



14 March 2024

John Armstrong
fyi-request-25747-fb2716a3@requests.fyi.org.nz

Dear John Armstrong

Thank you for your request made under the Official Information Act 1982 (OIA), received on 16 February 2023. You requested:

- 1) *Can you please supply the legislation stating people must have a tax file number.*
- 2) *Can a natural person cancel or return their Tax number?*

Item 1

Tax file numbers (also called IRD numbers) are unique identifiers that allow the Commissioner of Inland Revenue to identify information about specific customers or customers generally efficiently and accurately. The Commissioner uses tax file / IRD numbers to help ensure that his obligations under sections 6 and 6A of the Tax Administration Act 1994 (TAA) are carried out, which include the care and management of the Revenue Acts.

Section 3 of the TAA defines a "tax file number" as:

An identification number that the Commissioner allocates to a person.

Tax file / IRD numbers are used to:

- ensure that each person is assessed and pays the correct amount of tax
- ensure confidentiality of information
- complete certain forms required by Inland Revenue
- efficiently handle phone calls and enable callers to use automated telephone systems, and
- avoid a person being taxed at a higher, non-declaration rate.

The Commissioner requires the use of IRD / tax file numbers to ensure that each person is assessed with and pays the correct amount of tax, as required by the law. All New Zealand residents who earn taxable income need an IRD number to complete an income tax return, or any other form required by the TAA.

Schedule 3 of the TAA, *Record-keeping requirements*, sets out a list of information that employers and PAYE intermediaries are required to keep. The list includes the name and tax file number of every person who derives or receives PAYE income payments.

Under section 80KB of the TAA, a person applying for Working for Families Tax Credits in respect of a child must provide the child's IRD number.

The Income Tax Act 2007 (ITA) also refers to IRD / tax file numbers. Section YA 1 of the ITA defines a "tax file number" as:

An identification number that the Commissioner has allocated to a person—

- (a) generally for the purposes of this Act; or*
- (b) specifically for the purpose of the issue to the person of an RWT exemption certificate under section RE 27.*

There are consequences to not providing all the information that the Commissioner requires, including IRD / tax file numbers. For example, under section RD 10 and Schedule 2 of the ITA, if an employee does not provide their employer with their tax file number, their employer is required to deduct PAYE at the no-notification rate of 45%. There is also a no-notification rate of 33% for withholding tax on interest and dividends.

The Privacy Act 2020 gives agencies the right to assign unique identifiers if that identifier is necessary to enable the agency to carry out one or more of its functions efficiently (information privacy principle 13).

For this purpose, a person is required by the Inland Revenue Acts to cooperate with the Commissioner in a way that assists the exercise of the Commissioner's powers under the tax laws.

New Zealand's Acts are published on the New Zealand Legislation website (legislation.govt.nz).

Item 2

A person cannot cancel or return their IRD number. Once created, an IRD number can never be re-used and continues to exist.

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (www.ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, will be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you for your request.

Yours sincerely



Josh Green

Domain Lead, Governance and Ministerial Services