

19 May 2026

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 21 April 2026. You requested information relating to the cessation of cheques as an accepted form of payment for Inland Revenue. Your request in full is attached as **Appendix A**, summarised below:

1. *Why on earth was this done?*
2. *Who made that decision?*
3. *How long was this considered for?*
4. *Did IRD identify any risks associated with doing this?*
5. *What was the cost to process cheques in 2020/2019?*
6. *Did removing cheques achieve this goal?*
7. *Did it improve the rates of late payment penalties or worsen it?*
8. *Did it require any legislation to change?*
9. *Did you consult with the public?*
10. *In retrospect, was that a good choice?*

Parts 1, 6, 7, and 10 of your request do not constitute a request for official information under the OIA, rather they are a request for an opinion. Official information is any information held by an agency subject to the OIA. This includes:

- Documents, reports, memoranda, emails and drafts
- Non-written information, such as video or tape recordings
- The reasons for any decisions that have been made about you
- Manuals that set out internal rules, principles, policies or guidelines for decision-making
- Agendas and minutes of meetings, including those not open to the public

Information being released

In 2019 the Commissioner of Inland Revenue (the Commissioner) and the Accident Compensation Corporation (ACC) announced that both agencies would no longer accept cheques as a matter of course but only by exception in limited circumstances. The use of cheques had been declining consistently, accounting for 4.67% of payments to Inland Revenue in 2019.

Inland Revenue began considering the viability of cheques as a form of payment around 2018.

During this time, Inland Revenue was going through Business Transformation, a critical upgrade to systems that had been in place since the 1980s. The intent of business transformation was to deliver a modern, digital revenue system.

A critical external factor to consider is that Westpac, Inland Revenue's principal banking provider, announced on 23 October 2020 that they would stop accepting cheques after June 2021. In practice, this would have required Inland Revenue to invest in the equipment necessary to process cheques manually. The cost of this equipment and the staff required to process cheques would have been prohibitively impractical at a cost per transaction level. Other major banks were on similar timelines for the disestablishment of cheques as a method of payment. To ensure business continuity and resilience, Inland Revenue aligned with the banking environment.

Migrating away from cheques was seen to reduce risks, as cheques involved manual handling, physical transport, and data entry which was susceptible to user error and time delays. Electronic payments and direct bank transfers virtually eliminate those issues. Any fraud and security concerns specific to cheques, such as forged or stolen cheques, would be mitigated by using digital channels with bank authentication. Further to this, dishonoured payments would no longer be a factor, improving the certainty of collection.

Inland Revenue was acutely aware that some segments of the population had a longstanding reliance of cheques, and the disestablishment of this payment method was structured to make it as easy as possible for those affected. This decision was announced 8 months ahead of time and was followed by targeted communication and education for those who regularly pay via cheque. Alternatives were offered in the form of telephone-based payments by card, online banking reference codes, pre-populated payment barcodes and the option to pay by cash or EFTPOS at a Westpac branch.

Inland Revenue did not retain a quantified cost for processing cheque payments in 2019/20. The decision to stop accepting cheques was based on declining usage and cost avoidance, including avoiding the need to reinvest in obsolete cheque-processing infrastructure, rather than on a specific per-cheque processing cost. Your request for the cost to process cheques in 2019/20 is refused under section 18(g) of the OIA, the information requested is not held by Inland Revenue, nor do I have reason to believe this is held by another department.

This change did not require any legislative amendments. Although cheques have been commonly used over the years, they are not actually legal tender. Section 27 of the Reserve Bank of New Zealand Act 1989 defines legal tender as bank notes and coins and does not include cheques.

The Tax Administration Act 1994 does not prescribe specific payment methods that Inland Revenue must accept. Instead, it requires taxpayers to meet their tax obligations, while leaving the administration of payment processes to the Commissioner. Cheques are not legal tender under New Zealand law, and there is no statutory requirement for Inland Revenue to accept them. Despite this, Inland Revenue did maintain limited exceptions to the acceptance of cheques in such cases where the taxpayer had no other means available to them.

In October 2019, Inland Revenue's Technical Standards team released a draft standard practice statement for internal and external consultation. Standard practice statements describe how the Commissioner will exercise a statutory discretion or deal with practical issues arising out of the administration of the Inland Revenue Acts. This external consultation on the draft Standard Practice Statement related to tax payments, including how payment methods are treated

administratively. This was not a standalone consultation explicitly regarding the acceptance of cheques as a form of payment.

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



Sarah Bourke

Customer Segment Leader – Micro Business & Communities

Appendix A

Dear Inland Revenue Department,

in the second half of the 20th century, billions of cheques were issued annually worldwide, and yet in 2020 you surprisingly stopped accepting cheques as a form of payment leading to a catastrophic loss of cheques as a payment method by 2024, with zero New Zealand banks being able to accept any cheques including foreign cheques! This was done when cheques were used for 11% of payments, with 2.4 million cheques being written in 2016.

Banks have special rights and responsibilities granted to them by banking legislation. In return for their duty, banks get the right to generate mortgages and take deposits, and part of that duty was processing cheques.

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This destruction of a useful payment had negative effects in decreasing order of severity:

- removes ability to provide payment to a child, disabled person, someone unable to leave the house
- leaves cash as only option to make or receive payment in the event of a power cut, internet outage or if telecommunications is "out of service"
- removes the postal service as a method to make payment eg "the cheque is in the mail"
- destroys an instant, low-tech, and anonymous use of money
- no longer possible to use "two to sign" as a security measure for non-profit groups to track and restrict spending by members
- electronic payments do not always identify who the payer is unlike cheques

- Transaction limits can force some organisations to issue cheques for large payments.
- reduced security in cases where cash is now used where cheque was once used- removes chance to use a race condition to revoke a payment by ripping up or otherwise destroying a payment currently "in flight" by anyone with physical access to an unbanked cheque payment say for example the contents of a safe with shared combination code

According to the latest research I could find [3] accounts in rural regions use approximately 15 per cent more cheques per year than accounts in urban areas. Urban cheques have an average value of \$2,408. Rural cheques have an average value of \$1,876. On average people deposit 5 cheques per year. The top 100 issuers are primarily organisations in industries that make a large number of irregular payments. Sectors for these organisations include government, insurance, retail, and utilities. This group issues 7 per cent of all cheques. EFTPOS is the most dominant payment type used by cheque users. It accounts for 56 per cent of all payments made. Credit cards are second at 12 per cent, while cheques account for 11 per cent of payments. The average value of any cheque is \$2,363.

I noticed the Citizens Advice Beaurau says a business can only not accept cash as a form of payment if they either tell you in advance, or display a sign at the entrance of the premises; however they can not decline cash as a payment if paying off debt. [1] this is backed up by the Reserve Bank at [2] "Yes. If you want to use cash to pay off debt, businesses are obliged to accept it."

According to Payments NZ: "Mr Nichols said that paper (primarily cheque) usage in New Zealand had been declining at an annual average rate of nine per cent over the last eight years. Cheques interchanged through the financial system have reduced from around nine percent of total retail transactions across all payments methods in 2003 to two percent in 2010."

I believe a call for cheques to be re-instated as a payment method will come about 2 to 6 months after an X10 solar flare takes either down a large part of the power grid or does significant damage to a banks computer system.

Yours faithfully,

[Redacted signature]

[1]

<https://aus01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.cab.org.nz%2Farticle%2FKB00041524&data=05%7C02%7Coia%40ird.govt.nz%7C0b1066cb020148ae3fc208de9ed67cc9%7Cfb39e3e923a9404e93a2b42a87d94f35%7C1%7C0%7C639122841422021592%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIiYiOiIwLjAuMDAwMCIsIIAiOiJXa>

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[2]

[https://aus01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.rbnz.govt.nz%2Feducation%2Fexplainers%2Fwhat-is-legal-tender&data=05%7C02%7C0ia%40ird.govt.nz%7C0b1066cb020148ae3fc208de9ed67cc9%7Cfb39e3e923a9404e93a2b42a87d94f35%7C1%7C0%7C639122841422054611%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMtMiIsIkFOIjoiTWfPbCIslldUIjoyfQ%3D%3D%7C60000%7C%7C%7C&sdata=9yt%2FNVAVE2%2FRX5PDOh8kj3%2FaWFX0%2FVfLZqVyQ4%2FI%2BmM%3D&reserved=0](https://aus01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.interest.co.nz%2Fsites%2Fdefault%2Ffiles%2FPayments%2520NZ%2520cheques%2520report.pdf&data=05%7C02%7C0ia%40ird.govt.nz%7C0b1066cb020148ae3fc208de9ed67cc9%7Cfb39e3e923a9404e93a2b42a87d94f35%7C1%7C0%7C639122841422077707%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMtMiIsIkFOIjoiTWfPbCIslldUIjoyfQ%3D%3D%7C60000%7C%7C%7C&sdata=2RCWJ%2BoDWQ4fvJgBYw3cO9jCoV0NF1BBcq3eG3RiRvM%3D&reserved=0)

[3]

<https://aus01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.interest.co.nz%2Fsites%2Fdefault%2Ffiles%2FPayments%2520NZ%2520cheques%2520report.pdf&data=05%7C02%7C0ia%40ird.govt.nz%7C0b1066cb020148ae3fc208de9ed67cc9%7Cfb39e3e923a9404e93a2b42a87d94f35%7C1%7C0%7C639122841422077707%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMtMiIsIkFOIjoiTWfPbCIslldUIjoyfQ%3D%3D%7C60000%7C%7C%7C&sdata=2RCWJ%2BoDWQ4fvJgBYw3cO9jCoV0NF1BBcq3eG3RiRvM%3D&reserved=0>