

June/July 2015

Inland Revenue is well advanced into a multi-year change programme to modernise New Zealand's revenue system. Business transformation will make it simpler and faster for New Zealanders to pay their taxes and receive their entitlements, resulting in significant benefits for New Zealanders and New Zealand's economy. This quarterly newsletter provides an update on the progress of Inland Revenue's business transformation.

Simplifying tax—what's in it for New Zealand?

The transformation of New Zealand's revenue system into a modern customer-centric public service is set to deliver significant benefits to New Zealand. A revenue service that is fit for the future is high on the Government's business growth agenda. From 2016, New Zealanders will begin to experience new ways to interact with Inland Revenue and the revenue system. It will become simpler, faster and more cost-effective for New Zealanders to pay taxes and receive entitlements.

More for New Zealanders

Over the next few years, Inland Revenue's transformation will significantly contribute to the Government's objectives for a healthy, growing economy, and a public service that is focussed on better outcomes for taxpayers.

Streamlining PAYE and GST and encouraging digital interactions will contribute to Better Public Service Results 9 and 10, making it easier for businesses and individuals to interact with Government digitally. More revenue will be collected through improved compliance with tax rules and obligations.



People and businesses will find it simpler to pay taxes through a system that's more in line with their financial systems, software and cycles. This should mean higher success rates for fledgling businesses, creating more long-term taxpayers. It will be easier to get tax right and harder to get it wrong.

A simpler, faster, cost-effective service

A modern, more intuitive, customer-centric tax system will make it **simpler** for taxpayers to comply with the rules and pay their tax faster and more efficiently. It will be **faster** for customers to self-manage their tax affairs in the same way they manage their finances online with their bank. The system will be **cost-effective** with more automation and the right people doing the right tasks.

Delivering the benefits

The benefits will be achieved by linking systems across government and with the private sector, fitting taxes and entitlements seamlessly into customers' broader lives and by making more intelligent use of information. The investment in a modern revenue system will deliver vast benefit for New Zealanders and for a healthy, growing economy.

Transforming Inland Revenue

Joining up Government services

A benefit of transforming New Zealand's revenue system and linking systems across government is to make it easier for New Zealanders to interact with Government digitally – a Better Public Service target. Read about two initiatives where Inland Revenue is working with other agencies to make tax simpler and faster for New Zealanders.

An IRD number with visa

Inland Revenue and the Ministry of Business, Innovation and Employment are co-designing a secure digital application process that lets immigrants request an IRD number at the same time they apply online for a New Zealand visa.

This initiative is part of the first stage of Inland Revenue's business transformation of enabling secure digital services and making tax simpler, faster and more certain for taxpayers. It's another good example of government departments working together to make life easier for customers. The aim is to help new immigrants understand and self-manage their tax obligations (and entitlements, where applicable). From an immigrant's perspective, they will have fewer, more relevant contacts with Government, a smoother settlement and be productive more quickly.

How will it work? When an immigrant applies for a visa through the Immigration ONLINE service, they can tick to opt-in to register for an IRD number. That data will be processed by Inland Revenue once the applicant arrives in New Zealand.

Other examples of how Inland Revenue works across government to integrate its processes at natural "touch points" in a customer's life are applying for an IRD number when registering a business through the Companies Office, or when registering the birth of a child with the Department of Internal Affairs. Both of these services are available today.

The joined-up IRD number and visa application process is planned to be available during 2016.



One voiceprint for many agencies

A recent New Zealand Herald article reported that "New Zealand had the highest levels of voice ID sign-up in the world and was leading the world in the use of automatic voice recognition". This innovation is being driven in part by a target for New Zealanders to inform Government of their personal details once, instead of having to repeat the process with every agency.

To look at one way how this might work, Inland Revenue and the Ministry of Social Development (MSD) are assessing if it's possible and practical to share one voice biometric service if customers are interacting with multiple agencies. The first step was asking 1,000 Inland Revenue voice ID customers if they would be interested in using their unique voice print for secure identification at other government agencies.

Continued .../

Transforming Inland Revenue

From page 2

One voiceprint for many agencies

Of the 1.4 million customers enrolled for Inland Revenue's voice ID service, 10,000 callers were asked if they would use their ID across government and give their explicit permission for their voiceprint (cellphone number and date of birth) to be shared with and used when contacting MSD.

The two agencies are now investigating the support, effort and cost to pilot the service.

What customers thought

84% of customers surveyed said they thought sharing one voice ID across several government agencies would be useful, while 51% of customers surveyed gave consent to their voice print and information being shared with MSD. Customers also told us they:

- saw the benefit in Government funding only one voice biometric solution
- want to enrol once at one agency and use their details across agencies
- saw nearly as much benefit in enrolling for an "all of government" voice ID as they did for an IRD only

Public support for



In March this year, the Government launched a public consultation campaign *Making Tax Simpler* to seek feedback on ideas to change and simplify the way individuals and businesses manage their tax.

Two consultations were launched to invite public feedback – the *Green Paper on Tax Administration* on the general direction of change and *Better Digital Services* on the use of digital technology.

Submissions have now closed with a high level of public feedback. Nearly 1,000 comments and 2,300 poll votes were received on the online forum and 90 submissions were received in writing. Ministers will consider the feedback and then determine how to take these issues forward. View all the feedback at <http://makingtaxsimpler.ird.govt.nz>

A second round of consultation on the next phase of topics is expected later in 2015.

Technology contracts awarded to enable transformation

Fast Enterprises has been selected as the preferred provider of software, design and implementation services for delivering New Zealand's new revenue system. Fast's appointment is subject to successful negotiations which are now underway.

The ICT component of Inland Revenue's transformation is a key enabler for delivering significant benefit to businesses and individuals. The new system will run the core tax and social policy administration including security, data management, customer relationship management and transactions. It will operate alongside the existing FIRST system and will progressively replace FIRST.

Fast was selected after an exhaustive evaluation process that included demonstrating how a new system would deal with Inland Revenue's most complex customer scenarios, and how seeing Fast's solution is operating successfully at other tax agencies. Fast will provide Inland Revenue with a fully integrated tax solution, rather than building a system from the ground up.

DeloitteAsparona and Assurity Consulting have been selected to undertake a scheduled integration technology replacement that supports business critical functions at Inland Revenue. The new middleware will strengthen the existing FIRST system's foundations ahead of business transformation, and advance some planned tax simplification activities. It will move Inland Revenue to a fully-supported integration layer to maintain the integrity of New Zealand's tax system for the future.

DeloitteAsparona is responsible for detailed design, build and implementation, while Assurity Consulting Limited will complete the testing of the middleware. The work is scheduled to be completed in 2016.

Continuing our engagement with New Zealand

While the Government has begun consulting taxpayers on the general direction of policy change (see *Public support for Making Tax Simpler*), Inland Revenue continues engaging with key stakeholders and business partners on how the revenue system is being transformed.

Software companies, banks, tax agents and other government agencies are a vital link to taxpayers and are key channels through which Inland Revenue will streamline its services in the future.

Thank you to the following organisations who have invited Inland Revenue to speak at stakeholder events.

- Deputy Commissioner Mike Cunnington spoke to 300 accountants at the **Xero** annual conference in Auckland recently. "We're really conscious that we don't want to do change to New Zealand – we want to do change with New Zealand. The more we can talk and engage how the changes might affect people, the better." To view Mike speaking at Xerocon go to www.xero.com/nz scroll to the bottom of page and search Mike Cunnington.
- A briefing and Q&A session was held at the **Employers and Manufacturers Association's** Payroll Conference in Auckland in March.
- Inland Revenue's relationships team briefed users of **MYOB** tax agent software on business transformation at 14 locations from Whangarei to Invercargill. Webinars have also been used to connect with tax agents throughout New Zealand.
- Commissioner of Inland Revenue, Naomi Ferguson, addressed **Chartered Accountants Australia and New Zealand's** Auckland Tax Special Interest Group. "The future we're discussing is very real, very close and has a great deal of planning and testing behind it. We'll see changes to services within the next two years and expect total transformation within 10 years." View the full presentation at www.ird.govt.nz/transformation click on Media-communications/speeches
- Commissioner of Inland Revenue, Naomi Ferguson, and Chair of the Taxpayers' Simplification Panel, Henri Eliot joined a panel discussion at a **Trans-Tasman Business Circle** meeting. The Taxpayers Simplification Panel is a group of individuals and small business owners who bring external knowledge and perspectives to Inland Revenue's change programme, ensuring all customers' interests are heard and reflected. For more details on the Taxpayers Simplification Panel go to www.ird.govt.nz click on About Us and then Our Commitment to the Community.

Transforming Inland Revenue

Programme update

Designing the new revenue system

Since January this year, the focus has been on high-level design of the entire business transformation. This work is nearing completion and outlines how Inland Revenue will move the entire organisation from current ways of working to the future.

A set of design blueprints define what the future system will look like and what the new systems will deliver. High-level design has encompassed the design of the core tax and social policy system, customer experience, intelligence, internal systems support and technology change ... and how these will be supported by technology integration, organisation design, policy and how the old and new systems will operate simultaneously.

Changing gear into detailed design

With the selection of Fast Enterprises' GenTax solution as the software to run the future revenue system, the design phase now moves into the detailed design. Specific to GenTax software, detailed design will begin on the first stage of business transformation to enable secure digital services for the collection of GST and PAYE information.

Co-designing early improvements

In advance of the design of the core revenue system transformation, we continue to co-design a series of early release improvements with the private sector and across government. Work is continuing with New Zealand's software development community, including MYOB and Xero, on solutions to simplify GST and payroll information exchange between businesses and Inland Revenue.

Other joint initiatives under way include work with the Ministry of Business, Innovation and Employment on how Inland Revenue will capture, store and search New Zealand Business Numbers in our systems. We are also working with MBIE on a project to issue an IRD number to new immigrants at the time their visas are approved (see *An IRD number with visa*).

Laying solid foundations

Whether you're building a new house or transforming a public service, solid foundations and a secure infrastructure are critical components for success. For Inland Revenue's transformation, a series of foundational initiatives are under way to future-proof Inland Revenue with a robust and secure infrastructure ahead of major change to business processes, technology upgrade and service delivery. One foundational project is replacing the integration layer that supports business critical functions at Inland Revenue, including the processing of 50,000 system-to-system messages every hour both internally and with external parties (see *ICT contracts awarded*).

Enhancing our digital services

In July, Inland Revenue's secure online service, myIR, will receive a makeover. Information has been reorganised on the webpages to make it easier for customers to find the information they are looking for. In response to customer feedback, including the Hawke's Bay SaveTime campaign (www.ird.govt.nz/savetime) myIR customers will have the ability to print out their IRD number, and in one click determine the status of their tax return. These subtle improvements aim to give taxpayers better access to their information at any time of the day.

Another benefit for myIR registered customers is that they can now receive their Inland Revenue statements, notices and letters as eDocuments within myIR.