

12 May 2016

Nigel Mehta-Wilson
Policy and Strategy Programme Manager
Inland Revenue
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By email: nigel.mehta-wilson@ird.govt.nz

Dear Nigel

Refreshing the Tax Policy Work Programme

I refer to the **attached** letter of 22 April 2016 from the Deputy Commissioner, Policy and Strategy. The Law Society's Tax Law Committee appreciates the opportunity to comment on the Government's Tax Policy Work Programme, and is grateful for the information provided, especially in relation to the proposed legislative programme.

We recognise that this is a very busy time for Inland Revenue, with the Business Transformation programme underway and the first omnibus tax bill (the Taxation (Annual Rates for 2016–17, Closely Held Companies, and Remedial Matters) Bill) having been recently introduced. The committee has no specific items it wishes to see added to the programme.

However, there is one matter we suggest could be given consideration, relating to the requirement for offshore persons to have a local bank account in order to obtain an IRD number. This can in some cases present practical difficulties and high compliance costs, for no purpose or benefit in terms of New Zealand's tax system or its international information-sharing obligations. We understand that the Taxation (Residential Land Withholding Tax, GST on Online Services, and Student Loans) Bill introduces amendments to relieve some of these difficulties, including exempting a person who has already had anti-money laundering (AML) verification undertaken by a New Zealand reporting entity.

Lawyers are not reporting entities and are not currently required to undertake AML verification, so their clients will not be able to benefit from this exemption. One possible solution could be to extend the exemption to lawyers who certify that they have undertaken client identification in accordance with the requirements set down for reporting entities under the Anti-Money Laundering and Countering Financing Terrorism Act 2009. (This could be addressed by way of amendment to the current omnibus tax bill, or by inclusion in a future omnibus bill.) There may also be other solutions to this very real problem, and we would be pleased to explore these with you.

If you wish to discuss this further, please do not hesitate to contact me via the committee secretary Jo Holland (04 463 2967 / jo.holland@lawsociety.org.nz).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Neil Russ', with a long horizontal flourish extending to the right.

Neil Russ
Convenor, Tax Law Committee

Encl (1)