

IRD to Owens [Martin Scott 30 May 2011]	Owens response 30 May 2011
Dear Mr Owens	
Inland Revenue ('IR') Audit Procedures and Communications	
Thank you for your letter dated 11 May 2011 to the Minister of Revenue and the Commissioner setting out your concerns about IR audit procedures and communications.	
The Commissioner has asked that I respond on his behalf.	
IR's Charter is our commitment to ensure that we have an effective working relationship with the community.	
We aim to make it easier for people to comply with their tax obligations, and harder for them to not comply.	
We regularly look at ways to improve.	
In light of this, IR welcomes constructive feedback on improvement opportunities.	
IR has been working closely with the New Zealand Institute of Chartered Accountants and the New Zealand Law Society.	
This has resulted in identifying improvement opportunities.	The problems are always in the past, the improvement opportunities are in the future, and very little changes
For example feedback has resulted in improved case management including more timely communications and, more specifically, enhanced Disputes and Binding Rulings processes.	I have observed deterioration in these processes, and the only tangible improvement in the disputes process is the introduction of a facilitated conference stage, which is too little too late
IR is committed to meeting all its set performance standards which are regularly reviewed.	Most of the issues I have documented are not subject to performance standards, and some I consider are disguised - e.g. IRD's commitment to respond to correspondence excludes correspondence in relation to audits
This information is available in the annual report.	
More recently IR has also started publishing key performance statistics (including audit performance) on its website to provide further transparency.	
There are internal procedures and standards regarding tax investigations and audits which our staffs are required to follow.	The internal procedures and standards are not available to the public
IR has several Best Practice statements, policies and procedures to guide staff.	ditto
Where taxpayers or advisors believe an investigation is not appropriately handled there are avenues available to raise their concerns.	
Contact details of the Team Leader and Manager are provided in our notification of audit letter.	My experience is that team leaders and managers largely agree with their own staff, and matters are only ever addressed extremely belatedly for example at a conference stage of a dispute
Also our complaints management service is available and referrals can be made to the Office of the Ombudsman.	My experience is that these parties are not prepared to challenge IRD administration. Nor does the Minister of Revenue or the NZICA professional conduct or disciplinary procedures
The topic areas you have raised in your letter are in the main covered by IR principles, policies and procedures.	Most of these must be internal - please advise the details so we know what is addressed and what is not addressed
To address one in particular, there will be occasions when an unannounced visit is required to secure records relevant to an investigation to protect the tax base.	This is only one of the 15 numbered items I documented, and I do not believe that unannounced visits are only used in the limited circumstance described.
As you have acknowledged, IR already has publicly available documents which address many of your wide-ranging concerns.	IRD has some publicly available documents but they are widely dispersed and only address a small number of the items. Others may be available in internal documents but they are not available to the public. Crucially there are no sanctions on staff when they fail to comply with what few standards are published
In our aim to continue to improve, we have started a review to consider whether there is a better way to present the information available; improving access by our customers.	
Your letter raised some useful points and we will continue to work on these matters with important stakeholders such as the New Zealand Institute of Chartered Accountants.	
I understand you have already had discussions with our Case Director which will result in changes in some areas identified in your letter in the near future.	I understand that the only change proposed is to ensure that the 'agreed adjustment' form will only be used when there is substantive agreement. This is a change requested by the Institute of Chartered Accountants in the early 1990s - nearly 20 years ago
Thank you again for taking the time to bring these issues to my attention.	