

Digital Advisory Group Meeting Minutes

Version 1.1

Date:	Thursday 22 August 2024
Time:	1.00pm - 4.30pm NZST
Attachments:	AI Presentation
Chair:	Anil Srinivasa (Inland Revenue)
Secretariat:	Maggie Leese (DSPANZ)
Members:	Catherine McLellan (Xero) Chris Mar (Datacom) Edwin McLean (The Access Group) Eric Troebner (Tax Management NZ) Katherine Truman (SAP) Katie Leitch (MYOB) Matt Webb (MyMahi) Mike Behling (Taxlab) Paul Orford (ReadyTech) Tim Kirkpatrick (Tax Traders)
DSPANZ Participants:	
Inland Revenue Participants:	Dan Blank Glenn Richards Nick Wilkins Mark Tapara Rian Shearman Shantanu Dutta
Guests:	Brijesh John (Inland Revenue) Souradeep Gupta (Inland Revenue) Jacinda Hughes (Inland Revenue) Paul Kilford (Inland Revenue)
Apologies:	Allen Knight (DSPANZ) Don Hounsell (MYOB) Matthew Prouse (DSPANZ) Richard Braae (Inland Revenue) Robert Rolls (Afirmio)

Item	Description	Lead
1	<p>Welcome and opening karakia Anil Srinivasa welcomed everyone to the meeting and invited Mark Tapara to provide an opening karakia.</p>	Anil Srinivasa (Inland Revenue), Mark Tapara (Inland Revenue)
2	<p>Acceptance of previous minutes Anil Srinivasa moved to accept the minutes from the meeting on 23 May 2024. The minutes were taken as read and accepted.</p>	Anil Srinivasa (Inland Revenue)
3	<p>Action item review 22.02.2024-1: Anil Srinivasa acknowledged that Inland Revenue will not pick up new initiatives, including the data minimisation work, until the end of the year. Anil noted an update on the information collection framework will be provided in October. Maggie Leese shared the published Australian data minimisation and retention paper with the group.</p> <p>23.05.2024-2: Maggie noted that DSPANZ will make this introduction shortly. Anil requested to be included.</p> <p>The following action items were closed:</p> <ul style="list-style-type: none"> ● 23.05.2024-2 ● 23.05.2024-3 ● 23.05.2024-4 	Anil Srinivasa (Inland Revenue)
4	<p>Digital Ecosystem Strategy Update Anil Srinivasa provided updates on specific initiatives from the Digital Ecosystem Strategy, including the service management model, operating security framework, intermediaries regulatory framework and the consent and permissions framework.</p> <p>Anil asked members for feedback on the role of digital ID in the consents and permissions work. Members discussed how digital ID can simplify identifying individuals and the complexities of creating links between different customer types, reflecting on the Australian experience linking tax agents and taxpayers.</p> <p>Glenn Richards provided an update on work to allow wider access to the IRD number validation service to support other use cases in the ecosystem. Inland Revenue is undertaking initial work to understand the service's potential volumes and use cases. Members suggested it would be helpful in employment processes and indicated their interest in</p>	Anil Srinivasa (Inland Revenue), Glenn Richards (Inland Revenue)

	participating in the project.	
5	<p>Security Working Group Update</p> <p>Dan Blank confirmed that 2-step verification will be mandatory for all customers in late April 2025 - the date is yet to be confirmed. Inland Revenue will focus on uptake with intermediaries. There will be additional requirements for myIR, but changes will not affect Gateway Services, recognising that there are other controls in place for DSPs.</p> <p>Dan noted that Inland Revenue had produced OAuth token usage analysis and shared these with individual DSPs to understand specific issues. Dan recognised the working group's feedback and will reissue this analysis in a few months for DSPs to review.</p> <p>Shantanu Dutta provided an update on the progress of the security framework for DSPs. Shantanu shared the development of an API risk assessment matrix, which will help inform the appropriate controls for the framework. Further work is required to formalise the framework and align it with the future direction of Gateway Services. Shantanu noted that the security working group will be paused until this work is agreed as an initiative for Inland Revenue to progress further.</p>	Dan Blank (Inland Revenue), Shantanu Dutta (Inland Revenue)
6	<p>AI Governance</p> <p>Brijesh John provided an overview of AI developments across the government, including Inland Revenue's internal working group.</p> <p>Inland Revenue is taking a strategic approach to AI, looking at opportunities to increase efficiency and effectiveness while managing risks and threats in the ecosystem. They have proof of concepts underway and are investigating different use cases for AI.</p> <p>Souradeep Gupta shared that Inland Revenue's approach to AI ensures strategic alignment with the digital ecosystem. Inland Revenue wants to work with DSPs to:</p> <ul style="list-style-type: none"> • Identify benefits for New Zealanders and drive efficiency • Understand where DSPs utilise AI and how Inland Revenue can support the ecosystem. <p>Brijesh noted that the government guidelines surrounding AI are being updated.</p> <p>Members discussed the following:</p> <ul style="list-style-type: none"> • Boundaries between DSP and Inland Revenue data and how to treat different datasets in AI systems. 	Brijesh John (Inland Revenue), Souradeep Gupta (Inland Revenue)

	<ul style="list-style-type: none"> • DSPs are reluctant to share AI use cases due to commercial sensitivities, which Inland Revenue understands. • DSPs are likely more advanced in their AI use than Inland Revenue. • Any requirements or restrictions around the use of AI in software will impact DSPs. • DSPs may not be using AI to its full potential due to unknown limitations from the government. • DSPs operating in New Zealand and Australia would appreciate a similar approach to AI policies. 	
7	<p>Future of Payments</p> <p>Anil Srinivasa invited members to participate in an open discussion about customer pain points when making and receiving payments to understand how Inland Revenue could improve processes and inform future payment strategies.</p> <p>Members shared how customer payment experiences can differ between large and small businesses. Inland Revenue's current system aims to cater to these different business requirements but notes that this has driven complexity in all payment experiences. While the payment outcomes are designed to benefit the customer, this may not align with the customer's expectations.</p> <p>Members also discussed that each bank's unique requirements and experiences impact customers.</p> <p>While the group discussed potential options to solve these pain points, solutions will likely not cater to small and large business requirements. The introduction of Open Banking could solve some of these issues.</p> <p>Members raised that customers new to New Zealand payroll often need help understanding different payment types. This discussion will be taken to the payroll working group to determine improvements in this space.</p>	Anil Srinivasa (Inland Revenue)
8	BREAK	
9	<p>Tax and Social Policy Forward Work Program</p> <p>Paul Kilford provided an update on Inland Revenue's policy work. Paul shared that Inland Revenue's focus has been on implementing changes from the recent election and budget initiatives, which has impacted some of their other work.</p> <p>The release of the public tax and social policy work programme has consequently been delayed. It will likely be published in a few months and cover the tax and social policy</p>	Paul Kilford (Inland Revenue)

	<p>work items until the next election. Paul noted that the Minister of Revenue wants to reduce business compliance costs while increasing tax compliance, meaning the work programme will likely contain initiatives reflecting this focus. The work program will likely have no changes targeted for 1 April 2025, as the tax bill should cover these.</p> <p>Paul shared that Inland Revenue is undertaking a project to review the FBT rules following a recent regulatory analysis that found it was a complicated area. The project is in its initial stages, and Inland Revenue will engage more broadly as it moves forward. Paul noted that they expect a public consultation period with the final proposals tabled for the 2025-26 tax bill, with changes likely coming into effect in April 2026. Members raised that FBT changes could take some time to implement in software solutions. Paul will look to invite the person leading this work to present to the DAG in the future. Members shared that these changes could allow Inland Revenue to trial a "legislation as code" approach.</p> <p>Paul shared that the next tax bill should be introduced in the next weeks and follow the normal select committee process for providing feedback. Inland Revenue is not currently aware of any changes that will substantially impact software providers for 1 April 2025. Paul encouraged members to reach out if they have feedback on any items that may be challenging from a delivery perspective.</p>	
10	<p>Any other business No other business was raised. Maggie Leese reminded members to raise agenda items for the October meeting.</p>	Maggie Leese (DSPANZ)
11	<p>Meeting close Anil Srinivasa thanked members for their attendance and called on Mark Tapara for a closing karakia.</p> <p>The next meeting is scheduled for 10 October and will be held face to face in Wellington. An updated calendar invited for the meeting with location and dial-in details will be issued shortly.</p>	Anil Srinivasa (Inland Revenue), Mark Tapara (Inland Revenue)

Actions

Date Raised	Description	Responsible
23.05.2024-1	<p>Provide Tracey Turner with an introduction to John Shepherd from the Australian Department of Finance to discuss Digital ID in the tax ecosystem.</p> <p>Update 22.08.2024: DSPANZ will make this introduction shortly.</p>	Maggie Leese, Matthew Prouse

23.05.2024-2	Share the outcomes of the security working group before the August DAG meeting for input from other members.	Shantanu Dutta
23.05.2024-3	Arrange an out-of-session meeting in June for DAG members to participate in consultation on Inland Revenue's information supply framework.	Maggie Leese
23.05.2024-4	Send out an expression of interest for DAG members to participate in an early engagement working group on the trust disclosure post-implementation review.	Maggie Leese
22.02.2024-1	<p>Anil Srinivasa and DSPANZ will discuss data minimisation and retention further and report back to the group.</p> <p>Update 23.05.2024: Anil will report back to the group post Budget on whether Inland Revenue can progress this work.</p> <p>Update 22.08.2024: Inland Revenue will not pick up new initiatives until the end of the year. This item will remain open.</p>	Anil Srinivasa, Maggie Leese