

9 June 2026

Tax Policy
Inland Revenue Department

By email: policy.webmaster@ird.govt.nz

Tēnā koe,

[Officials' Issues Paper: Proposed legislative changes for intermediaries](#)

1. The New Zealand Law Society Te Kāhui Ture o Aotearoa (**Law Society**) welcomes the opportunity to comment on Inland Revenue's consultation document of 1 May 2026, *Proposed legislative changes for intermediaries*.

General comments on the role of tax lawyers as intermediaries

2. Tax lawyers play an important role in the tax system. This role can range from filing tax returns on behalf of clients, through to preparing, filing and negotiating binding ruling applications and advanced pricing agreements, assisting clients to make voluntary disclosures and responding to information requests, risk reviews and audits, to representing clients in the formal tax disputes processes under the Tax Administration Act 1994 (**TAA**) and before the courts. Often, tax lawyers work alongside a taxpayer's existing tax agent; but in some instances they are the tax agent. Traditionally, there has been no clear framework enabling tax lawyers to communicate with the Commissioner, and to obtain from the Commissioner the information that they need to assist their clients.

Response to questions for submitters on adjustments to existing categories in Part 7B

Do you agree with creating a new category in Part 7B of the TAA for bookkeepers?

3. The Law Society agrees that creating a new category for bookkeepers is warranted. In addition, the Law Society considers that a new category should also be created for tax lawyers, given the role that they play in the tax system. Only some tax lawyers are tax agents, and there are constraints associated with the 'other representative' category.
4. We note that Inland Revenue's website states that the preferred option is for tax lawyers to be a 'nominated person'. This option is undesirable in that it involves clients being linked to an individual lawyer's own IRD number, which raises issues with data security, the handling of client confidential information, and risk management for the tax lawyer's firm, amongst other things.
5. In addition, the Law Society understands that creating a new category would overcome IR system issues that only allow one tax agent to be appointed, per taxpayer, per tax type. Given that tax lawyers often work alongside existing tax agents, it is cumbersome to be linking and delinking clients on an ongoing basis.

Would replacing the 10-client rule as it applies to tax agents (and bookkeepers if that category were created) with mandatory membership of an approved professional body be an improvement over the status quo?

6. The Law Society agrees that replacing the 10-client rule with mandatory membership of an approved professional body would be an improvement over the status quo. This is because membership of such an organisation generally requires adherence to ethical standards, and compliance with continuing professional development obligations. In the case of lawyers, it also provides taxpayers and the Commissioner with a complaints process if professional obligations are not met.
7. Replacing the 10-client rule with mandatory membership of an approved professional body is also consistent with the approach taken in other jurisdictions. For example, in Australia, a tax agent must be registered with the Tax Practitioners Board if tax agent services are provided for a fee or for other reward.
8. In the Law Society's view, the 10-client rule creates a barrier to tax lawyers becoming tax agents. If the rule was removed and replaced with a 'membership' group, efficient use of the tax system, communication between the Commissioner and taxpayers, and taxpayer compliance, would all be improved.

For an entity, how should the number of members of an approved body be defined?

9. Section 20B of the TAA defines an 'approved advisor group' for the purpose of the statutory right of non-disclosure for tax advice. This definition does not apply to lawyers, because confidential communications between a lawyer and a client are subject to legal professional privilege and section 20 of the TAA.
10. The definition of an 'approved advisor group' is a group of persons, who amongst other things, (i) have a significant function of giving advice on the operation and effect of tax laws, and (ii) are subject to a professional code of conduct in giving the advice, and (iii) are subject to a disciplinary process that enforces compliance with the code of conduct. Though it is not stated in the consultation document, it is assumed that the replacement category of 'membership of an approved advisor group' would continue to rely on this definition (rather than creating a standalone definition that is not tied to rights of non-disclosure).
11. In New Zealand, the Law Society regulates the legal profession under the Lawyers and Conveyancers Act 2006 (**LCA**). All practising lawyers must hold a current practising certificate and adhere to strict conduct rules to provide legal services.¹ As such, lawyers are subject to similar, and in some cases, more stringent, requirements than those of an 'approved advisor group'.
12. Accordingly, in addition to having a separate category for tax lawyers, lawyers as defined by section 6 of the LCA should be an 'approved advisor group' for the purpose of being a tax agent, given that some tax lawyers act as a tax agent for their clients.
13. As noted above, because the definition of 'approved advisor group' in section 20B of the TAA does not include lawyers (as defined in the LCA), a standalone definition could be adopted

¹ This is governed by the LCA and the Conduct and Client Care Rules 2008.

for this purpose. While this standalone definition could refer to the definition of a 'legal practitioner' in section 20(7) of the TAA, we note that this definition only requires that the person has been admitted as a barrister and solicitor in New Zealand, and does not specify that they hold a current practising certificate and only a person holding a current practising certificate in New Zealand is a 'lawyer' subject to the LCA regulatory framework. The definition of 'lawyer' under the LCA would therefore be preferable. The lawyer status of an individual is easily verifiable via the Register of Lawyers online, and can be confirmed with the Law Society if concerns arise.

14. For the reasons set out in paragraph 5, this standalone definition should also make it clear that law firms themselves are the tax agents, not the individual tax lawyers in that firm (unless the tax lawyer is a sole practitioner or barrister). The LCA contains a definition of incorporated law firm, which could be referenced. We acknowledge that this is a technical area, and can work further with IR on appropriate drafting.

If such a change were made, would a three-year transition be adequate?

15. The Law Society agrees a three-year transition period would be adequate.

Would it be better to apply the new requirement only to new entrants to the tax agents and bookkeepers category?

16. Presumably, the policy intention is for all tax agents and bookkeepers to be subject to higher standards. If so, the Law Society suggests that the new requirement is applied to all tax agents and bookkeepers, as opposed to only new entrants to these categories.

Should the requirement to not adversely affect the integrity of the tax system apply to PAYE intermediaries and tax poolers?

17. The Law Society agrees that the requirement to not adversely affect the integrity of the tax system should also apply to PAYE intermediaries and tax poolers.

Would you support the Commissioner's discretion to disallow a person being a nominated person being widened to cover any circumstance when the integrity of the tax system is at risk?

18. In principle, the Law Society supports the Commissioner having wider discretion to disallow a person being a nominated person, provided that this discretion is only exercised when the integrity of the tax system is at risk. To this end, the Law Society suggests that, if this discretion is widened, clear guidance is provided as to when the Commissioner will exercise this discretion.

19. If this discretion is widened, consideration should also be given as to whether the exercise of this discretion will be a 'disputable decision,' and therefore able to be challenged by way of the disputes process set out in Part 4A of the TAA.

20. The Law Society expects that if the nominated person in question is a member of a professional body or regulated profession, concerns would be raised with the relevant regulator (or otherwise). However, the Law Society acknowledges that the Commissioner may want to prohibit a person from being a nominated person before the conclusion of the relevant disciplinary process (if any).

Response to questions for submitters on digital services providers as tax crediting agents

21. The Law Society agrees in principle with giving digital services providers the ability to act as tax crediting agents. However, care must be taken to ensure that this change does not result in a separate (potentially more attractive) provisional tax system that is only available to paying subscribers of digital services providers.

Next steps

22. Should you wish to discuss any aspect of this feedback, please contact Aimee Bryant, Manager Law Reform and Advocacy (aimee.bryant@lawsociety.org.nz).

Nāku noa, nā



Misha Henaghan
Vice President