

## Email to clients and contacts December 2006.

### IRD agrees to process improvements

*This email is sent to clients and other business contacts who have expressed an interest in tax matters.*

*If you wish to unsubscribe please reply with 'unsubscribe' in the subject line.*

We are pleased to wish our clients and colleagues an enjoyable festive season, and fittingly can bring some tentative good news in respect of some IRD procedures.

By way of background we recommend that you refer to the following documents on our publications website [www.owenstax.com/pubs.htm](http://www.owenstax.com/pubs.htm)

- 17 October 2006 government discussion document: Tax penalties, tax agents and disclosures
- 16 November 2006 IRD admin paper – a paper for a presentation I delivered to a Conferenz conference in Wellington and Auckland
- 16 November 2006 Janet and John detailed events – a case study presented at the above conference, showing how IRD actions can seriously and inappropriately disadvantage taxpayers [all the events are based on real life examples]
- 30 November 2006 NZICA submission on the penalties discussion document
- 8 December 2006 National Business Review article – Winning and losing with Inland Revenue [this article by Rob Hosking quotes a number of tax advisors and Inland Revenue responses in respect of penalties and administration]

Drawing on the IRD responses included in the above documents, and following the same subject headings as previous emails, the outcomes appear to be as follows:

- IRD has instructed all staff that an appropriate starting point for information requests is 28 days, and this is then open to 'negotiation'. IRD's external and internal performance standards are to reply to at least 85% of correspondence within 3 weeks of receipt and the balance within five weeks of receipt. *We recommend you monitor both standards*

- IRD proposes to allow staff to email its top 50 tax agents and top 50 corporate customers [*we can't understand why this isn't open to all contacts – email can be much more secure than faxes, but it is a start*]
- IRD has clearly agreed that an IR10 form is treated as full disclosure for statute bar purposes unless there is conclusive evidence that a taxpayer intended to fraudulently or wilfully mislead
- IRD has reconfirmed its policy that, except for unusual circumstances eg prosecution, proposed penalties must be included in so-called 'agreed adjustment' forms
- The recent penalties discussion document proposes some softening in the application of penalties for errors. We broadly endorse the NZICA submissions in response (see [www.nzica.com](http://www.nzica.com) via the link to advocacy guidance standards and tax, and thence to submissions). In this regard we will continue to lobby for the changes to be backdated to the introduction of the UTP penalty from April 2003 and consequential deterioration in relationships between IRD and the taxpaying community. We note that NZICA also takes this position.

We encourage you to continue to take an interest in these matters and to ensure that IRD delivers on its undertakings and is committed to improvement, and try to reverse the damage that has been done in recent years.

We wish all clients and colleagues a relaxing festive season.

Regards

Director