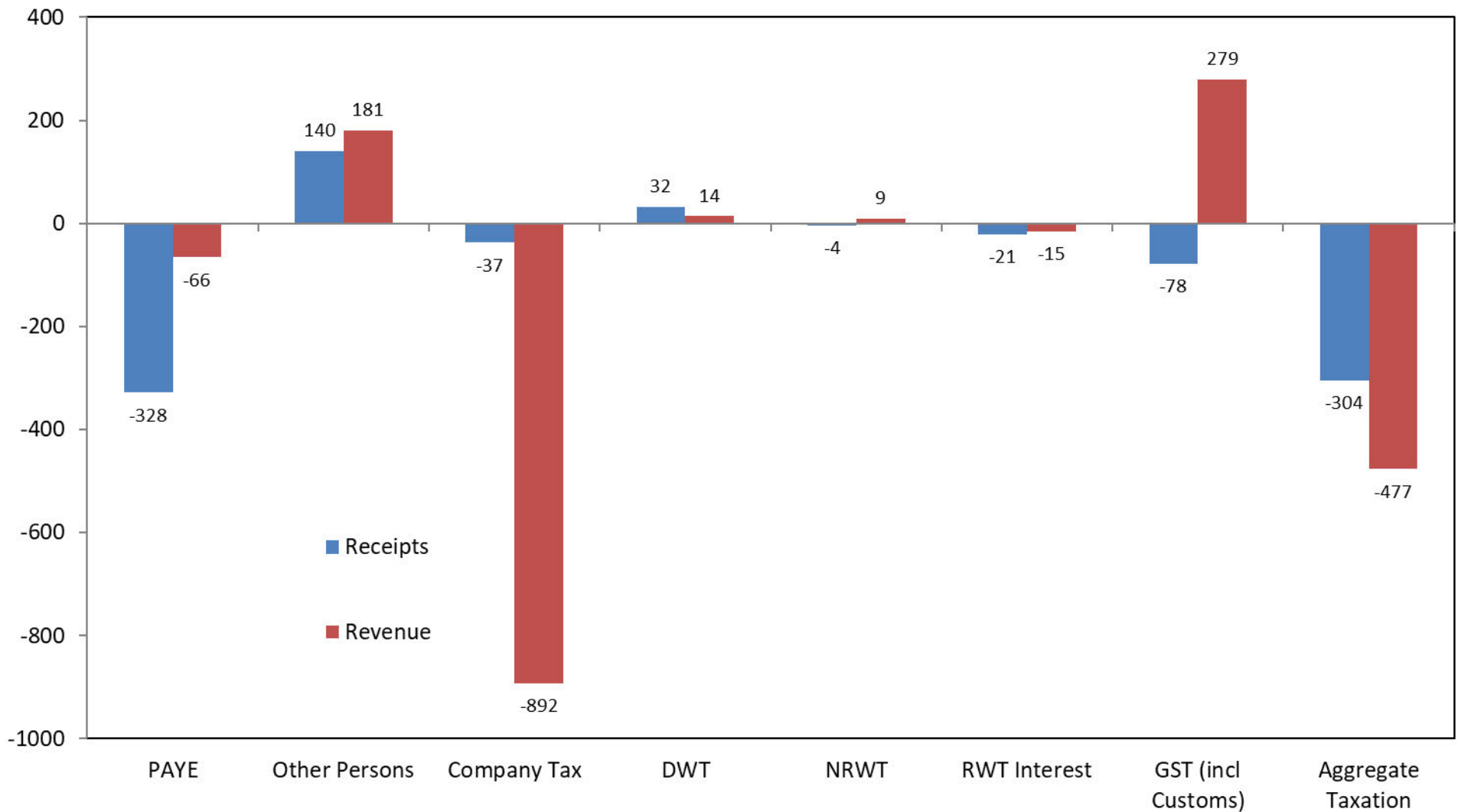
**Hon Simon Watts**

Minister of Revenue

/ /2025

# **Cumulative Variance (2024/25 June year) on the Treasury's HYEFU 2024 forecasts - January 2025**

\$ millions



## Proposed changes to GST treatment of artist resale royalty scheme

The Government will introduce retrospective legislation to set the goods and services tax (GST) treatment of resale royalties payable under the Resale Right for Visual Artists Act 2023. This would address the double taxation of resale royalties that currently arises in some circumstances.

The draft legislation, which is still subject to the remaining steps of the parliamentary process, is expected to become law by 31 March 2025. It would have effect from 1 December 2024, the same date the artist resale royalty scheme started.

**This fact sheet provides a summary of proposed GST changes only.** Information about the income tax implications is available on Inland Revenue's website: [ird.govt.nz](http://ird.govt.nz) (search keywords: artist resale scheme).

**If the GST proposals are passed by Parliament, Inland Revenue will provide further guidance.**

### If you are an art seller or an art market professional

- The resale royalty you pay to the collection agency would not be subject to GST. You would receive [supply correction information](#) (a credit note) from the collection agency for any invoice for resale royalties you previously paid that showed you incurred GST.
- You would need to notify the collection agency whether the sale of artwork that gives rise to a resale royalty is or was subject to GST, and if so, at what rate (either 15%, or 0% in the case of exported artwork). You would do this at the same time and in the same way you provide the collection agency with all other information about the sale of the artwork.

**If you are an artist or a right holder and are not registered for GST, or resale royalties do not relate to your [taxable activity](#)**

- You would not be affected by the proposed GST rules for resale royalties.

**If you are a GST-registered artist or right holder and resale royalties relate to your taxable activity**

- If the collection agency notifies you that the sale of the artwork that gave rise to the resale royalty was...

...subject to GST of 15%	...subject to GST of 0%	...not subject to GST
You <b>would not</b> include the resale royalty in your GST return.	You <b>would</b> include the resale royalty in your GST return as "zero-rated supplies".	You <b>would</b> include the resale royalty in your GST return as "sales and income".

- You would not need to provide an invoice to the collection agency or anyone else.
- You would be able to deduct GST on the collection agency's fee, being 20% of the resale royalty, if you meet the [taxable supply information](#) requirements.

**Example 1: Sale of qualifying artwork was subject to GST***Art market professional*

Qualifying artwork sells at auction for \$23,000 (including GST of \$3,000).

The resale royalty is \$1,000.

The art market professional pays the resale royalty to the collection agency and discloses that the sale of the artwork was subject to GST of 15%.

*Collection agency*

The collection agency:

- keeps \$200 (20% of the resale royalty)
- pays \$800 to the artist or right holder, and
- informs the artist or right holder that the sale of the qualifying artwork was subject to GST of 15%.

*GST-registered artists and right holders*

If the resale royalty relates to the artist or right holder's taxable activity, they:

- **do not include** the \$1,000 resale royalty in their GST return as "sales and income" because the sale of the artwork that gave rise to the resale royalty was subject to GST of 15%, and
- include the \$200 kept by the collection agency in their GST return as "purchases and expenses".

*Other artists and right holders*

Other artists and right holders do not account for GST on resale royalties or deduct GST for the collection agency's fee.

**Example 2: Sale of qualifying artwork was not subject to GST***Art market professional*

Qualifying artwork sells at auction for \$23,000. The sale is not subject to GST.

The resale royalty is \$1,150.

The art market professional pays the resale royalty to the collection agency and discloses that the sale of the artwork was not subject to GST.

*Collection agency*

The collection agency:

- keeps \$230 (20% of the resale royalty)
- pays \$920 to the artist or right holder, and
- informs the artist or right holder that the sale of the qualifying artwork was **not** subject to GST.

*GST-registered artists and right holders*

If the resale royalty relates to artist or right holder's taxable activity, they:

- **must include** the \$1,150 resale royalty in their GST return as "sales and income" because the sale of the artwork that gave rise to the resale royalty was not subject to GST of 15%, and
- include the \$230 kept by the collection agency in their GST return as "purchases and expenses".

*Other artists and right holders*

Other artists and right holders do not account for GST on resale royalties or deduct GST for the collection agency's fee.