

27 November 2025

[REDACTED]

Dear [REDACTED]

Thank you for your follow up request made under the Official Information Act 1982 (OIA), received on 31 October 2025. You requested the following:

1. *When did IRD start using AI/ start its AI rollout? When does IRD expect to see its roll out complete?*
2. *What does bias related issues mean as a risk?*
3. *What is Snowflake Cortex AI and why are you using it as a program?*
4. *What is "improved and AI-powered OCR" for the Donation Tax Credit (DTC) and FamilyBoost (FB) products?*
5. *What is Agentic AI?*

Question One – AI Rollout

- a) *When did IRD start using AI/ start its AI rollout?*

Inland Revenue (IR) has used traditional AI tools for many years to enable the automation of business processes.

Optical Character Recognition (OCR) was introduced 20 years ago to assist with processing specific high-volume returns. This went live on 25 October 2005 for GST returns and Employer Monthly Schedules.

Machine Learning was introduced in 2007 to support predictive modelling in compliance, for example, debt collection activities and filing of returns.

More recently, generative AI was first used at IR in March 2024, through the introduction of Microsoft Copilot Chat, with pre-built AI agents such as the Researcher and Analyst agents becoming available for our people in August 2025. We also use generative AI in our contact centre and the data platform to support our staff and provide better customer service.

- b) *When does IRD expect to see its roll out complete?*

We see AI as an integral part of our digital ambition. With rapid advancements in technology, we will continue to strive to provide the best outcomes for New Zealand and in supporting our staff with the right tools and support. Our AI strategy focuses on business and societal value and in being agile and adaptive. While there will be end dates for rollouts of specific business changes which involve AI tools and solutions, we do not believe we can assign an end date for AI use at IR. IR also expects that New Zealanders (both businesses and individuals) will use more AI in the future for increased productivity/ efficiency and recognises the need to be adaptive to changing customer demands.

Question Two - Bias

What does bias related issues mean as a risk?

When discussing AI, “bias related issues” refers to systematic and unfair tendencies in how an AI system or tool makes decisions, predictions or provides decision support. This can occur from issues such as model training data bias (the data used to train reflects historical inequalities or stereotypes), algorithmic bias (model design or optimisations amplifying patterns in data unintentionally), or even human interpretation bias (how we interpret and use AI inputs).

This is discussed in more detail on the New Zealand Government Digital website: [Bias, discrimination, fairness, equity and GenAI | NZ Digital government](#).

I also refer you to a previously published OIA response from IR, which details further information about AI bias risk mitigation at IR (item 2.2, pages 10-12). This is publicly available on IR’s website by searching for [Inland Revenue's use of AI, list of AI technologies and purposes, governance framework and benefits of AI use](#).

Question Three – Snowflake Cortex AI

What is Snowflake Cortex AI and why are you using it as a program?

IR has a Data Intelligence Platform (the DIP) which gives us rich information to enable decision making within the tax and social policy context. The capabilities of the platform enable IR to undertake a range of activities such as applying right-time interactions and interventions, detecting and measuring non-compliance, informing policy decisions and modelling solutions.

The DIP is built on the ‘Snowflake’ platform, which is a cloud-based data platform. Within the Snowflake platform, Cortex AI is available. Cortex AI is Snowflake’s native AI and machine learning capability and embeds directly into the DIP. This allows the DIP to use AI, perform more advanced analytics at speed and build intelligent applications safely without moving data outside IR’s data platform boundaries.

By using these features, our staff can ask business questions in natural language and receive direct answers from the data and AI models. This enables users to gain insights without the need for in depth technology and coding knowledge.

Question Four – Optical Character Recognition (OCR)

What is “improved and AI-powered OCR” for the Donation Tax Credit (DTC) and FamilyBoost (FB) products?

As noted in IR’s August 2025 report to the Minister of Revenue which you reference, we are considering improved and AI-powered OCR in the Tax system for the Donation Tax Credit (DTC) and FamilyBoost (FB) products to increase automated processing of claims.

Further detail about IR’s current use of OCR is available in a previously published OIA response from IR. This is publicly available on IR’s website by searching for [Inland Revenue's use of AI, list of AI technologies and purposes, governance framework and benefits of AI use](#) (pages 14-15).

Through the use of OCR, a large portion of Donation Tax Credit and FamilyBoost claims are automatically processed. This means invoices and receipts are automatically validated against other information held and/or pre-set conditions and rules, including whether or not a receipt may have alterations, erasures or be incomplete in form. Once compliance checks and validations are completed, claims can then be identified which require manual review. This results in faster payouts for customers and more efficient use of manual compliance effort.

As technology advances, we are working with our tax administration software supplier, FAST Enterprises, to use machine learning to identify ways to increase the percentage of claims which can be automatically processed.

Question Five – Agentic AI

What is Agentic AI?

Agentic AI refers to an autonomous AI system that can make decisions and act independently to achieve pre-determined goals, with limited human supervision.

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



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