



Submission to:

Inland Revenue

Subject:

Making Tax Simpler: Proposals for Modernising the Tax Administration Act. A Government Discussion Document

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Background

Citizens Advice Bureau New Zealand (CABNZ) Ngā Pou Whakawhirinaki o Aotearoa welcomes the opportunity to comment on *Making Tax Simpler: Proposals for modernising the Tax Administration Act – A Government Discussion Document*

The purpose of our organisation is to:

- Ensure that individuals do not suffer through ignorance of their rights and responsibilities or of the services available; or through an inability to express their needs effectively — Me noho mataara kia kaua te tangata e mate i tōna kore mōhio ki ngā āhuatanga e āhei atu ana ia, ki ngā mahi rānei e tika ana kia mahia e ia, ki ngā ratonga rānei e āhei atu ana ia; i te kore rānei e āhei āna ki te whakaputa i ōna hiahia kia mārama mai ai te tangata.
- Exert a responsible influence on the development of social policies and services, both locally and nationally — Kia tino whai wāhi atu ki te auahatanga o ngā kaupapa ā-iwi me ngā ratonga ā-rohe, puta noa hoki i te motu.

We support the principle of partnership reflected in the Treaty of Waitangi. E tautoko ana Ngā Pou Whakawhirinaki o Aotearoa i te mātāpono o te pātuitanga e ai ki Te Tiriti o Waitangi.

We work to empower individuals to resolve their problems and to strengthen communities. The person-to-person service provided by over 2,300 Citizens Advice Bureau (CAB) volunteers is unique in New Zealand. From 83 locations around New Zealand, the CAB provides individuals with a free, impartial and confidential service of information, advice, advocacy and referral. Ka mahi mātou ki te whakakaha i ngā tāngata takitahi ki te whakatika i ā rātou ake raruraru, ki te whakakaha hoki i ngā hapori. He mea ahurei i roto o Aotearoa te ratonga kanohi-ki-te-kanohi e whakaratohia e ngā kaitūao 2,400 o Citizens Advice Bureau (CAB). Mai i ngā takiwā e 83 puta noa i Aotearoa, e whakaratohia ana e te CAB ki ngā



tāngata takitahi he ratonga koreutu, tōkeke, matatapu hoki e pā ana ki te mōhiohio, te tohutohu, te tautoko me te tukunga.

In the 2015/2016 financial year we had over 550,000 interactions with clients, including over 200,000 in-depth enquiries where we offered information, advice and support across the gamut of issues that affect people in their daily lives.

We use our experience with clients to seek socially just policies and services in Aotearoa New Zealand.

1.0 Introduction

The Citizens Advice Bureau welcomes the opportunity to continue to feed into Inland Revenue's consultation on its transformation process. To date we have produced three submissions in response to *Making Tax Simpler* consultations.

The focus of this submission is on *Chapter 2. Tax Information and confidentiality*.

However we wish to state our support for the increased focus on helping taxpayers get it right from the start as set out in Chapter 4. Through our service we assist people who come to us because they are concerned 'to get it right' in their engagement with the tax system and have questions, issues or concerns. Sometimes they experience significant anxiety and stress, so more emphasis on helping people understand and meet their obligations is something we would welcome, including greater accessibility to personalised advice from IR through an 0800, answered quickly and with free calling from mobile phones.

2.0 Chapter 2: Tax Information and Confidentiality

We note that in February 2015, Cabinet agreed that the four principles of value, inclusion, trust, and control proposed by the New Zealand Data Futures Forum provide a strong framework for a trusted data-use environment. These Principles, set out in more detail are:

Principle 1: Value

New Zealand should use data to drive economic and social value and create a competitive advantage

To achieve this we should:

- encourage collaboration and sharing
- support creativity and innovation
- promote a data environment that, as far as possible, retains New Zealand control over the use and protection of New Zealand data.

Principle 2: Inclusion

All parts of New Zealand society should have the opportunity to benefit from data use

- We should support all New Zealanders, communities and businesses to adapt and thrive in the new data environment.

Principle 3: Trust

Data management in New Zealand should build trust and confidence in our data institutions:

- Data management in New Zealand should build trust and confidence in our institutions.
- Transparency and openness should form the foundations on which we build trust and enhance understanding about what data is held, and how data is managed and used.
- Privacy and security are fundamental values that should be built into data frameworks and the full data life cycle.
- Data collectors, custodians and users should be accountable for responsible stewardship and should exercise a duty of care.

Principle 4: Control

Individuals should have greater control over the use of their personal data.

- Individuals should be better able to determine the level of privacy they desire on the basis of improved insight into how their personal data is processed and used.
- Informed consent should be simple and easy to understand.
- Individuals should have the right to be forgotten and the right to opt out.

The reason that we are including the principles in full here is because we believe that any proposals to increase data collection and/or sharing, particularly of personal data, must be assessed to meet these principles.

Concern that data collecting and sharing practices by government may not meet these principles and in fact, go counter to them, have been raised by the recent initiative by the Ministry of Social Development to collect Individual Client Level Data (ICLD)¹.

This year the Ministry of Social Development (MSD) has begun incorporating clauses requiring the collection of individual client data into its contracts with providers. The Ministry of Social Development holds contracts with over 3,000 social service providers.² If a client does not give permission for their data to be collected and passed on to MSD, then the provider will not be funded to provide a service to that person. MSD has also announced that, as from next year, the data it collects will not be aggregated or anonymised and it will be possible to identify and target individuals. MSD has also advised that this contract requirement will apply to all providers from 1 July 2017.³

This move has been done without prior consultation with the NGO's and through funding contracts. The fact that refusal by the NGO at the contract level or by the individual client at the service level means a loss of funding, puts pressure on these NGO's to collect and provide this data and for clients to agree. This pressure sets up an environment that could be seen as coercive, rather than facilitating trust and informed consent. The fact that the

¹ <https://www.msd.govt.nz/about-msd-and-our-work/work-programmes/community-investment-strategy/individual-client-level-data-collection.html>

² Page 299, Productivity Commission Report, Better Purchasing and Contracting

³ <https://www.msd.govt.nz/about-msd-and-our-work/work-programmes/community-investment-strategy/individual-client-level-data-collection.html>



collection of this data is being required of independent civil society organisations when it is not clear exactly how this information will be used raises further questions and concerns. The collection and use of ICLD by MSD is part of their 'social investment approach'. We note that on Page 12 of the discussion document Inland Revenue cites the Ministry of Social Development's collection and use of integrated data under its social investment approach as a good example of the benefits of the collection, use and sharing of information.

3.0 The issue of informed consent

We note that IR intends to proceed with the proposal to allow taxpayers to be able to consent to the release of their information to other government agencies.

This was a proposal that we supported (see our submission on *Making Tax Simpler: Towards a New Tax Administration Act*) on condition that the disclosure be in the best interests of the taxpayer.

In *Making Tax Simpler: Towards a New Tax Administration Act* IR recognised the danger of taxpayers being coerced into consenting to their information being shared, and for that reason it was considered safest to limit consent-based sharing, at least initially, to government agencies.

However as we have stated above, we now have concerns about how increased gathering and use of data by government is being implemented.

It would seem to us that clear standards and guidelines that ensure that the Data Future's Forum's Principles, particularly Principles 3 and 4, are adhered to would give more certainty and transparency to people about the collection, use and sharing of their personal information and provide more certainty that consent is given freely, and not coerced. This is particularly important because government, including IR, is looking to make greater use of this information across different government agencies. While we acknowledge IR's reference to the Data Futures Partnership as leading the wider conversation about the licence for data sharing and also developing guidelines to ensure trust and confidence, it is also clear that government agencies are not waiting for these. If IR is going to proceed before the Data Futures Forum has developed these guidelines, we suggest that it develops and consults on its own guidelines and makes these transparent, so as to protect the trust and confidence of taxpayers.

Conclusion

We have been impressed by the public consultation process that IR is using to get feedback on its own programme of change, and by its willingness to engage respectfully with taxpayers and to keep them informed as the transformation of the tax system rolls out.

We would welcome having a discussion with you about the issues we have raised in this submission.



Thank you for this opportunity to comment. Please contact me if you have any questions, or want any clarification about our submission.

Yours sincerely

A handwritten signature in black ink, appearing to read "Kerry Dalton".

Kerry Dalton
Chief Executive