

Hon David Parker, Minister of Revenue

Information Release

Tax Administration (Extension of Due Dates) Order 2021

February 2022

Availability

This information release is available on Inland Revenue's tax policy website at <https://taxpolicy.ird.govt.nz/publications/2022/2022-ir-cab-21-sub-0418>

Documents in this information release

#	Reference	Type	Title	Date
1	IR2021/415	Policy report	Extending the tax due date on 28 October 2021 to 4 November 2021	27 September 2021
2	CAB-21-SUB-0418	Cabinet paper	Tax Administration (Extension of Due Dates) Order 2021	18 October 2021
3	CAB-21-MIN-0418	Minute	Tax Administration (Extension of Due Dates) Order 2021	18 October 2021

Additional information

The Cabinet paper was considered and confirmed by Cabinet on 18 October 2021.

One attachment to the Cabinet paper is not included in this information release as it publicly available:

- Tax Administration (Extension of Due Dates) Order 2021¹

Information withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply are identified. Where information is withheld, no public interest was identified that would outweigh the reasons for withholding it.

Sections of the Act under which information was withheld:

9(2)(a) to protect the privacy of natural persons, including deceased people

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¹ Available at <https://legislation.govt.nz/regulation/public/2021/0318/latest/whole.html>



POLICY AND REGULATORY STEWARDSHIP

Tax policy report: Extending the tax due date on 28 October 2021 to 4 November 2021

Date:	27 September 2021	Priority:	High
Security level:	In Confidence	Report number:	IR2021/415

Action sought

	Action sought	Deadline
Minister of Finance	Agree to the recommendations Note the contents of this report	28 September 2021
Minister of Revenue	Agree to the recommendations Note the contents of this report	28 September 2021

Contact for telephone discussion (if required)

Name	Position	Telephone
Bary Hollow	Policy Lead – Tax Administration (Acting)	s 9(2)(a)

27 September 2021

Minister of Finance
Minister of Revenue

Extending the tax due date on 28 October 2021 to 4 November 2021

1. This report seeks your agreement to extend the due date for the filing of returns and payment of income tax (including provisional tax) and goods and services tax (GST) from 28 October 2021 to 4 November 2021. This extension of time can be achieved by an Order in Council made under section 226 of the Tax Administration Act 1994 (TAA).
2. Customers may struggle to meet the existing due date because of a combination of COVID-19 impacts across the country, the extended higher alert level in the Auckland region and the cutover of the second release of Stage 4 of START¹. This change of date will allow customers more time to meet their compliance requirements.
3. Section 226 of the TAA gives the Governor-General, by Order in Council, the power to extend the time for a taxpayer to do anything required under the TAA, the Income Tax Act 2007 or the Goods and Services Tax Act 1985. This includes the due date for the filing of tax returns and the payment of tax.
4. The second release of Stage 4 of Inland Revenue's START system is due to "go live" on the 28th of October. This process will involve the shutdown of Inland Revenue's computer systems from the afternoon of the 21st of October to the morning of the 28th of October. During this period, customers will not be able to access those systems to file their GST returns before the due date. Although taxpayers will still generally be able to make payments during that cutover period², they will not be able to file returns.
5. Before the COVID-19 outbreak, Inland Revenue considered we could manage any concerns of customers on an exception basis. However, this has now changed with the pressure on both businesses and Inland Revenue.
6. Delaying the due date to 4 November will largely restore to customers the business days when Inland Revenue's systems are unavailable. More generally, it will also give customers extra time to meet their obligations, which may not have been top of mind during the extended lockdown period.
7. The fiscal cost of delaying the due date will be a maximum of \$1.80 million, which can be met through the scorecard.

Background

8. The final release of Inland Revenue's START system is due to "go live" on the morning of 28 October 2021. Before that, customers will not be able to access Inland Revenue systems from the afternoon of the 21st of October until the morning of the 28th of October.

¹ START – Simplified Tax and Revenue Technology – Inland Revenue's new technology platform.

² The exceptions being payments made by direct debit or credit card.

9. This cutover period was chosen because the timing of Labour weekend means Inland Revenue systems would only be unavailable for three working days. Cutting over without the long weekend would mean a minimum of four working days without customer access to the systems.
10. In addition, this release of START migrates child support into START. Having a later cutover date might have affected when child support customers received their first payment under the START system.
11. System upgrades to be made at the same time will also make improvements to myIR to make it easier to use and deliver new functionality for customers. However, some customers may take a little time to get familiar with the new improvements.
12. The 28th of October is a major due date for GST and a minor due date for income tax (including provisional tax)³ by volume. Although many customers file their returns early, the inaccessibility of Inland Revenue systems may be problematic for some customers who would usually file their GST returns and make their GST payments during that period before the due date when those systems are inaccessible. While Inland Revenue will still be able to accept most payments⁴, customers may need system access to calculate their liability to pay.
13. In addition, many customers may only just be getting back to semi-normal operations at level 2 by that date, due to the extended lockdown in the Auckland region. While Inland Revenue can assist those customers who have financial difficulties due to COVID-19, a large number of customers won't meet the requirements for that assistance but would benefit from a few extra days to meet their compliance obligations.
14. Another pressure on this period is the opening of the next tranche of the resurgence support payment (RSP) on the 29th of October. This was an additional measure that was unplanned for this period. The additional work required to support the next tranche of the RSP will use resources that would otherwise be used to support customers during the cutover period.
15. Customers will be charged use of money interest and late payment and filing penalties if an extension of the due date is not made and they are unable to complete their returns or make payments on time because of the cutover or the extended lockdown and are not able to claim relief under the Commissioner's specific COVID-19 remission powers.
16. Section 226 of the TAA gives the Governor-General, by Order in Council, the power to extend the time for anything required under the TAA, the Income Tax Act 2007 or the Goods and Services Tax Act 1985. No other provision within the Inland Revenue Acts would allow the Commissioner to extend the due date or otherwise remove the consequences of taxpayers filing or paying late⁵.
17. Officials consider that giving customers some extra time to meet their compliance obligations for this payment date would be appropriate, due to the combination of Inland Revenue systems being inaccessible before 28 October, the pressures on Inland Revenue to deliver a range of support packages, and businesses recovering from the extended lockdown in the Auckland region.
18. Officials therefore recommend using the power in section 226 of the TAA to extend the 28 October filing and payment date to 4 November 2021. The additional time

³ The 28th of October is the due date for the filing and payment of GST returns for the period to 30 September 2021 and includes customers who file monthly, two-monthly and six-monthly. Although this is a minor payment date for provisional tax it does include some larger taxpayers with September balance dates, being some of the major trading banks.

⁴ The exceptions being payments made by direct debit or credit card.

⁵ Other than a limited power to remit late payment penalties.

given will largely restore to customers the time when Inland Revenue systems will be inaccessible.

19. Due to the limited timeframe before the due date, it will also be necessary to seek a waiver of the 28-day rule to ensure the Order in Council comes into force before 28 October.

Administrative implications

20. There are no significant administrative implications to changing the due date from 28 October to 4 November. While some administrative work will be required to reflect the changed date, this is manageable within existing workloads.
21. Using an Order in Council to change the due date allows Inland Revenue to deal with affected customers as a group without individual contacts where customers have issues filing and paying on time. This will improve the customer experience and reduce the need for customers to contact Inland Revenue.
22. If you agree to extending the due date to 4 November, we propose communicating this extension to customers to ensure they are fully aware of the availability of Inland Revenue systems and when they will need to file and pay to give them certainty around the cutover period. The messaging for customers would be:
 - 22.1 Before cutover (closing afternoon of 21 October) – please file and pay early.
 - 22.2 During cutover (afternoon 21 October to morning of 28 October) – customers are unable to file but please pay through the usual payment channels (Direct Debit and Credit Card options will not be available).
 - 22.3 After cutover (morning of 28 October) – please file and pay by the new due date of 4 November and you will not be exposed to UOMI or LPP.

Fiscal implications

23. Due to the three-day delay in receiving payments, there is technically a fiscal cost to the extension. On the assumption that every customer delays their GST payments until the 4th of November, the approximate fiscal cost will be \$1.80 million, which we recommend be charged to the scorecard.

Consultation

24. Treasury has been consulted on this report.

Next steps

25. If you agree to the extension, officials will issue drafting instructions to the Parliamentary Counsel Office to draft an Order in Council to extend the due date from 28 October to 4 November 2021 under section 226 of the TAA.
26. Once a draft Order in Council is prepared, we will report to you with a draft Cabinet paper for lodging with Cabinet Office by 10am on 14 October 2021.
27. For the Order in Council to come into effect by 28 October, and accounting for the extended recess in October, the Cabinet paper would need to be considered by Cabinet and the Executive Council on 18 October and a waiver to the 28-day rule obtained.

Recommended action

We recommend that you:

- a. **agree** to extend by Order in Council the due date from 28 October 2021 to 4 November 2021 for the filing of returns and payment of income tax (including provisional tax) and goods and services tax.

Agreed/Not agreed

Agreed/Not agreed

- b. **note** the following fiscal impact as a result of the decision in recommendation (a) above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)			
Vote Revenue Minister of Revenue	2021/22	2022/23	2023/24	2024/25
Tax Revenue	(1.800)	-	-	-
Total Operating	1.800			

Noted

Noted

- c. **agree** that the fiscal cost be charged to the scorecard.

Agreed/Not agreed

Agreed/Not agreed

- d. **agree** to a waiver of the 28-day rule for the coming into force of the Order in Council.

Agreed/Not agreed

Agreed/Not agreed

- e. **agree** to Inland Revenue communicating the extension of the due date to customers before the Order in Council is drafted.


Agreed/Not agreed

Agreed/Not agreed

- f. **authorise** the Parliamentary Counsel Office to draft an Order in Council under section 226 of the Tax Administration Act 1994 to extend the due date from 28 October 2021 to 4 November 2021 for the filing of returns and payment of income tax (including provisional tax) and goods and services tax.

Authorise/Not authorised

s 9(2)(a)



Bary Hollow

Policy Lead – Tax Administration (acting)

Policy and Regulatory Stewardship

Hon David Parker

Minister of Revenue

/ /2021

Hon Grant Robertson

Minister of Finance

/ /2021

In Confidence

Office of the Minister of Revenue

Chair, Cabinet

TAX ADMINISTRATION (EXTENSION OF DUE DATES) ORDER 2021

Proposal

1. This paper seeks agreement to extend the due date for the payment of tax and the filing of tax returns required under the Tax Administration Act 1994, Income Tax Act 2007 and the Goods and Services Tax Act 1985 from the 28th of October 2021 to the 4th of November 2021.
2. This paper seeks agreement to submit the Tax Administration (Extension of Due Dates) Order 2021 to the Executive Council extending this due date.

Background

3. The second release of Stage 4 of Inland Revenue's START¹ system is due to "go live" on the 28th of October 2021. This process will involve the shutdown of Inland Revenue's computer systems from the afternoon of the 21st of October to the morning of the 28th of October. During this period, taxpayers will not be able to access those systems to file their Goods and Services Tax (GST) returns before the due date.
4. The 28th of October is a major due date for GST² and a lesser due date for income tax (including provisional tax). Although many taxpayers file their returns early, the shutdown of Inland Revenue systems may be problematic for some customers who would usually file their GST returns and make their GST payments. While Inland Revenue will still be able to accept most payments³, taxpayers may need system access to calculate their liability to pay.
5. This shutdown period was chosen because the timing of Labour weekend means Inland Revenue systems would only be unavailable for three working days. Shutting down without the long weekend would mean a minimum of four working days without customer access to the systems.
6. In addition, this release migrates child support into START. Having a later shutdown date might have affected when child support customers received their first payment under the START system.

¹ START – Simplified Tax and Revenue Technology – Inland Revenue's new technology platform.

² The 28th of October is the due date for the filing and payment of GST returns for the period to 30 September 2021 and includes taxpayers who file monthly, two-monthly and six-monthly.

³ The exceptions being payments made by direct debit or credit card.

7. Before the COVID-19 outbreak, Inland Revenue considered it could manage any concerns of taxpayers around the cutover period on an exception basis. However, this has now changed with the pressure on both businesses and Inland Revenue.
8. Taxpayers may struggle to meet the existing due date because of a combination of COVID-19 impacts across the country, the extended higher alert level in the Auckland region and the shutdown of Inland Revenue's systems. Should they miss that date they may become liable to use of money interest, penalties for late payment and filing.
9. Extending the due date for payments and the filling of tax returns from the 28th of October 2021 to the 4th of November 2021 will allow taxpayers more time to meet their compliance requirements and reduce stress to taxpayers at an already difficult time.

Order in Council

10. Section 226 of the Tax Administration Act 1994 gives the Governor-General, by Order in Council, the power to extend the time for anything required under the Tax Administration Act 1994, the Income Tax Act 2007 or the Goods and Services Tax Act 1985 (Revenue Acts). This includes the due dates for the filing of tax returns and payments required under the Revenue Acts.
11. The Order in Council, Tax Administration (Extension of Due Dates) Order 2021, extends the due date for payments and the filling of tax returns required under the Revenue Acts from the 28th of October 2021 to the 4th of November 2021.

Financial Implications

12. Due to the seven-day delay in receiving payments, there is a fiscal cost to this proposal. On the assumption that most taxpayers delay their tax and GST payments until the 4th of November, the approximate fiscal cost will be \$1.40 million, which will be charged to the tax policy scorecard.
13. The table below provides the indicative estimates of the cost of extending the due date for payment from 28th October 2021 to 4th November 2021:

	\$m – increase/(decrease)			
Vote Revenue	2021/22	2022/23	2023/24	2024/25
Minister of Revenue				
Tax Revenue	(1.400)	-	-	-
Total Operating	1.400			

14. I have the delegated authority to approve this fiscal cost and charge this against the tax policy scorecard.
15. There is no additional administrative cost from the extension of the due date.

Impact Analysis

16. Treasury's Regulatory Impact Analysis team has determined that the proposal to extend the due date for the payment of tax and the filing of returns is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor impacts on businesses, individuals, and not-for-profit entities.

Consultation

17. The Treasury have been consulted on the extension. The Treasury and the Parliamentary Counsel Office have been informed of the contents of this paper.

Communications

18. Inland Revenue have communicated this change to taxpayers to give them time to plan for the extension since Ministers agreed to the extension.

Timing and 28-day rule

19. The Order in Council will come into force on the 21st of October 2021. A waiver of the 28-day rule is sought due to the short timeframe between the making of the order and the original due date for filing of returns and payment of tax. The order must be in force prior to the original due date.
20. A waiver is appropriate in this circumstance as the Order in Council will confer only benefits on taxpayers by allowing them to defer the filing and payment of tax without penalty where many of them may still be struggling with the extended lockdown due to COVID-19.

Proactive Release

21. This paper will be proactively released with any appropriate withholdings within 30 business days of final decisions being taken by Cabinet.

Recommendations

I recommend that Cabinet:

1. **agree** to extend by Order in Council the due date for the payment of tax and the filing of tax returns required under the Tax Administration Act 1994, Income Tax Act 2007 and the Goods and Services Tax Act 1985 from the 28th of October 2021 to the 4th of November 2021.
2. **agree** to a waiver of the 28-day rule for the coming into force of the Order in Council.
3. **note** that the fiscal cost of recommendation 1 is approximately \$1.4 million which will be charged to the tax policy scorecard.

4. **note** that the Tax Administration (Extension of Due Dates) Order 2021 will give effect to the decision referred to in recommendation 1 above;
5. **note** that the Tax Administration (Extension of Due Dates) Order 2021 will come into force on 21st October 2021; and
6. **authorise** the submission to the Executive Council of the Tax Administration (Extension of Due Dates) Order 2021.

Authorised for lodgement

Hon David Parker
Minister of Revenue



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.

Tax Administration (Extension of Due Dates) Order 2021

Portfolio **Revenue**

On 18 October 2021, Cabinet:

- 1 **agreed** to extend by Order in Council the due date for the payment of tax and the filing of tax returns required under the Tax Administration Act 1994, Income Tax Act 2007 and the Goods and Services Tax Act 1985 from the 28 October 2021 to 4 November 2021;
- 2 **noted** that the fiscal cost of the decision above is approximately \$1.4 million, which will be charged to the tax policy scorecard;
- 3 **noted** that the Tax Administration (Extension of Due Dates) Order 2021 gives effect to the decision above;
- 4 **authorised** the submission to the Executive Council of the Tax Administration (Extension of Due Dates) Order 2021 [PCO 24179/2.0];
- 5 **noted** that a waiver of the 28-day rule is sought:
 - 5.1 so that the Order can come into force on 21 October 2021;
 - 5.2 on the grounds that the waiver confers only benefits on the public;
- 6 **agreed** to a waiver of the 28-day rule so that the Order can come into force on 21 October 2021.

Michael Webster
Secretary of the Cabinet