



# MAKING TAX SIMPLER

## GREEN PAPER ON TAX ADMINISTRATION

[makingtaxsimpler.ird.govt.nz](http://makingtaxsimpler.ird.govt.nz)

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*We'd like to get your views on possible changes that could make it simpler and faster for New Zealanders to pay their taxes and receive their entitlements.*

Whether you are paying tax, receiving payments such as Working for Families or benefiting from government expenditure on health, education or welfare you have an interest in the tax system working well. With so many interactions happening every day, it's vital that these interactions are as simple as possible and the tax system is as efficient as possible.

The Government wants to ensure that the way we administer tax works for you and will continue to do so in the future. We need to modernise tax administration and reduce the costs of dealing with it.

We think this will benefit everyone, and our economy. For example:

- Businesses should benefit from improvements to the PAYE rules and processes to make providing PAYE, GST and related information less time consuming.
- Simplification of the provisional tax rules to more easily allow payment as income is earned, should also benefit businesses.
- Changes to the way income information is collected would allow you to have an online form already filled in for you. You would be able to quickly and easily self-manage your tax affairs online. All you would do is confirm the details. And you'd get any refunds quicker.

- A tax system which uses technology in a smarter way will make it easier for people to comply with their tax obligations, and hard for them not to. This is important to ensure our current tax settings are delivering all the revenue they should and that everyone is paying their share.
- The economy would benefit from a tax administration that costs less to run. Making the tax system more efficient will mean money can be spent where we benefit most, such as on health care or schools.

### WHAT'S YOUR VIEW?

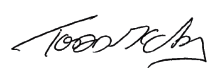
Over the next few years, you will see detailed proposals outlining specific ideas for you to consider. Right now, we need to know what you think of the overall direction sketched out here. Is this the correct path to take? Has anything important been left out?

Please consider the information over the page then have your say at [makingtaxsimpler.ird.govt.nz](http://makingtaxsimpler.ird.govt.nz). You'll also find more detailed information there.

These changes will affect you. We hope you will take some time to consider them for yourself.



Hon Bill English  
MINISTER OF FINANCE



Hon Todd McClay  
MINISTER OF REVENUE

## THE THINKING SO FAR . . .

Detailed proposals will be made public over the next few years. However the Government would like to hear your views on the overall direction described below and whether we are focused on the right things before more work is done.

### **Business**

All employers must deduct tax and ACC levies for each employee each payday. Employers must also send PAYE information to Inland Revenue using Employer Monthly Schedules. The process is labour-intensive, time consuming and often inaccurate. Many businesses also find the provisional tax rules onerous.

The Government is considering possible improvements to simplify tax for businesses by:

- Streamlining the collection and calculation of PAYE, GST and related information by integrating these obligations into business processes.
- Using existing business processes and technology to calculate provisional tax.
- Helping smaller businesses get their tax affairs and systems correct right from the start.
- Reviewing withholding tax rules.

Details of these and other proposals to make tax simpler for business will be released for your feedback later this year and in 2016.

### **Withholding tax on investment income**

It is important that the system is fair and all contribute. Part of this is ensuring dividend and interest income is shown on online forms and is correctly taxed. Changes here are also necessary to enable individual tax interactions to be simplified.



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Detailed proposals will be released for your feedback in 2016.

### **Individuals**

Some people currently file income tax returns if they have income other than from wages or salary. For those who don't, there is a question of the accuracy of the tax calculated and deducted from their pay.

The Government is considering possible improvements to simplify this by:

- Providing an online return already filled out with all your known income information. All you would need to do is confirm that it is a complete list of your income, and if it is not, add the extra income.
- More effective use of technology to make it easier for people to manage both overpayments (refunds) and underpayments (debts) of tax.

Detailed proposals on these and other proposals will be released for your feedback in 2016.

### **Social Policy**

Examples of social policy administered by Inland Revenue include Working for Families and Child Support. Both of these are important parts of supporting New Zealand families.

If Inland Revenue's information about an individual or family is out of date some people can go into debt.

The Government is suggesting that the system should use current information to make more accurate payments. This would help prevent people going into debt.

Details of these and other proposals to simplify tax for individuals will be released for your feedback in 2017.

### **HAVE YOUR SAY**

If you have views on any of the matters discussed above or want to find out more, go to:  
[makingtaxsimpler.ird.govt.nz](http://makingtaxsimpler.ird.govt.nz)

## CONSULTATION TIMELINE

