

Digital Advisory Group Meeting Minutes

Version 1.0

Date:	Thursday 23 May 2024
Time:	10.00am - 4.30pm NZST
Attachments:	<ul style="list-style-type: none">• MBIE April 2024 eInvoicing Dashboard
Chairs:	Allen Knight (DSPANZ), Anil Srinivasa (Inland Revenue)
Secretariat:	Maggie Leese (DSPANZ)
Members:	Catherine McLellan (Xero), Chris Mar (Datacom), Don Hounsell (MYOB), Edwin McLean (The Access Group), Eric Troebner (Tax Management NZ), Jason Langworthy (Xero), Katherine Truman (SAP), Kathryn Cavanagh (ReadyTech), Katie Leitch (MYOB), Matt Webb (MyMahi), Mike Behling (Taxlab), Robert Rolls (Afirmio), Tim Kirkpatrick (Tax Traders)
DSPANZ Participants:	Matthew Prouse
Inland Revenue Participants:	Dan Blank, Glenn Richards, Mark Tapara, Rian Shearman, Richard Braae, Shantanu Dutta
Guests:	Lisa Ringleff (MBIE), Matt Lewis (DSPANZ), Mike Cunnington (Inland Revenue), Michelle Redington (Inland Revenue), Tracey Turner (Inland Revenue)
Apologies:	Nick Wilkins (Inland Revenue)

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 Maggie Leese moved to accept the minutes from the meeting on 22 February 2024. The minutes were taken as read and accepted.</p>	Maggie Leese (DSPANZ)
3	<p>Action item review</p> <p>22.02.2024-1: Anil Srinivasa and Maggie Leese discussed creating a New Zealand data minimisation and retention paper. Anil has shared information internally and mentioned Inland Revenue wants to talk to the DAG about their information collection framework. After the Budget, Inland Revenue will better understand whether to progress this work. Anil will report back.</p> <p>20.04.2023-2: The Terms and Conditions Working Group met on 22 May, and provided an update in the meeting. This action item will be closed and the working group will report back to the DAG.</p> <p>20.04.2023-3: Shantanu Dutta provided an update on the Security Working Group in the meeting. This action item will be closed and the working group will report back to the DAG.</p>	Anil Srinivasa (Inland Revenue)
4	<p>Digital Ecosystem Strategy Update Anil Srinivasa provided an update on the progress of the Digital Ecosystem Strategy. The Digital Ecosystem Strategy Team presented back to the Inland Revenue Strategic Investment Board in April. The team is undertaking further work before the strategy is approved and can be published internally and shared externally.</p> <p>Anil shared a progress update on their current work on the service management model, regulating intermediaries, control frameworks, data collection and reviewing the consents and permissions framework.</p> <p>The group discussed the following:</p> <ul style="list-style-type: none"> ● Cross-government data and information sharing ● How New Zealand is positioned compared to other OECD countries on their Tax Administration 3.0 progress ● Impact of Business Transformation (BT) 	Anil Srinivasa (Inland Revenue), Glenn Richards (Inland Revenue)

	<ul style="list-style-type: none"> • The current government's approach to digitalising government • Inland Revenue needing to have a digital-first mentality <p>Action DSPANZ will introduce Tracey Turner to John Shepherd from the Australian Department of Finance to discuss Digital ID in the tax ecosystem.</p> <p>After the Budget, Anil will provide a further update to the DAG.</p>	
5	MORNING TEA BREAK	
6	<p>Security working group Shantanu Dutta provided an update on the progress of the Security Working Group. Inland Revenue has reviewed their API risk ratings and created a draft security framework for the group to review at their next meeting. The working group will now review the draft and build out the framework. It was raised that the working group should consider how the framework operates in the future tax and social policy ecosystem.</p> <p>The group discussed the resources Inland Revenue would require to operationalise the security framework, including how they could regulate third parties. Members reminded the group to consider the impacts on end users through introducing new controls, for example, 2-step verification (2SV).</p> <p>As part of ongoing conversations about building more in natural systems, Dan Blank shared that the enterprise executive team is taking steps towards recognising this strategy, which has been approved as part of Gateway Services' future direction.</p> <p>Action Item Shantanu Dutta will share the security working group's outcomes before the August DAG meeting for input from other members.</p> <p>Dan noted that there is currently no set date for introducing the security framework, but Inland Revenue will look to provide a two-year transition period.</p>	Dan Blank (Inland Revenue), Shantanu Dutta (Inland Revenue)
7	<p>Terms and conditions working group Matthew Prouse provided an update from the first terms and conditions working group meeting. The group has identified key principles and the DSP expectations for Inland Revenue's</p>	Matthew Prouse (DSPANZ)

	<p>terms and conditions.</p> <p>Matthew shared that at a high level, DSPs expect the following from Inland Revenue's terms and conditions:</p> <ul style="list-style-type: none"> • They should leverage and rely on the Privacy Act, Privacy Principles and Privacy Commissioner to manage personal information • They are a contract between DSPs and Inland Revenue and should be signed by an authorised representative from both parties • Security requirements would be referenced but should ultimately be hosted outside the terms and conditions. <p>The group discussed the following:</p> <ul style="list-style-type: none"> • Impacts to DSPs if Inland Revenue experiences extended service outages • Resources required to handle the initial signing and ongoing review processes • Ensuring terms and conditions contain clearly defined terms • Understanding how many different layers of users there can be between Inland Revenue, DSPs and end users • How the Australian Taxation Office (ATO) is resourced to support DSPs and their experience narrowing the scope of their DSP conditions of use • How would the terms and conditions work in the future tax and social policy ecosystem with the term external service provider encompassing all users of Inland Revenue's digital services. <p>Inland Revenue shared that updated terms and conditions are being considered as part of their control frameworks.</p> <p>DSPANZ will share an initial draft of the terms and conditions with the working group for their review and discussion at the next meeting in approximately two weeks.</p>	
8	<p>Software development costs for DSPs</p> <p>Mike Behling walked the group through the impacts and costs involved in software development for DSPs, acknowledging that government policy changes can result in a multi-million dollar investment for the ecosystem.</p> <p>Members shared that the introduction of Payday filing and Transaction Data Services (TDS) are examples of DSPs being given appropriate timeframes to make changes.</p> <p>The group discussed the following:</p> <ul style="list-style-type: none"> • Having visibility of Inland Revenue's future roadmap 	Mike Behling (Taxlab)

	<p>and planned changes to Gateway Services helps DSPs with planning resources</p> <ul style="list-style-type: none"> ● Inland Revenue is now working towards a general two-year investment timeframe for projects ● Inland Revenue has not been trained to think about a DSP-first change model ● Rules as code and how DSPs and Inland Revenue interpret legislation to make it useful for developers ● Inland Revenue test environments and software developer kits are helpful for DSPs ● Government agencies working to different timeframes impacts the ability to harmonise legislation ● DSPs may be required to make changes in advance to ensure that data can be reported by the appropriate deadlines ● Inland Revenue should be consulting with DSPs who are experts on their users, including tax agents and businesses ● Where there are known impacts on DSPs, Inland Revenue must consult with them, which allows a better understanding of the change required and whether data is already available in systems ● DSPs are required to hold development teams when government processes are delayed. These teams may be redeployed and, therefore, unavailable when development can resume. 	
8	LUNCH	
9	<p>Tax legislation and the digital ecosystem</p> <p>Michelle Redington provided an overview of the Chief Tax Counsel's role and background in tax technical matters. The Tax Counsel Office interprets the tax law as it currently stands, compared to the Policy and Regulatory Stewardship Team, which looks at where the law should be.</p> <p>The Tax Counsel Office has four product areas:</p> <ul style="list-style-type: none"> ● Tax rulings ● Adjudications on disputes ● Rulings on internal disputes ● Public advice and guidance. <p>Michelle shared that rulings happen when the law is unclear, and the process clarifies it or changes Inland Revenue's position on the law. The group questioned whether parties must reapply when rulings expire after three years. Michelle noted that this is common practice, and parties can apply for renewals rather than restarting the process.</p> <p>The Tax Counsel Office publishes technical decision</p>	Michelle Redington (Inland Revenue)

	<p>summaries of adjudications and rulings, but due to confidentiality impacts, only a small number are ultimately shared. Members discussed how software needs to accommodate changes from rulings and decision summaries to support customers and how these decisions could be made consumable by software or understood by developers. Inland Revenue shared that they currently produce this documentation for lawyers and accountants. They have yet to consider how to communicate these changes to software developers. Members raised that the future state should involve Inland Revenue producing content for lawyers, accountants, and software developers. Further information can be found at this link: Tax Counsel Office (ird.govt.nz).</p>	
10	<p>Inland Revenue's data capabilities Mike Cunnington provided an overview of the Deputy Commissioner Enterprise Services role and Inland Revenue's work during Business Transformation (BT).</p> <p>Mike shared that Inland Revenue is a data business that consumes data to enable business processes and the banking system to make the necessary payments. During BT, Inland Revenue focused on natural systems, but they acknowledge more work is required to transform the organisation into a platform business.</p> <p>The group discussed the following:</p> <ul style="list-style-type: none"> • Inland Revenue making insights available for the ecosystem to leverage and assist customers, for example, to get their tax right • How Inland Revenue collects data and the future velocity of assessment, reporting and payment processes • DSPs are the interface between Inland Revenue systems and taxpayers or third-party systems • Accuracy of data in the ecosystem • Inland Revenue and government agency use of AI technologies <p>Mike shared that despite BT, Inland Revenue still performs many core processes the same way. Inland Revenue is looking at how to extract the maximum value from the data it holds and understanding where the market does things better.</p>	Mike Cunnington (Inland Revenue)
11	<p>eInvoicing and opportunities in the tax ecosystem Lisa Ringleff provided a brief introduction to eInvoicing and how the Ministry of Business, Innovation and Employment (MBIE) works in parallel with the ATO. Lisa summarised the current adoption and transaction numbers (the April 2024 report has been circulated alongside the minutes).</p>	Lisa Ringleff (MBIE)

	<p>Lisa shared that Small Business and Manufacturing Minister Andrew Bayly has repealed the Business Payment Practices Act 2023, and the government will look to address business payment times through eInvoicing. MBIE is also working through policy options to increase eInvoicing adoption and new economic modelling on the whole of economy productivity benefits.</p> <p>The group discussed future opportunities with eInvoicing and other Peppol document types, including procurement, in the tax and social policy ecosystem.</p> <p>It was noted that Inland Revenue and MBIE would like to periodically continue conversations on eInvoicing through the DAG.</p>	
12	AFTERNOON TEA BREAK	
13	<p>General Policy update</p> <p>Richard Braae provided an overview of the policy team’s current focus on implementing government election priorities and ongoing work, including their remedial program and developing the tax and social policy work program. Richard noted that they are currently producing a report on the tax system as part of regular government department processes, which will be published next year.</p> <p>Richard shared that the current government is interested in reducing compliance costs. Inland Revenue is reviewing tax policies that create a compliance burden and how these could be addressed. However, they are not in a position to discuss this further with the DAG yet. Richard also acknowledged circumstances where Inland Revenue implements policy but is not responsible for the policy, for example, Working for Families.</p> <p>Inland Revenue, through its information collection framework team, is looking to improve its ability to identify what data it needs and how to collect it. The team would like to consult DAG members in an out-of-session meeting.</p> <p>Action</p> <p>Maggie Leese will arrange an out-of-session meeting in June for DAG members to participate in consultation on Inland Revenue’s information supply framework.</p> <p>The group discussed that this consultation would involve the same team the DAG would engage on data minimisation and retention. It was agreed that these should be kept as separate</p>	Richard Braae (Inland Revenue), Carl Harris (Inland Revenue)

	<p>conversations.</p> <p>Carl Harris then provided an overview of the trust disclosure requirements introduced in 2021. Inland Revenue understands there are compliance costs and challenges in meeting these requirements but would like quantitative data to better understand the issues. Carl mentioned that any changes would be included in the draft Bill for 2025 returns, and members highlighted that there is a short timeframe to engage on this.</p> <p>Action Maggie Leese will send out an expression of interest for DAG members to participate in an early engagement working group on the trust disclosure post-implementation review.</p> <p>Carl noted they can share consultation feedback with the DAG.</p>	
14	<p>Any other business</p> <p>Members raised the benefit of hearing Inland Revenue’s view on the Consumer Data and Product legislation. Inland Revenue shared that they expect to engage with MBIE soon.</p> <p>The group discussed the upcoming Budget. DSPANZ will make a copy of the DSP Budget breakdown spreadsheet available to DAG members. Inland Revenue will share Budget information with the DAG as required.</p> <p>Members were reminded to raise future agenda items with the Secretariat or DAG Co-Chairs.</p> <p>The group recognised that it was Kathryn Cavanagh and Jason Langworthy’s last DAG meeting and thanked them for their contributions to the group.</p>	Maggie Leese (DSPANZ)
15	<p>Meeting close</p> <p>Anil Srinivasa thanked members for their attendance in person and virtually and called on Mark Tapara for a closing karakia.</p> <p>The next meeting is scheduled for 22 August and will be held virtually via Teams.</p>	Anil Srinivasa (Inland Revenue)

Actions

Date Raised	Description	Responsible
23.05.2024-1	Provide Tracey Turner with an introduction to John Shepherd from the Australian Department of Finance to discuss Digital	Maggie Leese, Matthew Prouse

	ID in the tax ecosystem.	
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	Anil Srinivasa and DSPANZ will discuss data minimisation and retention further and report back to the group. Update 23.05.2024: Anil will report back to the group post Budget on whether Inland Revenue can progress this work.	Anil Srinivasa, Maggie Leese
20.04.2023-2	Circulate more information to DSP members on the purpose of a terms and conditions working group and how to get involved. Update 8.06.2023: Allen will send information about a terms and conditions working group shortly. Update 18.08.2023: Allen will send information about the working group shortly, with findings to be played back at the next meeting. Update 12.10.2023: Interested members to contact Allen. DSPANZ to organise a chair and kick off the working group. Update 23.05.2024: Working group has kicked off and will report back to the DAG. Action item closed.	Allen Knight
20.04.2023-3	Establish a security framework working group. Note: item was re-opened to provide an update and formally close. Update 23.05.2024: Action item closed.	Dan Blank, DSPANZ