

In Confidence

Office of the Minister of Revenue

Chair, Cabinet Legislation Committee

## **Tax Administration (Direct credit of Totalisator Duty, Lottery Duty, Casino duty, and Unclaimed Money) Order 2021**

### **Proposal**

1. This paper seeks the Cabinet Legislation Committee's agreement to submit the Tax Administration (Direct Credit of Totalisator Duty, Lottery Duty, Casino Duty, and Unclaimed Money) Order 2021 to the Executive Council.
2. It is proposed that the Order in Council applies to implement refunds of totalisator duty, lottery duty, casino duty, and unclaimed money by direct credit from 28 days after the gazetting of the Order.

### **Policy**

3. I recommend that refunds of totalisator duty, lottery duty, casino duty, and unclaimed money be made by direct credit from March 2021. Refunds would be made by direct credit unless they would result in undue hardship or be impracticable (for example, if a taxpayer does not have a New Zealand bank account, so it is not possible to provide a direct credit). The administration of these tax types has moved to a new technology platform from 1 March 2021.
4. To implement this proposal, the Parliamentary Council Office has drafted the Tax Administration (Direct Credit of Totalisator Duty, Lottery Duty, Casino Duty, and Unclaimed Money) Order 2021. This is in accordance with an existing legislative framework in the Tax Administration Act 1994. The framework provides for the progressive implementation of compulsory direct crediting for tax types that Inland Revenue administers through Orders in Council and was enacted with effect from 1 April 2000. It benefits taxpayers by eliminating the time delays and costs associated with posting cheques and reflects that the processing of cheques is being phased out by the banks. Inland Revenue also benefits from reduced administration costs.
5. Progressive implementation of compulsory direct crediting of refunds through Orders in Council ensures Inland Revenue has the necessary flexibility to prepare its systems before implementing direct crediting. It also gives affected taxpayers time to provide Inland Revenue with up-to-date bank account details and (for taxpayers with complex business activities) more time to plan and adapt their processes. The intent is that the Commissioner will eventually be required to direct credit all refunds into taxpayers' bank accounts.

6. Compulsory direct crediting has been implemented for refunds of gaming machine duty, income tax, goods and services tax, employees' child support deducted by employers, and student loan deductions. This implementation has occurred as part of moving the administration of these tax types to Inland Revenue's new technology platform.

### **Timing and 28-Day Rule**

7. I propose that direct crediting of refunds for totalisator duty, lottery duty, casino duty, and unclaimed money under section 184A of the Tax Administration Act 1994 applies to refunds made from 28 days after the gazetting date. The Order would therefore be in accordance with the rule that regulation must not come into force until at least 28 days after the public have been notified in the New Zealand Gazette.

### **Compliance**

8. The Order complies with:
  - 8.1 the principles of the Treaty of Waitangi;
  - 8.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
  - 8.3 the principles and guidelines set out in the Privacy Act 1993;
  - 8.4 relevant international standards and obligations; and
  - 8.5 the Legislation Guidelines, which are maintained by the Legislation Design and Advisory Committee.
9. No statutory prerequisite exists for making this Order.

### **Regulations Review Committee**

10. There are no anticipated grounds for the Regulations Review Committee to draw the Order in Council to the attention of the House under Standing Order 319.

### **Certification by Parliamentary Counsel**

11. The Parliamentary Counsel Office has certified that the Order in Council is in order for submission to Cabinet.

### **Impact Analysis**

12. The Regulatory Quality Team at the Treasury has determined that the regulatory decisions sought in this paper are exempt from the requirement to provide a Regulatory Impact Assessment as they have no or minor impacts on businesses, individual or not for profit entities.

## Publicity

13. The new Order in Council will be published in the New Zealand Gazette and on Inland Revenue's website. Inland Revenue will also publish an article about these changes in its Tax Information Bulletin.

## Proactive Release

14. I propose to release this Cabinet paper, and associated Order in Council, in full shortly following the publication of the signed Order in Council in the New Zealand Gazette.

## Consultation

15. The Treasury has been informed in the preparation of this paper and the Parliamentary Counsel Office have been consulted in the preparation of this paper.

## Recommendations

The Minister of Revenue recommends that the Cabinet Legislation Committee:

1. **agree** that Inland Revenue should issue refunds of totalisator duty, lottery duty, casino duty, and unclaimed money by direct credit, unless doing so would result in undue hardship or is not practicable;
2. **note** that the Tax Administration (Direct Credit of Totalisator Duty, Lottery Duty, Casino Duty, and Unclaimed Money) Order 2021 will give effect to the decision referred to in paragraph 1 above; and
3. **authorise** the submission to the Executive Council of the Tax Administration (Direct Credit of Totalisator Duty, Lottery Duty, Casino Duty, and Unclaimed Money) Order 2021.

Authorised for lodgement

Hon David Parker  
Minister of Revenue