



POLICY AND REGULATORY STEWARDSHIP

Tax policy report: **Draft Cabinet paper: Tax Administration (COVID-19 Variations) Order 2022**

Date:	20 July 2022	Priority:	Medium
Security level:	In Confidence	Report number:	IR2022/351

Action sought

	Action sought	Deadline
Minister of Revenue	<p>Authorise and lodge the attached Cabinet Legislation Committee paper by 18 August for your consideration at LEG on 25 August 2022</p> <p>Agree to the recommendation</p>	3 August 2022

Contact for telephone discussion (if required)

Name	Position	Telephone
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20 July 2022

Minister of Revenue

Order in Council: Extending the Commissioner's COVID-19 administrative flexibility

Summary

1. This report asks you to consider and authorise the lodgement of the attached draft Cabinet Legislation Committee (LEG) paper.
2. The report seeks approval to submit an Order in Council to the Executive Council to extend the Commissioner of Inland Revenue's (Commissioner) discretionary power to provide administrative flexibility for taxpayers affected by COVID-19 by one year.

Context and Background

3. You previously agreed to extend the COVID-19 administrative flexibility measure by one year (to 30 September 2023), and for officials to instruct the Parliamentary Counsel Office to draft an Order in Council to give effect to this change (IR2022/328 refers).
4. The administrative flexibility measure was introduced in 2020 in the *Tax Administration Act 1994* to provide more flexibility for taxpayers to comply with their tax obligations where they have been affected by the impacts of COVID-19.
5. The measure was limited in application to an 18-month period ending 30 September 2021, unless extended by an Order in Council upon recommendation of the Minister of Revenue. The measure was extended from 30 September 2021 to 30 September 2022 to enable the Commissioner to act quickly in the event taxpayers are further impacted by COVID-19. We recommended the measure be extended for a further year given the continued impact of COVID-19 and the threat of new variants.
6. The Parliamentary Counsel Office are currently drafting the Tax Administration (COVID-19 Response Variations) Order 2022 (Order in Council). Officials have prepared a LEG paper for your consideration and, if you agree, for lodgement to the Cabinet Office by 18 August 2022, for consideration at the LEG meeting of 25 August 2022.

Fiscal implications

7. The proposed change has an unqualifiable fiscal impact in advance because it depends how the power is exercised. However, the fiscal impact of the variations issued so far have been minor or immaterial as most variations related to the timing allowed for elections or applications to occur as noted in our previous report (IR2022/328 refers). Any administrative costs of implementing the change will be accommodated within existing processes for assessing and implementing COVID-19 variations.

Consultation

8. The Treasury and the Parliamentary Counsel Office have been informed of the contents of this report.

Next steps

9. If you agree, the Parliamentary Counsel Office will provide the Cabinet Office with the Order in Council.
10. If you are comfortable with the draft LEG paper, please authorise and lodge with the Cabinet Office by 10am Thursday 18 August 2022.
11. Subject to your agreement, the LEG paper will be considered at the LEG meeting of Thursday 25 August 2022 to extend the power.
12. We recommend this report and the Cabinet paper be proactively released in full shortly following the notification of the signed Order in Council in the New Zealand Gazette.

Recommended action

We recommend that you:

13. **authorise** the lodgement of the attached draft Cabinet Legislation Committee paper, seeking Cabinet approval to submit an Order in Council to the Executive Council, with the Cabinet Office by 10am 18 August 2022.

Authorise

14. **agree** to proactively release this report and the Cabinet paper following the notification of the signed Order in Council in the New Zealand Gazette.

Agree/Not agree

s 9(2)(a)



Thomas Allen

Principal Advisor – Tax Administration
Policy and Regulatory Stewardship

Hon David Parker

Minister of Revenue

/ /2022