Cabinet Economic Growth and Infrastructure Committee

Summary

Making Tax Simpler: Better Administration of PAYE and GST

Portfolio **Revenue**

Purpose

This paper seeks agreement to a number of reforms to PAYE and GST that will reduce compliance and administrative costs and create opportunities for better service delivery to individuals.

Previous Consideration

On 21 October 2015, EGI agreed to the release of a discussion document on proposals to improve the administration of PAYE and GST, and invited the Minister of Revenue to report back on the outcome of the consultation and with final policy recommendations [EGI-15-MIN-0109].

Summary

Following a consultation process, a number of changes are proposed, grouped under the following themes:

- using digital services to integrate tax requirements into normal business processes (eg facilitating the provision of PAYE information through payroll software, encouraging the take-up of digital PAYE services, lowering the electronic filing threshold for PAYE returns, and introducing a framework for setting an electronic filing threshold for GST returns);
- getting it right from the start (eg requiring employers to provide Inland Revenue with date of birth and contact details of all new employees);
- making the PAYE rules work better (eg changes relating to the tax treatment of holiday pay paid in advance, and the tax treatment of retrospective increases in salary or wages).

Agency comments (ACC, MSD, Education Payroll Limited and Treasury) are in paragraphs 69-77.

A summary of the submissions received on the consultation document are in Appendix A.

Regulatory Impact Analysis

A Regulatory Impact Statement (RIS) is attached. The Regulatory Impact Analysis Team considers that the RIS meets the quality assurance criteria.

Baseline Implications	There will be upfront costs to upgrade software, and those who choose not to go digital may incur increased compliance costs. The Ministry of Social Development and Education Payroll Limited (Novopay) have identified additional costs. The proposed cessation of the current payroll subsidy ($2 per employee per pay-run for up to a maximum of five employees) is expected to generate fiscal savings of $17.1 million over four years.
Legislative Implications	Amendments will be required to the Income Tax Act 2007, the KiwiSaver Act 2006 and the Tax Administration Act 1994. The proposed amendments will be included in a tax Bill that is expected to be introduced in late 2016, for enactment in 2017.
Timing Issues	The proposed changes will take effect from either 1 April 2018 or 1 April 2019, as noted in recommendations 14-16 below.
Announcement	The Minister of Revenue will announce the proposed changes and will release an anonymised version of the summary of submissions when the Bill is introduced.
Proactive Release	This paper will be proactively released at the time the Bill is introduced.
Consultation	Paper prepared by Inland Revenue. ACC, MBIE, Corrections, Customs, NZDF, MBIE, Education, Treasury, DIA, Justice, Privacy Commissioner, Police, DPMC, MSD, SSC and Statistics were consulted. Health was informed. A number of accounting firms, industry representative bodies, business and payroll software providers, and a range of individual businesses and employers made submissions in response to the consultation document. The Minister of Revenue indicates that the Minister of Finance was consulted, and that discussion has occurred with the government caucus and is not required with other parties represented in Parliament.

The Minister of Revenue recommends that the Committee:

Background

1 note that on 21 October 2015, the Cabinet Economic Growth and Infrastructure Committee agreed to the release of a discussion document on proposals to improve the administration of PAYE and GST, and invited the Minster of Revenue to report back on the outcome of the consultation and with final policy recommendations [EGI-15-MIN-0109];

Proposed changes

2 agree to the introduction of a number of reforms to PAYE and GST, as outlined in the paragraphs below, that will reduce compliance and administrative costs and create opportunities for better service delivery to individuals;

Using digital services to integrate tax requirements into business processes: PAYE

3 agree that all employers be required to provide PAYE information on a pay period basis, with a minimum pay period of once a week, as follows:

3.1 payroll intermediaries, employers at or above a threshold, and those employers using payroll software, be required to submit that information digitally on the day following the payday;

3.2 employers below that threshold not using payroll software, and employers unable to access digital services, be required to submit that information by the 7th working day following the payday;

4 agree that employees (including IR56 taxpayers) who are required to remit their own PAYE and related deductions be required to provide PAYE information by the 7th working day after the end of the month in which they receive the payment(s);

5 agree that payroll software specifications include the following:

5.1 the requirement that PAYE information is provided on the day following payday;

5.2 functionality to allow employers to provide details of new and departing employees to Inland Revenue when they are added to, or removed from, the payroll;

6 agree that the threshold referred to in paragraph 3.1 above for mandatory digital submission of PAYE information be set at $50,000 per annum of PAYE and ESCT deductions;

7 agree that the PAYE thresholds for the remittance of PAYE and for the digital submission of PAYE information be able to be changed by Order-in-Council, and that the process include a requirement to consult with affected parties;

Using digital services to integrate tax requirements into business processes: GST

8 agree that a legislative framework be introduced allowing for an electronic filing threshold for GST returns to be set by Order-in-Council;

9 agree that a non-electronic filing penalty for GST returns be introduced as part of the framework referred to in paragraph 8 above, and that the amount of the penalty be set at $250;

Getting it right from the start

10 agree that:

10.1 in addition to IRD number and tax code, all new employees be required to provide contact information and date of birth information to their employer;

10.2 the employer must provide this information, along with the commencement date, to Inland Revenue;

PAYE rules

11 agree that, for PAYE deduction purposes, employers be given the option to treat holiday pay paid in advance and salary or wages paid in advance as if the lump sum payment was paid over the pay periods to which it relates;

12 agree that the rules in tax legislation about how legislated rate or threshold changes are applied be aligned across the different types of PAYE income payments and PAYE-related social policy products, such that the rates and thresholds to be applied are those in force on the date the payment is made;

13 agree that the *de minimis* rule in relation to the tax treatment of retrospective increases in salary or wages be repealed;

Application date

14 agree that the implementation of the changes for PAYE information follow a legislated approach, where the submission of PAYE information on the new basis is initially voluntary but the legislation specifies the timeframe by the end of which employers will be required to provide PAYE information on the new basis;

15 agree that the legislation include the following implementation timetable:

15.1 1 April 2018 is the date from which it becomes permissible for employers to submit PAYE information and remit PAYE and related deductions on payday;

15.2 1 April 2018 is the effective date for the proposed changes to the PAYE rules (paragraphs 11, 12 and 13 above);

15.3 1 April 2019 is the date from which employers are required to submit PAYE information on a payday basis (paragraphs 3, 4, 5, 6, 7 and 10 above);

15.4 the date of Royal Assent of the Bill is the effective date for the proposed framework for setting an electronic filing threshold for GST returns (paragraphs 8 and 9 above);

Payroll subsidy

16 agree that the payroll subsidy be repealed with effect from 1 April 2018;

Fiscal implications

17 note the following changes reflecting the proposal in paragraph 16 above, with a corresponding impact on the operating balance:

	$m – increase/(decrease)				
Vote Revenue **Minister of Revenue**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20 and outyears**
Non-departmental Benefits and Other Related Expenses Payroll Subsidy PLA	-	-	(1.700)	(7.300)	(8.100)

Legislative implications

18 agree that the above proposals be included in a tax Bill scheduled for introduction in October 2016;

19 authorise the Minister of Revenue to make minor amendments of a technical nature to the measures outlined in the paper under EGI-16-SUB-0136 without further reference to Cabinet, including changes to modernise the way the PAYE rules are expressed in legislation;

20 invite the Minister of Revenue to issue drafting instructions to Inland Revenue to give effect to the above paragraphs;

Publicity

21 note that the Minister of Revenue intends to release a media statement to announce the above measures when the Bill is introduced;

22 note that an anonymised summary of submissions will be publicly released at the time the Bill is introduced.

Janine Harvey
Committee Secretary

Hard-copy distribution:
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In Confidence

Office of the Minister of Revenue

Chair
Cabinet Economic Growth and Infrastructure Committee

MAKING TAX SIMPLER: BETTER ADMINISTRATION OF PAYE AND GST

Proposal

1. This paper seeks the Cabinet Economic Growth and Infrastructure Committee's agreement to the introduction of a number of reforms to PAYE and GST that will reduce compliance and administrative costs and create opportunities for better service delivery to individuals. The proposals are part of the Government's plans to modernise the revenue system through business process and technology change. The measures will:

- reduce compliance costs by enabling employers to meet their tax obligations as part of their normal business processes – for example, meeting PAYE obligations at the time they pay wages or salaries;
- enable Inland Revenue to use PAYE information more effectively to improve the accuracy of withholding and help prevent individuals getting into debt;
- create an opportunity for Government to subsequently redesign social policies – for example, by introducing shorter periods of assessment to better match assistance to periods of need;
- improve the workability of some PAYE rules;
- introduce a framework for setting an electronic filing threshold for GST returns.

2. These proposals could be included in a bill to be introduced in the last quarter of 2016 and passed before Parliament is dissolved for the 2017 general election.

Executive summary

3. PAYE and GST are major components of the tax system, raising 37% and 36% (24% Inland Revenue and 12% Customs) of total tax revenue respectively. Both PAYE and GST impose obligations on businesses and other organisations, including many very small entities.

4. The proposals take advantage of modern digital technology to reduce compliance and administrative costs. By reducing errors and improving timeliness, digital systems allow government agencies to make better use of income information – for example, to ensure that benefits and other assistance are not overpaid. Better quality and more timely PAYE information enables future improvements to social policy, such as better targeting tax credit assistance to periods of need.

5. The proposals for the reform of PAYE and GST are made up of the following measures that will take effect from either 1 April 2018 or 1 April 2019 as noted:

- Employers will be able to meet their PAYE information obligations by providing PAYE information on payday from 1 April 2018.

- Employers will be required to provide PAYE information on payday from 1 April 2019, but there will be no change to when employers have to pay their PAYE and related deductions.

- The threshold for electronic filing of PAYE information will be reduced from $100,000 a year of PAYE and employer's superannuation contribution tax (ESCT) to $50,000 a year from 1 April 2019; those above the threshold who are unable to access digital services will be able to apply for an exemption from the requirement to file PAYE information electronically.

- From 1 April 2019 payroll software will be required to offer services which employers can use to notify Inland Revenue of new and departing staff when they are added to or removed from the payroll. This will help ensure that new employees are set up correctly from the beginning of their employment.

- To help ensure that identity is correctly assigned, employers will be required to obtain date of birth information from new employees and pass it on to Inland Revenue from 1 April 2019.

- Employers will be required to pass on contact details for all new employees from 1 April 2019.

- The existing payroll subsidy provides $2 per employee per pay-run, up to a maximum of five employees, for employers who outsource their PAYE responsibilities to a listed payroll intermediary. The subsidy incentivises only one model of payroll provision and will end with effect from 1 April 2018.

- To strike a balance between the desire for more accurate withholding of PAYE and the impact on compliance costs, employers will be given the option to tax holiday pay paid in advance as if the lump sum payment was paid over the pay periods to which the leave relates, or under the existing extra pay method, from 1 April 2018.

- To reduce complexity and confusion for employers, the rules about how legislated rate or threshold changes are applied will be aligned across the different types of PAYE income payments and PAYE-related social policy products, such that the rates and thresholds to be applied are those in force on the date the payment is made.

- A framework will be introduced allowing for the setting of an electronic filing threshold for GST returns.

6. The above measures will contribute to the achievement of Government's Better Public Service Results 9 and 10. They will make PAYE income and deduction information available on a timely basis for 3.7 million New Zealanders.[1] As well as the compliance and administrative cost reductions and changes to social policy identified in this paper the information will create opportunities for future improvements in services as information is shared more effectively across government.

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1 The population subject to PAYE includes employees and recipients of taxable benefits and entitlements; this includes most benefits, New Zealand superannuation, student allowance, and accident compensation.

7. There will however be upfront costs to upgrade software and those who choose not to go digital may incur increased compliance costs. Therefore, I expect that there will be some resistance to the recommended changes. However, the continuation of the status quo is not sustainable. It limits the opportunities for those who want to benefit from more modern ways of interacting with Inland Revenue and it limits what we can do to provide better services to individuals, including changes to social policy.

8. Most government agencies will have the core costs of upgrading their payroll software covered by their contracts with the software vendors. The Ministry of Social Development (MSD) and Education Payroll Limited (Novopay) have identified additional costs.

9. There will be additional administrative costs for Inland Revenue associated with the transition but these will be accommodated within Inland Revenue's Business Transformation programme. The package I am recommending will give rise to total fiscal savings of $17.1 million over the four years commencing 2016/17.

10. I propose to include these measures in a bill to be introduced in late 2016 to enable passage before Parliament is dissolved for the 2017 general election. This timetable aligns with the plans for Inland Revenue's new computer system (Business Transformation) and should allow sufficient time for payroll software providers and employers to make the necessary changes to their systems.

Background

11. The Government's objective for the tax system is that it should be simple to comply with, making it easy for customers to get things right and difficult to get wrong. It should serve the needs of all New Zealanders, put customers at the centre and help them from the start, rather than when things go wrong.

12. Inland Revenue's business transformation is a long-term programme to modernise New Zealand's revenue system. Transformation will simplify how services are delivered by changing how customers interact with a digitally-based revenue system, simplifying policies and making better use of data and intelligence to better understand taxpayers. Inland Revenue will facilitate compliance by providing assistance at the beginning so customers get it right from the start.

13. Business Transformation is far more than just a new computer system. It is re-shaping the way Inland Revenue works with customers, including improvements to policy and legislative settings and enabling more timely policy changes.

14. In March 2015 the Government released two documents, *Making Tax Simpler: A Government green paper on tax administration* (*Green Paper*) and *Making Tax Simpler: Better digital services – a Government discussion document*. Feedback on those documents informed *Making Tax Simpler: Better administration of PAYE and GST – A Government discussion document* (the discussion document) which was released in November 2015. This set out the Government's proposals for improving the administration of PAYE and GST and creating opportunities for better delivery of social policy in future.

15. An employer's PAYE obligations[2] can broadly be described as deducting PAYE from an employee's salary or wages each payday, providing information on the employee's gross wages and deductions to Inland Revenue once a month, and paying the withheld PAYE and related deductions to Inland Revenue once or twice monthly.[3] Employers with over $100,000 per year of PAYE and ESCT deductions are required to send PAYE information to Inland Revenue electronically, while

2 Payroll intermediaries and government agencies such as MSD, ACC and Inland Revenue which pay benefits or entitlements subject to PAYE have the same obligations as employers and references to employers in this paper should be read as including these groups.

employers below this threshold have the option of sending a paper employer monthly schedule. Not all employers are businesses; not for profit organisations, government agencies and individuals can also have obligations as employers.

Comment

16. Feedback on the *Green Paper* and discussion documents confirmed many of the known pain points and indicated broad support, particularly from large organisations, representative bodies and existing users of business software, for greater integration of tax requirements into business processes.

17. Benefit modelling indicates that significant compliance cost savings are available to small businesses from the adoption of business software that integrates tax requirements into normal business processes. For example, for PAYE, compliance cost savings for small employers are estimated at between 15% and 40% of time spent on PAYE. Feedback nevertheless indicates that some businesses and other organisations are opposed to the prospect of using business software. While this package of measures will require employers to file PAYE information more frequently, it does not require them to use payroll software.

18. I am not recommending that employers be required to pay (remit) PAYE and other deductions to Inland Revenue any more often. Combining the process of making payments to Inland Revenue with the process of paying staff would maximise compliance and administrative cost savings. However, feedback from the discussion document indicated that most employers value the benefits from delayed payments, particularly the cash flow benefits, more than the compliance cost savings that could arise from a fully integrated process. The option of paying Inland Revenue at the same time as employees are paid will be available on a voluntary basis for those who would like to take advantage of it. The existing threshold of \$500,000 a year of PAYE and ESCT will remain in place for twice monthly payment of PAYE and associated deductions. All other employers are required to pay PAYE by the 20th of the month following.

19. The measures I am recommending enable compliance and administrative cost savings and improvements to service delivery, including of social policy. While the compliance cost savings will be achieved through the greater use of digital services in general and business software in particular, the proposals allow small organisations to choose whether or not to take advantage of digital services. Some measures to improve the fairness and workability of the PAYE rules are also included.

20. Further information on each measure is provided below. The proposals have been grouped under the following themes:

Using digital services to integrate tax requirements into business processes

- Requiring PAYE information at the time of the business process
- Facilitating provision of PAYE information through payroll software
- Encouraging the take-up of digital PAYE services and targeting support
- Thresholds for PAYE obligations
- GST – Introducing a framework for setting an electronic filing threshold for GST returns

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3 The 5,400 largest employers with over \$500,000 a year of PAYE and employer's superannuation contribution tax (ESCT) and all payroll intermediaries are required to pay PAYE and related deductions twice monthly and to provide PAYE information by the 5th of the following month. All other employers are required to provide PAYE information and pay by the 20th of the following month.

Getting it right from the start

- Provision of all new employees' date of birth and contact detail information from employers

Making the PAYE rules work better

- Tax treatment of holiday pay paid in advance
- Application of legislated rate changes
- Tax treatment of retrospective increase in salary or wages – de minimis provision

Using digital services to integrate tax requirements into business processes

21. These measures take advantage of digital services to reduce compliance and administrative costs and to create opportunities for the improved delivery of social policy and other government services.

Requiring PAYE information at the time of the business process

22. Legislation currently requires employers and payroll intermediaries to provide PAYE information about new and departing employees and about each employee's income and deductions on a monthly cycle, regardless of the employer's pay cycle. Although employers provide information for each employee, the information must be aggregated across pay periods to provide monthly totals.

23. The aggregated and delayed nature of PAYE information enables errors to perpetuate which creates rework and drives up compliance and administrative costs. If the provision of PAYE information was integrated with the process of paying staff, Inland Revenue would have disaggregated (pay period) information provided on, or just after, payday. Pay period information received sooner would enable better administration of the PAYE system and improved delivery of social policies, such as *Working for Families* tax credits. It would also create opportunities to improve the design of social policy – for example, by reducing the 'square up' period for *Working for Families* to allow periods of assistance to better match periods of need. The previously released *Green Paper* set out the Government's early thinking in this area. A consultation document on social policy which will set out how these changes might work is scheduled for release in 2017.

24. A number of approaches to allow employers to provide information at the time of the business process were canvassed in consultation. Many of those who provided feedback preferred a voluntary approach to providing PAYE information on payday. However, even where change is associated with better service, inertia can slow the uptake of new approaches and a voluntary approach would delay the realisation of benefits. Without a legislative requirement it will also be difficult to ensure that software providers upgrade their payroll systems. This is particularly true for large overseas based providers of payroll software. As disaggregated, more timely PAYE information is a prerequisite for subsequent improvements to social policy I recommend that the legislation allows an initial voluntary phase but specifies a date by which all employers are required to provide PAYE information on payday.

25. Some employers pay employees on a daily basis but the legislation will have a minimum pay period of a week. An employer which pays on a daily basis, including a government agency such as MSD or ACC in respect of benefits or entitlements, would report weekly and a special pay run during a pay period, will be included with the next pay period return.

26. Just over 64,000 employers (or 33%) currently file their PAYE information on paper. This number is declining at a rate of approximately 9% a year. While employers already calculate PAYE

and deductions for each pay period, a requirement for payday filing is likely to increase compliance costs for those who continue to provide the information on paper forms sent by post. Consideration was given to whether a threshold should be used to exempt small employers from the requirement to submit information on payday and allow them to provide pay period information at month end. However, I consider that the benefits of payday filing to the wider system justify imposing the payday filing requirement on all employers.

27. I recommend that the legislation is amended so that employers can, on a voluntary basis, provide PAYE information on payday from 1 April 2018.

28. To ensure that pay period information is available on a much timelier basis for all employees I further recommend that the legislation should require all employers to submit PAYE information on payday from 1 April 2019.

29. Information will be received more quickly from employers filing electronically than will be possible from employers using paper and posting their return. Taking this into account, the due date for information provided from payroll software will be the day following payday and the due date for employers below the electronic filing threshold not using payroll software, will be the 7th working day following payday.

30. Currently, certain types of employees (known as "IR 56 taxpayers"[4]) are responsible for remitting their own PAYE and related deductions instead of their employer. There are approximately 1,600 active IR 56 taxpayers. Additionally, some other employees are required to remit PAYE. This occurs when an employer does not deduct PAYE and pays the employee a gross salary or wage. Under current rules, both these categories of employees are required to pay the tax and provide an employer monthly schedule by the 20th of the month following payment. I recommend that the due date for provision of PAYE information from these employees be brought forward to the 7th working day after the end of the month in which they receive the payment(s). This will align the due date with the proposed due date for an employer below the electronic filing threshold, not using payroll software, who pays its employees on the last day of a month. I consider that requiring PAYE information more frequently from these employees would impose an unduly onerous compliance burden on them.

31. Employers who supported reporting PAYE information on a payday basis asked for a simple error correction process. It is intended that genuine PAYE errors will be able to be self-corrected in a subsequent period. It was also suggested that the provisions around penalties and interest might need re-consideration. The penalty regime is currently being reviewed and, if substantive legislative change is required to support the PAYE changes, officials will report to me.

Information sharing

32. The above changes to improve the quality and timeliness of information about income and deductions for over 3.7 million New Zealanders will increase its usefulness to other government agencies. While no specific legislative changes are proposed at this point, improved sharing of the information is intended. It is expected that a second Tax Administration Act discussion document will include greater detail on how the legislative framework could be changed to accommodate this.

Facilitating provision of PAYE information through software

4 IR56 taxpayers include private domestic workers, embassy staff, New Zealand-based representatives of overseas companies, and United States Antarctic Program personnel.

33. The requirements for payroll software will include the ability for employers to provide details of new and departing employees to Inland Revenue at the time they are added to or removed from the payroll. Because businesses vary in the way they manage this process, it is not possible to legislate that this information should be provided when these business processes occur, but early receipt of such information would bring benefits. It will enable new employees to be set up correctly from the beginning of their employment, reducing subsequent re-work and employee debt. It would also sever the link in Inland Revenue's systems between the employers and employees in a timely way which would stop Inland Revenue contacting employers about departed employees.

34. There was considerable support for this feature in consultation, so, although the requirement imposed on employers will be to include information about new and departing employers no later than the next payday return of PAYE information, payroll software providers will be required to offer a feature to provide earlier notice which employers will use to the extent that it brings them benefits.

35. Because the detailed specifications for PAYE changes are not yet available, some software providers and large employers who have heavily customised or 'bespoke' systems may be concerned that a date of 1 April 2019 provides insufficient time to amend their systems. The proposed timetable will allow almost 2½ years from the time a bill is introduced to schedule the changes, and approximately 18 months from the time legislation is passed to develop and implement them. This is broadly consistent with feedback requesting 2 to 3 years notice of required changes.

Encouraging the uptake of digital PAYE services

36. A significant number of those who responded to consultation suggested that, in order to encourage digital uptake, Inland Revenue should make payroll software freely available. Others suggested that some form of subsidy should be provided to offset the cost of switching or updating software, while others commented favourably on the existing payroll subsidy.

37. Approximately one third of employers (64,000) currently file their PAYE information by typing into an online form and then submitting the information from the secure part of Inland Revenue's website. Inland Revenue proposes to significantly upgrade its 'e-services' and PAYE-related calculators so that the experience of submitting information via the website on payday is more akin to online banking. User-friendly, intuitively designed e-services should also encourage a significant number of those currently using paper (another 64,000) to switch to digital services, even if they consider themselves 'just too small' to invest in payroll software.

38. Payroll software is inherently complex and does much more than calculate tax obligations. Although Inland Revenue proposes to upgrade its calculators and e-services, it does not propose to offer free payroll software as this would be a distraction from its core business and may disincentivise the private sector from innovations in this area.

39. The government has offered a payroll subsidy of $2 per employee per pay-run, for up to a maximum of five employees, since 2006. The subsidy was introduced to offset small employers' compliance costs by incentivising them to outsource their PAYE responsibilities to listed payroll intermediaries. The subsidy is used by some payroll intermediaries to make free payroll services available, including to non-profit bodies. The payroll subsidy is currently available to almost 98% of employers and is paid to 20 listed payroll intermediaries on behalf of approximately 23,000 employers.[5]

40. Officials considered that tighter targeting of the subsidy would return it to its original intent of supporting small employers who may lack payroll or digital skills. I nevertheless recommend

5 To minimise administrative costs, the subsidy is paid to the payroll intermediary, rather than to the employer.

that the subsidy cease with effect from 1 April 2018, generating fiscal savings of $17.1 million over four years.

41. While I expect that the loss of the payroll subsidy could result in an increase in the price of services from listed payroll intermediaries the subsidy reflects an old fashioned approach to reducing barriers for small employers. The experience for employers filing through the Inland Revenue's website will be significantly improved and a range of payroll software products and services already exist in the market at a variety of price points. In this context because only services provided by listed payroll intermediaries are subsidised, the payroll subsidy potentially distorts employers' choices between different types of payroll products and services.

Thresholds for PAYE

42. The existing electronic filing threshold of $100,000 a year of PAYE and ESCT was introduced in 1999. Since that time, the use of electronic channels has become much more widespread, not just in business, but across society in general 63% of those below the current threshold file PAYE information electronically, despite not being required to do so.

43. There was considerable opposition in consultation to lowering the electronic filing threshold, often on the grounds that small employers should still be able to use paper systems. Because a lower threshold of $50,000 a year of PAYE and ESCT will still allow 77% of employers to choose to file on paper, I recommend lowering the electronic filing threshold from $100,000 a year of PAYE and ESCT to $50,000 a year of PAYE and ESCT from 1 April 2019. Based on 2015 figures, this change would require approximately 6,000 employers to begin to file electronically.

44. It is further proposed that, in future, the level at which the threshold is set should be subject to change by Order-in-Council following consultation with affected parties. There will be a limited exception for those employers above the electronic filing threshold who are unable to access digital services.

GST – Introduction of a framework for an electronic filing threshold for GST returns

45. Fast, effective and accurate information provision can best be achieved through electronic transfer of information. GST-registered persons and businesses can currently file their GST returns on paper or in electronic form. For the year to June 2015, taxpayers chose to file 65% of GST returns (1.8 million of the 2.9 million total GST returns filed) electronically.

46. It is anticipated that electronic filing of GST returns will increase as a result of Business Transformation. I recommend that a legislative empowering provision be introduced that allows me to introduce an electronic filing threshold by Order-in-Council if uptake needs to be encouraged.

47. While there may be transitional costs for some taxpayers, once a threshold is set and implemented, electronic transfer of GST returns will have the long-term benefit of reducing compliance and administrative costs. There will also be the benefit of reduced transcription errors.

48. The vast majority of businesses and persons in New Zealand have access to the internet and electronic transfer. However, a limited exemption will be available for taxpayers for which electronic filing would cause undue compliance costs.

49. To encourage taxpayers to file electronically and to recover the additional costs of administering paper returns there will be a penalty of $250 for those taxpayers who are, in the future, required to file in an electronic format and fail to do so. The level of the penalty is consistent with the existing minimum non-electronic filing penalty for PAYE and the minimum late filing penalty for GST returns for larger businesses.

Getting it right from the start

Provision of all new employees' date of birth and contact detail information from employers

50. The overwhelming majority of new employees have to fill in two Inland Revenue forms when they start a new job.[6] There is significant duplication of information collected through the forms, which both ask for the employee's name and IRD number. However, Inland Revenue does not ask for the employee's date of birth. There are thousands of cases where employees have provided an incorrect IRD number or used a variant of their name. In the absence of further information to help confirm identity, most of these instances trigger contact with the employer and employee. Employers report that they can spend considerable time helping employees to sort out instances of identity confusion. If improved service delivery is going to be based on and informed by better information appropriately shared across government agencies, we need to be confident that individuals are correctly identified.[7]

51. Many employers currently obtain date of birth information from new employees. I recommend that date of birth be added to the information required for Inland Revenue. Its provision will not be a condition of employment and its absence would not automatically trigger the use of the 'no declaration' tax rate of 45c in the dollar,[8] however if identity cannot be confirmed that is the appropriate deduction rate. The provision of date of birth information will help confirm identity and should reduce recourse to the penalty rate. The majority of submitters supported the addition of date of birth information to the information already provided to Inland Revenue at the time an employee starts a new job.

52. Contact information is currently provided, for Inland Revenue purposes, by the vast majority new employees.[9] To assist Inland Revenue in staying in touch with individual customers, I recommend requiring the provision of this information for all new employees. Most employers already collect this information for their own purposes and the legislation will enable them to send the information directly to Inland Revenue from their payroll systems. It is intended that a single form will remain for those who wish to continue using paper.

Making the PAYE rules work better

Tax treatment of holiday pay paid in advance

53. The tax treatment of holiday pay depends on whether the holiday pay is a lump sum payment (in which case it should be treated as an extra pay), or is included in an employee's regular pay or paid in substitution for an employee's ordinary salary or wages when annual paid holidays are taken (in these cases it should be treated as salary or wages).

54. In the case of holiday pay paid in advance (for example, where an employee takes four weeks' annual leave and receives a lump sum payment of holiday pay covering the four weeks in advance), extra pay tax treatment has a tendency to result in over-withholding of PAYE.

55. More accurate withholding outcomes could be achieved if PAYE was deducted as if the lump sum payment was paid over the pay periods to which the leave relates. Consultation feedback suggested it was common practice to apply this alternative approach for end of (calendar) year holiday pay paid as a lump sum. Moreover, prior to Inland Revenue clarifying its operational

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6 The IR330 which requires the employee to select a tax code and the KS2 KiwiSaver form.

7 Inland Revenue will recognise RealMe from June 2017.

8 The no declaration rate is automatically used if an IRD number is not provided and/or if a tax code is not selected.

9 Contact information (postal address, phone numbers and email) is required on the KiwiSaver deduction form which must be completed by new employees between the ages of 18 and 65 who are New Zealand citizens or entitled to live in New Zealand indefinitely and are not employed for 28 days or less or as casual employees.

position on the correct tax treatment of holiday pay in November 2015, some payroll software applied this alternative approach to holiday pay paid in advance.

56. This alternative treatment would, however, be more complicated for employers to apply than treating the payment as an extra pay. This is due to the need, when future payments are made for pay periods to which the leave relates, for employers to calculate PAYE based on all earnings for the pay period, less PAYE already collected for the pay period. This will occur for pay periods that are not taken entirely on leave, but partially taken on leave and partially worked in.

57. Although it is a more precise method of withholding, I consider that the alternative method is too complicated to compel employers who do their payroll manually to use. I therefore recommend that employers be given the option to tax holiday pay paid in advance under the existing extra pay method, or as if the lump sum payment was paid over the pay periods to which the leave relates. For consistency, I also recommend that similar treatment be extended to the analogous situation of salary or wages paid in advance.

Application of legislated rate changes

58. Different types of PAYE income payments and PAYE-related social policy products[10] have different rules on what is to be done when there is a legislated rate (or threshold) change during a pay period, or if there is rate (or threshold) change between the date the payment is made and the pay period to which the payment relates. The rates (or thresholds) that apply are sometimes based on the pay date, pay period end-date or pay period start-date, while sometimes apportionment applies. This creates complexity and confusion for employers which adds to compliance costs.

59. I recommend that the rules in the Inland Revenue Acts about how legislated rate or threshold changes are applied be aligned across the different types of PAYE income payments and PAYE-related social policy products, such that the rates and thresholds to be applied are those in force on the date the payment is made. Aligning the rules would simplify the transitional process for employers when a legislated rate (or threshold) change occurs, thus reducing compliance costs. There was strong support for this in consultation feedback.

Tax treatment of retrospective increase in salary or wages – de minimis provision

60. Under the PAYE rules, a retrospective increase in salary or wages is treated as an extra pay. This is subject to a longstanding de minimis provision, so only applies where the total salary or wages a person earns in a week (including the increase) is more than $4. If a person earned less than $4 for the week, the payment would be treated as salary or wages but, due to the effects of inflation over the last half century, this is now extremely unlikely to occur.

61. I recommend that the de minimis rule in relation to the tax treatment of retrospective increases in salary or wages be repealed, as it is effectively redundant and the mischief it was presumably intended to address is no longer an issue.

Consultation

62. In June 2014, Inland Revenue, the Treasury and Victoria University of Wellington hosted a conference entitled *Tax Administration for the 21st Century*. The conference explored options for making tax easier. Following this conference, the Government issued *Making Tax Simpler*: *A Government Green Paper on Tax Administration*, which set out the broad direction of proposed improvements to administration of the tax system, and *Better Digital Services: A Government*

10 PAYE-related social policy products include the ACC earners' levy, student loan deductions, the minimum employee KiwiSaver contribution and the compulsory employer KiwiSaver contribution.

Discussion Document, which outlined how digital technology could be used to improve service, reduce compliance costs and improve compliance. To encourage feedback from a wide audience, the release of these documents was accompanied by the launch of online public consultation on a dedicated *Making Tax Simpler* website.

63. On 11 November 2015, the Government released *Making Tax Simpler – Better administration of PAYE and GST: a Government discussion document* (the discussion document), which outlined how digital technology could be used to streamline PAYE and GST processes. Once again, to encourage feedback from a wide audience, the discussion document was accompanied by the launch of online public consultation on the *Making Tax Simpler* website. A summary of the feedback provided is at Appendix A and agreement is sought to the public release of an anonymised version of this material at the time the bill is introduced.

64. Officials also consulted directly with a number of large private and public sector employers with complex payrolls and with the Ministry of Social Development (MSD) and Accident Compensation Corporation (ACC) which pay taxable benefits and compensation payments that are subject to the deduction of PAYE. The implications for government agencies are discussed in the subsequent section on administrative implications. Feedback from consultation has informed the development of the measures included in this paper.

65. The Treasury, the State Services Commission, the Ministry of Social Development, the Ministry of Justice, the Accident Compensation Corporation, Statistics New Zealand, the New Zealand Customs Service, the New Zealand Defence Force, New Zealand Police, the Office of the Privacy Commissioner, the Department of the Prime Minister and Cabinet, the Department of Corrections, the Department of Internal Affairs, the Ministry of Education, and the Ministry of Business, Innovation and Employment have been consulted.

Financial implications

66. The table below provides a summary of the fiscal impact of the measures I am recommending in this package. The payroll subsidy is an annual appropriation established under permanent legislative authority. The proposed repeal, with effect from 1 April 2018 will reduce expenditure from the baseline and increase the operating balance.

$m – increase/(decrease)					
Vote Revenue **Minister of Revenue**	2015/16	2016/17	2017/18	2018/19	2019/20 & outyears
Non-departmental Benefits and Other Related Expenses Payroll Subsidy PLA	-	-	(1.700)	(7.300)	(8.100)

Administrative implications

Inland Revenue

67. The changes proposed in this report would be implemented in Inland Revenue's new computer system, START, during stage 2 of the Business Transformation programme.

68. It is anticipated that there will be additional administrative costs associated with implementing the recommended changes to PAYE but these are expected to be largely transitional.

It is expected that the administrative costs of the proposed changes will be accommodated within the programme funding.

Other government agencies

69. Most government agencies will have the core costs of upgrading their payroll software covered by their contracts with the software vendors, although there will be costs associated with installing and testing the upgrade and training staff and changing processes. Small government agencies using 'off the shelf' packages or cloud-based services may face additional costs for upgrades but these are not expected to be material.

70. Student allowances, most benefits and pensions, and accident compensation payments are subject to PAYE. The systems MSD and ACC use for these clients are complex and are primarily designed to administer the welfare and accident compensation programmes respectively. The costs of change will fall on the agencies.

71. ACC has indicated general support for the provision of details of accident compensation payments on payday but has identified possible concern around its capacity to always share date of birth and contact information by the time of the first compensation payment. ACC has also identified a number of related opportunities for improving the accuracy of compensation payments and the calculation of levies. Inland Revenue and ACC will work closely to ensure that these benefits can, where possible, be realised through better information flows between agencies.

72. ACC does face some system constraints but their own transformation project includes the development of new systems which, provided the timeframes can be aligned, provides the opportunity for ACC to build in the necessary functionality at marginal cost. ACC has identified the importance of working closely with Inland Revenue through detailed design and subsequent phases to ensure that the programme requirements, implementation timeframes and delivery risks are effectively co-ordinated and managed.

73. Education Payroll Limited (EPL), through the Ministry of Education, commented that the schools' existing payroll platform (Alesco, through supplier Ascender) could provide existing pay period information to Inland Revenue at the time staff is paid without major changes. Their response to the wider Inland Revenue transformation was caveated to the effect that, until the interface to be used between Inland Revenue and EPL is known, the capability to comply, lead time and costs cannot be confirmed and/or estimated.

Ministry of Social Development comment

74. MSD is generally supportive of the proposals in the paper for the reforms to PAYE and GST, including those to improve the timeliness of these payments. However, MSD considers that the costs of implementing these changes require additional funding as these costs are not able to be absorbed within a baseline. The Ministry's baseline is already facing significant cost pressures and a constrained financial outlook.

75. MSD will meet its costs as an employer adjusting its payroll systems. However, as noted in the paper, MSD's systems are complex and primarily designed to administer the social welfare system. The systems currently provide information on a monthly schedule basis to Inland Revenue on payments made and tax adjustments for debt for clients receiving most main benefits, pensions and student allowances.

Withheld under section 9(2)(f)(iv) of the Official Information Act 1982

[redacted]

Withheld under section 9(2)(f)(iv) of the Official Information Act 1982 [redacted]

Treasury comment

77. Treasury supports the proposed changes as they will enable improvements in government services through more timely and useful information. In addition to public consultation, Inland Revenue has consulted with many government agencies and note that most will have any costs covered by their contracts with software vendors. We recognise the changes may present cost pressures on some agencies, but these should be funded from agency baselines. Additional funding could be considered for a few agencies on an exceptional basis. Agencies will have until 1 April 2019 to implement most changes, and it would be inequitable to provide funding to government agencies while the payroll subsidy for small and medium businesses is being removed.

Compliance implications

78. The proposals in this paper will enable customers to use the new digital services for PAYE and GST. Consequently, there will be one off costs as customers adopt or upgrade their software. However, it is expected that there will be an overall reduction in both compliance and administration costs as the benefits are realised.

79. Inland Revenue will deliver targeted support and education to ensure that all employers understand the PAYE changes and, in particular, that those employers who are not taking advantage of digital services understand the available benefits.

80. The proposed changes to the provision of PAYE information will enable government agencies to intervene more quickly to ensure individuals are subject to accurate rates of withholding and are supported to avoid debt. More timely income information will also help detect fraud and overpayment earlier.

Human rights

81. There are no human rights implications. While the provision of date of birth information to Inland Revenue at the time an employee takes up a new job may cause concern to some people, many employers routinely collect this information already. The proposal that date of birth information be provided to Inland Revenue to help confirm identity was supported by a majority of those who provided feedback on the subject.

Legislative implications

82. The proposals contained in this package of measures would require legislative amendments to the Income Tax Act 2007, KiwiSaver Act 2006 and the Tax Administration Act 1994. I also recommend that drafters be instructed to modernise the way the PAYE rules are expressed in legislation.

83. It is proposed to include the amendments in a tax bill that would be introduced in late 2016 and enacted before the Parliament is dissolved for the 2017 general election. This timeline is necessary to provide sufficient time for payroll providers and large employers with customised payrolls to plan and implement the change.

Regulatory impact analysis

84. The Regulatory Impact Analysis (RIA) requirements apply to most of the proposals in this paper and a Regulatory Impact Statement (RIS) has been prepared and is attached.

85. The Regulatory Impact Analysis Team at the Treasury (RIAT) has reviewed the RIS prepared by Inland Revenue. RIAT considers that the information and analysis summarised in the RIS *meets* the quality assurance criteria.

Publicity

86. I propose to announce these measures and release an anonymised version of the summary of submissions when the bill is introduced. I also propose to proactively release this Cabinet paper.

Recommendations

87. I recommend that the Cabinet Economic Growth and Infrastructure Committee:

1. **Agree** to the introduction of a number of reforms to PAYE and GST that will reduce compliance and administrative costs and create opportunities for better service delivery to individuals.

Using digital services to integrate tax requirements into business processes: PAYE

2. **Agree** that all employers be required to provide PAYE information on a pay period basis, with a minimum pay period of once a week, as follows**:**

- i. Payroll intermediaries, employers at or above a threshold, and those employers using payroll software, being required to submit that information digitally on the day following the payday; and
- ii. Employers below that threshold not using payroll software, and employers unable to access digital services, being required to submit that information by the 7th working day following the payday.

3. **Agree** that employees (including IR56 taxpayers) who are required to remit their own PAYE and related deductions be required to provide PAYE information by the 7th working day after the end of the month in which they receive the payment(s).

4. **Agree** that payroll software specifications include the following:

- i. The requirement that PAYE information is provided on the day following payday; and
- ii. Functionality to allow employers to provide details of new and departing employees to Inland Revenue when they are added to, or removed from, the payroll.

5. **Agree** that the threshold referred to in recommendation 2(i) above for mandatory digital submission of PAYE information be set at \$50,000 a year of PAYE and ESCT deductions.

6. **Agree** that the PAYE thresholds for the remittance of PAYE and for the digital submission of PAYE information be able to be changed by Order-in-Council and that the process should include a requirement to consult with affected parties.

Using digital services to integrate tax requirements into business processes: GST

7. **Agree** that a legislative framework be introduced allowing for an electronic filing threshold for GST returns to be set by Order-in-Council.

8. **Agree** that a non-electronic filing penalty for GST returns be introduced as part of the framework referred to in recommendation 7 and that the amount of the penalty be set at $250.

Getting it right from the start

9. **Agree** that, in addition to IRD number and tax code, all new employees be required to provide contact information and date of birth information to their employer and that the employer must provide this information, along with the commencement date, to Inland Revenue.

PAYE rules

10. **Agree** that, for PAYE deduction purposes, employers be given the option to treat holiday pay paid in advance and salary or wages paid in advance as if the lump sum payment was paid over the pay periods to which it relates.

11. **Agree** that the rules in the Inland Revenue Acts about how legislated rate or threshold changes are applied be aligned across the different types of PAYE income payments and PAYE-related social policy products, such that the rates and thresholds to be applied are those in force on the date the payment is made.

12. **Agree** that the de minimis rule in relation to the tax treatment of retrospective increases in salary or wages be repealed.

Application date

13. **Agree** that the implementation of the changes for PAYE information follow a legislated approach, where the submission of PAYE information on the new basis is initially voluntary but the legislation specifies the timeframe by the end of which employers will be required to provide PAYE information on the new basis.

14. **Agree** that the legislation includes the following implementation timetable:

    i. 1 April 2018 is the date from which it becomes permissible for employers to submit PAYE information and remit PAYE and related deductions on payday.

    ii. 1 April 2018 is the effective date for the proposed changes to the PAYE rules (recommendations 10, 11 and 12 above).

    iii. 1 April 2019 is the date from which employers are required to submit PAYE information on a payday basis (recommendations 2, 3, 4, 5, 6 and 9 above).

iv. The date of Royal Assent of the bill is the effective date for the proposed framework for setting an electronic filing threshold for GST returns (recommendations 7 and 8 above).

Payroll subsidy

15. **Agree** that the payroll subsidy be repealed with effect from 1 April 2018**.**

Fiscal implications

16. **Note** the following changes reflecting the decision in recommendation 15 above, with a corresponding impact on the operating balance.

$m – increase/(decrease)					
Vote Revenue **Minister of Revenue**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20** **&** **outyears**
Non-departmental Benefits and Other Related Expenses Payroll Subsidy PLA	-	-	(1.700)	(7.300)	(8.100)

Legislation

17. **Agree** that the proposed amendments be included in a tax bill scheduled for introduction in October 2016.

18. **Delegate** to the Minister of Revenue authority to make minor amendments of a technical nature to the measures recommended in this paper without further reference to Cabinet, including changes to modernise the way the PAYE rules are expressed in legislation.

19. **Invite** the Minister of Revenue to instruct Inland Revenue to draft legislation to give effect to the proposals contained in this paper.

Publicity

20. **Invite** the Minister of Revenue to release a media statement to announce these measures when the bill is introduced.

21. **Agree** to the public release of an anonymised summary of submissions at the time the bill is introduced.

Hon Michael Woodhouse
Minister of Revenue

_____/_____/_____
Date

Released in part, information withheld under section 18(d) of the Official Information Act 1982 as it is already publically available.

- *Making tax simpler - Better administration of PAYE and GST: summary of feedback* (November 2016) is available at http://taxpolicy.ird.govt.nz/publications/2016-other-mts-paye-feedback/overview
- The regulatory impact statement *Proposed changes to PAYE and GST* (2 June 2016) is available at http://taxpolicy.ird.govt.nz/publications/2017-ris-areiirm-bill/overview

Cabinet Economic Growth and Infrastructure Committee

Minute of Decision

Making Tax Simpler: Better Administration of PAYE and GST

Portfolio **Revenue**

On 15 June 2016, the Cabinet Economic Growth and Infrastructure Committee (EGI):

Background

1 **noted** that on 21 October 2015, EGI agreed to the release of a discussion document on proposals to improve the administration of PAYE and GST, and invited the Minister of Revenue to report back on the outcome of the consultation and with final policy recommendations [EGI-15-MIN-0109];

Proposed changes

2 **agreed** to the introduction of a number of reforms to PAYE and GST, as outlined in the paragraphs below, that will reduce compliance and administrative costs and create opportunities for better service delivery to individuals;

Using digital services to integrate tax requirements into business processes: PAYE

3 **agreed** that all employers be required to provide PAYE information on a pay period basis, with a minimum pay period of once a week, as follows:

3.1 payroll intermediaries, employers at or above a threshold, and those employers using payroll software, be required to submit that information digitally on the day following the payday;

3.2 employers below that threshold not using payroll software, and employers unable to access digital services, be required to submit that information by the 7th working day following the payday;

4 **agreed** that employees (including IR56 taxpayers) who are required to remit their own PAYE and related deductions be required to provide PAYE information by the 7th working day after the end of the month in which they receive the payment(s);

5 **agreed** that payroll software specifications include the following:

5.1 the requirement that PAYE information is provided on the day following payday;

5.2 functionality to allow employers to provide details of new and departing employees to Inland Revenue when they are added to, or removed from, the payroll;

6 **agreed** that the threshold referred to in paragraph 3.1 above for mandatory digital submission of PAYE information be set at $50,000 per annum of PAYE and ESCT deductions;

7 **agreed** that the PAYE thresholds for the remittance of PAYE and for the digital submission of PAYE information be able to be changed by Order-in-Council, and that the process include a requirement to consult with affected parties;

Using digital services to integrate tax requirements into business processes: GST

8 **agreed** that a legislative framework be introduced allowing for an electronic filing threshold for GST returns to be set by Order-in-Council;

9 **agreed** that a non-electronic filing penalty for GST returns be introduced as part of the framework referred to in paragraph 8 above, and that the amount of the penalty be set at $250;

Getting it right from the start

10 **agreed** that:

10.1 in addition to IRD number and tax code, all new employees be required to provide contact information and date of birth information to their employer;

10.2 the employer must provide this information, along with the commencement date, to Inland Revenue;

PAYE rules

11 **agreed** that, for PAYE deduction purposes, employers be given the option to treat holiday pay paid in advance and salary or wages paid in advance as if the lump sum payment was paid over the pay periods to which it relates;

12 **agreed** that the rules in tax legislation about how legislated rate or threshold changes are applied be aligned across the different types of PAYE income payments and PAYE-related social policy products, such that the rates and thresholds to be applied are those in force on the date the payment is made;

13 **agreed** that the *de minimis* rule in relation to the tax treatment of retrospective increases in salary or wages be repealed;

Application date

14 **agreed** that the implementation of the changes for PAYE information follow a legislated approach, where the submission of PAYE information on the new basis is initially voluntary but the legislation specifies the timeframe by the end of which employers will be required to provide PAYE information on the new basis;

15 **agreed** that the legislation include the following implementation timetable:

15.1 1 April 2018 is the date from which it becomes permissible for employers to submit PAYE information and remit PAYE and related deductions on payday;

15.2 1 April 2018 is the effective date for the proposed changes to the PAYE rules (paragraphs 11, 12 and 13 above);

15.3 1 April 2019 is the date from which employers are required to submit PAYE information on a payday basis (paragraphs 3, 4, 5, 6, 7 and 10 above);

15.4 the date of Royal Assent of the Bill is the effective date for the proposed framework for setting an electronic filing threshold for GST returns (paragraphs 8 and 9 above);

Payroll subsidy

16 **agreed** that the payroll subsidy be repealed with effect from 1 April 2018;

Fiscal implications

17 **noted** the following changes reflecting the proposal in paragraph 16 above, with a corresponding impact on the operating balance:

	$m – increase/(decrease)				
Vote Revenue **Minister of Revenue**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20 and outyears**
Non-departmental Benefits and Other Related Expenses					
Payroll Subsidy PLA	-	-	(1.700)	(7.300)	(8.100)

Legislative implications

18 **agreed** that the above proposals be included in a tax Bill scheduled for introduction in October 2016;

19 **authorised** the Minister of Revenue to make minor amendments of a technical nature to the measures outlined in the paper under EGI-16-SUB-0136 without further reference to Cabinet, including changes to modernise the way the PAYE rules are expressed in legislation;

20 **invited** the Minister of Revenue to issue drafting instructions to Inland Revenue to give effect to the above paragraphs;

Publicity

21 **noted** that the Minister of Revenue intends to release a media statement to announce the above measures when the Bill is introduced;

22 **noted** that an anonymised summary of submissions will be publicly released at the time the Bill is introduced.

Janine Harvey
Committee Secretary

Hard-copy distribution: (see over)

Present:
Hon Gerry Brownlee (Chair)
Hon Amy Adams
Hon Dr Nick Smith
Hon Michael Woodhouse
Hon Todd McClay
Hon Peseta Sam Lotu-Iiga
Hon Louise Upson
Hon Paul Goldsmith

Officials present from:
Officials Committee for EGI

Hard-copy distribution:
Cabinet Economic Growth and Infrastructure Committee
Office of the Prime Minister
Deputy Chief Executive, Policy, DPMC
  Melleny Black, PAG, DPMC
Chief of Defence Force
Minister of Health
Minister of Education
Minister for Social Development
Minister of Corrections
Minister for ACC
Legislation Coordinator

CAB-16-MIN-0283

Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Economic Growth and Infrastructure Committee: Period Ended 17 June 2016

On 20 June 2016, Cabinet made the following decisions on the work of the Cabinet Economic Growth and Infrastructure Committee for the period ended 17 June 2016:

Out of scope [redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
EGI-16-MIN-0136	**Making Tax Simpler: Better Administration of PAYE and GST** Portfolio: Revenue	CONFIRMED

Out of scope [redacted]

[redacted]

[redacted]

Michael Webster
Secretary of the Cabinet

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Cabinet Economic Growth and Infrastructure Committee
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