



ASSURANCE

Asteron Centre
55 Featherston Street
PO Box 2198
Wellington
New Zealand

Telephone: 04 890 1500
Facsimile: 04 890 4568

30 May 2011

Mr Jeff Owens
Director
Owens Tax Advisors Limited
Box 22052
WELLINGTON

By email: jeff@owenstax.com

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. For example feedback has resulted in improved case management including more timely communications and, more specifically, enhanced Disputes and Binding Rulings processes.

IR is committed to meeting all its set performance standards which are regularly reviewed. 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. IR has several Best Practice statements, policies and procedures to guide staff. 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. Also our complaints management service is available and referrals can be made to the Office of the Ombudsman.

The topic areas you have raised in your letter are in the main covered by IR principles, policies and procedures. 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.

As you have acknowledged, IR already has publicly available documents which address many of your wide-ranging concerns. 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.

Thank you again for taking the time to bring these issues to my attention.

Yours sincerely

A handwritten signature in blue ink that reads "Martin Scott". The signature is written in a cursive style with a horizontal line underneath the name.

Martin Scott
Group Manager Assurance