



18 October 2021

Dear [REDACTED]

Thank you for your further request of 20 September 2021, made under the Official Information Act 1982 (OIA). You requested:

We understand that the IRD operated a scheme in 2020 that allowed businesses who made a loss to write it off against profits from a previous year and get an income tax refund.

- 1. Please provide the rules for the scheme*
- 2. Please advise how many applied and how many were successful and the total refunds made.*

We have interpreted your request to be about the loss carry-back (LCB) scheme. This temporary scheme allows businesses expecting to make a loss in either the 2020 year or the 2021 year to offset that loss against income in the previous year, and receive a total monetary benefit of some or all of the tax paid in that previous year. To be eligible, businesses must meet set criteria.

Question 1: The rules for the temporary loss carry-back scheme

You can find the rules for the temporary LCB scheme on our website (ird.govt.nz/covid-19) or by going to the link: <https://www.ird.govt.nz/covid-19/business-and-organisations/temporary-loss-carry-back-scheme>.

Part one of your request is therefore refused under section 18(d) of the OIA, as the information is publicly available.

Question 2: How many applied for the scheme, how many were successful, and the total refunds made

As at 30 September 2021, 5,953 customers had applied to use the LCB scheme, with a total monetary benefit of \$168.7m.

We do not have the numbers of customers who were successful in applying or not. Customers were responsible for self-assessing their loss estimate and provisional tax estimate (for the 2020 carry-back year). Total monetary benefits were limited to tax paid for the 2019 carry-back year.

In the first six weeks of the scheme, which began on 4 May 2020, some of the customers who opted-in were not eligible; these customers took no further action and did not receive refunds. This issue was resolved with an automated solution, which was implemented in August and ensured that only eligible customers could opt-in. Before the automated solution, these customers were reviewed manually.

We do not report on the customers who opted-in but were ineligible. This part of your request is therefore refused under section 18(g) of the OIA, as the information is not held by Inland Revenue.

Comment about our previous OIA response

In your OIA request, you commented:

A previous OIA request revealed that in the year to 31 December 2020 total GST credits/refunds were down by 4% compared to the 2019 year. These refunds indicate that business losses were lower in 2020 than in 2019.

We understand that you are referring to our response of 18 March 2021 to your OIA request of 22 February 2021 (our reference 21OIA1458). In our response, we provided you with monthly totals of Inland Revenue GST assessed for the 2019 and 2020 calendar years, with credit GST separated from debit GST.

As stated in our reply, Inland Revenue-administered GST data does not include GST collected by Customs. The reduction in GST net credits is a partial reflection of fewer imports in the 2020 calendar year. The data we supplied therefore does not provide a full picture, and does not mean that business losses were necessarily smaller. Additionally, net profitability can also depend on other expenses that do not have GST.

Rights of review

If you disagree with my decision on your OIA request, you can ask an Inland Revenue review officer to review my decision. To ask for an internal review, please email the Commissioner of Inland Revenue at: CommissionersCorrespondence@ird.govt.nz.

Alternatively, 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.

Thank you for your request.

Yours sincerely



Anu Anand
Strategy and Intelligence Manager