

# Departmental Disclosure Statement

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Taxation Principles Reporting Act Repeal Bill
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The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by Inland Revenue.

Inland Revenue certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

12 December 2023

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## **Part One: General Policy Statement**

This Bill repeals the Taxation Principles Reporting Act 2023 (the Act). This reflects the new Government's priorities.

## Part Two: Background Material and Policy Information

### Published reviews or evaluations

<b>2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?</b>	<b>NO</b>
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### Relevant international treaties

<b>2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?</b>	<b>NO</b>
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<b>2.2.1. If so, was a National Interest Analysis report prepared to inform a Parliamentary examination of the proposed New Zealand action in relation to the treaty?</b>	<b>N/A</b>
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### Regulatory impact analysis

<b>2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?</b>	<b>YES</b>
A regulatory impact assessment ( <i>A reporting framework informed by tax principles</i> , Inland Revenue, April 2023) was prepared in connection with the enactment of the Act. A revised coversheet which supplements this analysis was prepared as part of the current Bill process and is available at: <a href="https://www.taxpolicy.ird.govt.nz/publications/2023/2023-ris-tprar-bill">https://www.taxpolicy.ird.govt.nz/publications/2023/2023-ris-tprar-bill</a>	

<b>2.3.1. If so, did the RIA Team in the Treasury provide an independent opinion on the quality of any of these regulatory impact statements?</b>	<b>NO</b>
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<b>2.3.2. Are there aspects of the policy to be given effect by this Bill that were not addressed by, or that now vary materially from, the policy options analysed in these regulatory impact statements?</b>	<b>NO</b>
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### Extent of impact analysis available

<b>2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?</b>	<b>NO</b>
No significant further impact analysis has become available for any aspects of the policy to be given effect by the Bill. Therefore, for the purposes of this statement, the answer is "No" as per the scope of this question explained in page 29 of the <i>Disclosure Statements for Government Legislation: Technical Guide for Departments</i> (June 2013).  However, the commentary on the Act, available at: <a href="http://www.taxpolicy.ird.govt.nz/publications">http://www.taxpolicy.ird.govt.nz/publications</a> contains analysis of the reporting framework as it was introduced into Parliament. This site also contains an information release of documents leading up to the introduction of the Act which may supplement existing published analysis.	

<b>2.5. For the policy to be given effect by this Bill, is there analysis available on:</b>	
<b>(a) the size of the potential costs and benefits?</b>	<b>YES</b>
<b>(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?</b>	<b>YES</b>
<p><b>2.5(a) Size of potential costs and benefits</b></p> <p>The revised coversheet to the risk impact analysis prepared in connection with the Act (and listed under 2.3) provides high level analysis on the potential costs and benefits for the policy proposal in the Bill.</p> <p>The annual cost of the reporting framework had been estimated at an average 2.5 of full-time equivalents (FTE), although this was likely to fluctuate due to a range of factors, including whether additional resource was required to complete the reporting, how the report was published and the level of official engagement with the public.</p> <p><b>2.5(b) Potential for substantial loss of income or wealth</b></p> <p>Although this Bill repeals an Act listed among the Inland Revenue Acts, the role of the Act had been solely to report information. Therefore, there is no potential that any group of persons would suffer a substantial unavoidable loss of income or wealth because of the policy proposal (i.e., the Act's repeal).</p>	

<b>2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:</b>	
<b>(a) the level of effective compliance or non-compliance with applicable obligations or standards?</b>	<b>NO</b>
<b>(b) the nature and level of regulator effort put into encouraging or securing compliance?</b>	<b>NO</b>
<p>The Bill seeks to repeal an Act entirely. Therefore, the costs and benefits of repealing the Act are not impacted by levels of compliance or regulator effort.</p>	

## Part Three: Testing of Legislative Content

### Consistency with New Zealand's international obligations

<b>3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?</b>
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There have been no formal steps to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations.
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### Consistency with the government's Treaty of Waitangi obligations

<b>3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?</b>
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No formal steps have been undertaken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi.
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### Consistency with the New Zealand Bill of Rights Act 1990

<b>3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?</b>	<b>YES</b>
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Advice provided to the Attorney General by the Ministry of Justice, or a section 7 report of the Attorney General, is expected to be available on the Ministry of Justice's website upon introduction of a Bill.
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### Offences, penalties and court jurisdictions

<b>3.4. Does this Bill create, amend, or remove:</b>	
<b>(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?</b>	<b>NO</b>

<b>(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?</b>	<b>YES</b>
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Section 7 of the Act provides that reports produced under the Act and the taxation principles in the Act may not be used as evidence as to matters of law or fact or in the interpretation of law. It also contains the right for people to take a judicial review of the Commissioner under the Act. The Bill will repeal these provisions.
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<b>3.4.1. Was the Ministry of Justice consulted about these provisions?</b>	<b>YES</b>
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A draft copy of the Bill was provided to the Ministry of Justice in December 2023 as part of the New Zealand Bill of Rights Act 1990 consistency analysis.
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### Privacy issues

<b>3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?</b>	<b>YES</b>
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Section 8 of the Act allows the Commissioner to use any information the Commissioner already holds in discharging their obligations under the Act. Section 8 of the Act also requires that any information used in the report be anonymised (i.e., not include personal identifying data). Accordingly, the information used in the reporting framework will be anonymised, aggregated data and will not identify individual taxpayers. This Bill will repeal this provision as there would no longer be any publication under the Act should it be repealed.

<b>3.5.1. Was the Privacy Commissioner consulted about these provisions?</b>	<b>NO</b>
<p>The provisions of the Act were discussed with the Privacy Commissioner at the time, who raised no concerns. However, the Privacy Commissioner commented that Inland Revenue would need to take appropriate steps to mitigate the risk of reidentification of individuals in the context of publishing anonymised, aggregated information.</p> <p>The Privacy Commissioner has not been consulted on the repeal of these provisions.</p>	

### External consultation

<b>3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?</b>	<b>YES</b>
<p>Limited discussion occurred with some external groups on the Act when it was first proposed, and it informed the development of the policy and the Bill. Further information may be found in the regulatory impact statement (and revised coversheet).</p> <p>Submissions were received on the Act during the Select Committee process. These ranged from supportive of the Bill and its objectives to the view that the Bill was unnecessary and should not proceed.</p>	

### Other testing of proposals

<b>3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?</b>	<b>NO</b>
<p>The Act was reviewed by internal operational subject matter experts under Inland Revenue's standard process for assessing the administrative impacts of any new policy initiatives and ensuring they are workable and complete. This involved assessing whether systems needed to be changed and, if so, whether formal testing needed to be carried out. None of the measures in the Act required formal testing.</p> <p>As the repeal Bill would remove operational requirements imposed by the Act and would not impose new requirements on Inland Revenue, the proposed repeal has not required formal testing.</p>	

## Part Four: Significant Legislative Features

### Compulsory acquisition of private property

<b>4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?</b>	<b>NO</b>
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### Charges in the nature of a tax

<b>4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?</b>	<b>NO</b>
Although this Bill will repeal an Inland Revenue Act, thereby amending tax legislation, it does not contain provisions that create or amend a power to impose a charge that is a tax. Therefore, for the purposes of this statement, the answer is "No", as per the scope of this question explained in pages 53 and 54 of the <i>Disclosure Statements for Government Legislation: Technical Guide for Departments</i> (June 2013).	

### Retrospective effect

<b>4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?</b>	<b>NO</b>
There are no policy items in the Bill that may have a retrospective effect.	

### Strict liability or reversal of the usual burden of proof for offences

<b>4.4. Does this Bill:</b>	
<b>(a) create or amend a strict or absolute liability offence?</b>	<b>NO</b>
<b>(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?</b>	<b>NO</b>

### Civil or criminal immunity

<b>4.5. Does this Bill create or amend a civil or criminal immunity for any person?</b>	<b>NO</b>
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### Significant decision-making powers

<b>4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?</b>	<b>NO</b>
The Act specifically provides that decision making and determinations are not to be impacted by the reporting under the Act or the tax principles contained within the Act. Accordingly, the repeal of the Act will not impact decision making or determinations.	

### **Powers to make delegated legislation**

<b>4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?</b>	<b>NO</b>
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<b>4.8. Does this Bill create or amend any other powers to make delegated legislation?</b>	<b>NO</b>
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### **Any other unusual provisions or features**

<b>4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?</b>	<b>NO</b>
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## **Appendix One: Further Information Relating to Part Two**

### **Extent of impact analysis available – question 2.5(a)**

No additional information is available.

## **Appendix Two: Further Information Relating to Part Three**

### **Privacy issues – question 3.5**

No additional information is available.

### **External consultation – question 3.6**

Limited external consultation on the Taxation Principles Reporting Act 2023 was undertaken prior to its introduction into the House. Information on the consultation, including the form that the consultation took, what was covered, and the nature and extent of the feedback received is available in the original Regulatory Impact Statement which is available at <https://www.taxpolicy.ird.govt.nz/publications/2023/2023-ria-pack-tax-principles-bill>.

Additional consultation was undertaken with stakeholders through the Select Committee process which followed the Act's first reading. Submissions from stakeholders ranged from those who felt the Act was unnecessary and should not proceed to those who were supportive of the Bill and its purpose.

### **Other testing of proposals – question 3.7**

No additional information is available.