

Legislative statement: Taxation Principles Reporting Bill

This legislative statement is presented to the House of Representatives in accordance with Standing Order 272.

Overview

This legislative statement supports the first reading of the Taxation Principles Reporting Bill. The Bill was introduced on 18 May 2023.

The Bill would introduce a reporting framework on the tax system, with reference to a set of tax principles and measures.

Details of content in the Bill

The Bill would:

- Contain a set of tax principles to help inform the public and guide the reporting of information. The principles are horizontal and vertical equity, efficiency, revenue integrity, certainty and predictability, flexibility and adaptability, and compliance and administration costs. A descriptor is provided for these principles in the Bill;
- Contain related “principle measures” which are the minimum list of measures intended to provide information relevant to the tax principles as they apply in New Zealand’s tax system. The Commissioner may add additional measures where appropriate. This will help governments and the public to draw inferences about how New Zealand’s tax system is designed, and is changing, in relation to those principles;
- Require the Commissioner of Inland Revenue to prepare and publish an annual report which considers the operation of the tax system against the tax principles. This report would take one of two approaches and be either comprehensive or short-form.
 - *Comprehensive:* The Bill would require the Commissioner to provide the Minister with the first comprehensive version of the report by the end of 2025 and then every second calendar year of each parliamentary term thereafter (every three years);
 - *Short form:* The Bill would require the Commissioner to provide the Minister of Revenue with a shorter, “interim” form of the report in each of the two years following the publication of the comprehensive version of the report, and in the two years leading up to the first comprehensive report.

- Allow the Commissioner to use existing information which has been gathered for any purpose in preparing the necessary reporting, but would require all information within these reports to be anonymised and aggregated to ensure that individual taxpayers cannot be identified. The Bill does not propose providing the Commissioner with new information gathering powers beyond those already contained within the Inland Revenue Acts.

Importantly, the Bill would not affect the rights or obligations of taxpayers, including the amount of tax which a taxpayer is required to pay.