



16 February 2022

s 9(2)(a) OIA

Team Lead

Crown

Significant Enterprises

Inland Revenue

By email: s 9(2)(a) OIA

Tēnā koe s 9(2)(a)

Orange Tamariki Ministerial Advisory Board tax treatment of Board Member Fees

I am writing to you to provide an update on the tax treatment of board member fees for the Oranga Tamariki Ministerial Advisory Board (the Board) and to confirm the steps we have taken to address the historical incorrect treatment of tax.

I understand officials from Oranga Tamariki contacted you in October 2021 to discuss concerns over GST being invoiced on board members fees. Subsequently PwC also contacted you in November regarding the treatment of tax for the Board members on behalf of Oranga Tamariki. As you may recall there were several points covered around both the charging of GST and the deduction of withholding tax from the members.

I am advised that PwC met with you on 2 November 2021 where they sought specific advice regarding how to rectify historical payments to the board members and the return of withholding tax to Inland Revenue. It was confirmed that withholding tax would be deducted from future payments to the Board Members.

You agreed that the Board Members needed to provide Oranga Tamariki assurance that they will return the income in their respective 2021 and 2022 income tax returns. You also noted Oranga Tamariki needed to:

- Communicate with each Board Member clearly setting out what is required to rectify the incorrect tax treatment, both from a historical and prospective basis,
- Provide confirmation to each Board Member that withholding tax will be deducted from future payments,
- Seek assurance from each Board Member that they will/have returned the income in their 2021 and 2022 income tax returns, and

- Provide you with detailed information on what has been paid to each Board Member to date, where withholding tax was not deducted, for you to complete spot checks of their 2021 and 2022 income tax returns.

I can confirm that we wrote to all Board Members in early December 2021 setting out that all payments to members are subject to withholding tax and the deduction of withholding tax will be applicable from 1 September 2021 onwards. The payment of Board Member fees was temporarily paused while we understood and corrected the treatment of tax on members fees.

In the letters to the Board Members, we clearly set out each step required to rectify the historical treatment of payments and requested they provide us assurance they would return the income direct to Inland Revenue for the applicable tax periods. Please find attached a copy of the letters sent to the Board Members. I have also attached a copy of the Board Member's assurance (email) of their intention to pay the appropriate amounts directly to Inland Revenue.

To enable you to carry out assurance on the 2021 and 2022 income tax returns for the Board Members you requested copies of the payments made to the end of August 2021. I have attached a table of the payments made to each Board Member for the period 1 February to 31 August 2021.

I can confirm there were additional payments made to the Chair of the Board during this period however these were subsequently identified as an overpayment. The Chair is returning those payments to us; therefore, these are not included in the attached schedule.

Thank you for your ongoing patience and support in addressing and the tax treatment of members fees. The approach you have taken to support us in addressing these issues is appreciated. I am pleased to advise that the necessary steps have since been taken to improve and strengthen the controls to prevent this from occurring in the future.

I trust that the information provided above and the assurance we have now provided resolves the incorrect tax treatment. If you have any questions or would like further information, please contact me s 9(2)(a) OIA or Julie Miller, Acting Director Review Management, s 9(2)(a) OIA

Nāku noa, nā



Jane Fletcher
**Acting Deputy Chief Executive
Governance and Engagement**

Payments made to Board Members – 1 February to 31 August 2021

Board Member	Invoice ref	Invoice date	Invoiced period	Tax Year	Fees paid to Member	Withholding Tax to be paid to Inland Revenue directly
Matthew Tukaki	#0098	28 February 2021	1 to 28 February 2021	2021	\$20,666.40	s 9(2)(a) OIA
	#00114	1 April 2021	1 March to 31 March 2021	2022	\$24,666.40	
	#00125	30 April 2021	1 April to 30 April 2021	2022	\$24,666.40	
	#00137	18 May 2021	1 to 16 May 2021	2022	\$11,000.00	
	#00229	18 May 2021	17 to 28 May 2021	2022	\$10,000.00	
	#00331	15 June 2021	1 to 11 June 2021	2022	\$8,000.00	
	#00411	30 June 2021	12 to 30 June 2021	2022	\$10,000.00	
	#004690	15 July 2021	1 to 15 July 2021	2022	\$9,000.00	
	#004698	30 July 2021	16 to 31 July 2021	2022	\$10,000.00	
	#0050001	16 August 2021	1 to 10 August 2021	2022	\$10,000.00	
	#0050991	27 August 2021	11 to 27 August 2021	2022	\$10,000.00	

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Official Information Act 1982