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Digital Advisory Group Meeting Minutes
Version 1.0

Date:	Thursday 12 June 2025
Time:	9.30am - 4.30pm NZST
Attachments:	- IR Presentation on Future Core System Changes Pack - Policy Work Update Pack - Operational Security Framework Pack - Gateway Services Continuous Improvements - Digital Identity Update Pack - Digital Identity White Paper
Co-Chairs:	Anil Srinivasa (Inland Revenue) and Tim Kirkpatrick (Tax Traders)
Secretariat:	Maggie Leese (DSPANZ)
Members:	Andy Dingfelder (iPayroll) Catherine Watson (Xero) Chris Mar (Datacom) Don Hounsell (MYOB) Edwin McLean (The Access Group) Eric Troebner (Tax Management NZ) Karl Farrand (Taxlab) Katherine Truman (SAP) Paul Orford (ReadyTech)
Inland Revenue Participants:	Glenn Richards James Barker Justine Duthie Mark Tapara Nick Wilkins Richard Braae Vicki Cronin
Guests:	Adis Kulasic (Inland Revenue) Adwin Singh (Inland Revenue) Emily Strang (Inland Revenue) James Little (DIA) Martin Hooper (Inland Revenue) Shanil Silva (Inland Revenue) Sharyn Rea (Inland Revenue) Steve Johnson (Inland Revenue) Tracey Turner (Inland Revenue)
Apologies:	Katie Leitch (MYOB) Mike Behling (Taxlab)

Item	Description	Lead
1	**Welcome** Anil Srinivasa welcomed everyone to the meeting and invited Mark Tapara to provide an opening karakia.	Anil Srinivasa (Inland Revenue), Mark Tapara (Inland Revenue)
2	**Acceptance of previous minutes** Tim Kirkpatrick moved to accept the minutes from the meeting held on 18 February 2025. The minutes were taken as read and accepted.	Tim Kirkpatrick (Tax Traders)
3	**Action item review** **22.02.2024-1:** Anil Srinivasa shared that there is work underway internally looking at Inland Revenue's data strategies. This action item will be paused while internal work continues. **23.05.2024-1:** This action item was closed.	Anil Srinivasa (Inland Revenue)
4	**Inland Revenue Update** Tracey Turner provided an introduction to the external relationships team and an overview of key activities within Inland Revenue (IR), including: ● Changes from the Budget, such as Investment Boost, KiwiSaver and Family Boost ● Working cross-government on data sharing and AI ● IR better using its systems and data ● Continued focus on compliance and collecting revenue ● Collecting data from payment service providers ● Recognising that changes can be introduced and need to be implemented quickly by both DSPs and IR ● Changes to IR's executive team, reducing the number of Deputy Commissioners. Anil Srinivasa acknowledged the impact of structural changes within IR, which merged two units into one. This unit is now known as the Enterprise and Integrity Services unit and sits under Deputy Commissioner Mary Craig.	Tracey Turner (Inland Revenue), Anil Srinivasa (Inland Revenue)
5	**Budget Update** Richard Braae provided an update on initiatives from Budget 2025, including: ● Introduction of the Investment Boost ● Changes to KiwiSaver ● Removing the expected revenue from the Digital Services Tax, which is not proceeding ● Changes to taxing employee share schemes ● Consultation on thin capitalisation rules.	Richard Braae (Inland Revenue)

There is an open consultation on administrative changes for Working for Families. The proposed changes aim to shift from a year-based assessment to a shorter period, such as a quarter. If these changes are progressed, it would be a significant change to the current system.

Richard updated the group on other key policy areas, including:

- Updating the tax and social policy work programme with Budget initiatives and removing completed projects. There is currently no confirmation about when it will be updated.
- FBT consultation on proposals for change.
- Taking proposals around intermediaries to the Minister for approval to release a discussion document. An update is expected in August or September.
- A draft of IR's long-term insights briefing is expected to be released for consultation around the end of June. This briefing will consider how IR can achieve a flexible tax system.

The group then discussed the following:

- Impact of budget and fiscal constraints on proceeding with digitalisation opportunities and changes driven by DSP demand.
- The importance of continuous investment in technology to support IR's ecosystem alongside long-term investments.
- The opportunity to utilise changes to KiwiSaver to implement further changes to collecting employee information and the employee onboarding experience.
- The importance of IR's policy team taking a digital-first approach to their policy thinking.
- What the tax system will need to do in 5 years that it can't do today.
- Restraints around how IR can consult with DSPs about Budget initiatives before they are announced. IR wants to continue improving how they consult with DSPs about policy matters.

6	**BREAK**	
7	**Improving Business Tax (IBT) Programme Update** Steve Johnson provided an overview of the Improving Business Tax (IBT) Programme, which kicked off in late 2024. There is significant support within IR for the programme and its initiatives. Steve shared that there are several initiatives currently in progress with others that will form part of a multi-year program of work. Some initiatives may not proceed.	Sharyn Rea (Inland Revenue), Steve Johnson (Inland Revenue)

	Sharyn Rea shared more details about the current initiatives and their alignment with IBT outcomes, including: ● Simplifying small business tax ● Digital ecosystem model ● Reducing payments to and from incorrect bank accounts ● Reducing customer payment errors ● Section 17B, 154 and 157 efficiencies ● Business compliance using banking data ● IRD number confirmation ● Customer identity. The group discussed the following: ● Each initiative will have different engagement strategies. ● How initiatives surrounding bank accounts and digital identity could help streamline AML identification requirements. ● How the IBT programme brings together several IR projects and the internal consultation and governance. ● The programme is funded through IR's baseline funding. IR will consider requesting additional funding for initiatives that provide value and benefits.	
8	**Operational Security Working Group Update** Adwin Singh provided an update on the progress of the IR DSP Operational Security Framework and introduced Emily Strang, who is providing governance support for the project. Adwin shared that IR is working with DSPANZ and the DAG Security Working Group to support an Operational Security Framework that outlines guidance and requirements for DSPs integrating with API services. The intention is to develop a framework that is more tailored to New Zealand. IR has risk-rated and categorised their APIs into high, medium or low-risk services to support a risk-based, tiered approach to the Operational Security Framework. Emily shared that this work has been divided into two workstreams: 1. Creating and approving the framework, and 2. Creating and establishing the operating model within IR. IR has produced a draft framework for internal consultation. This draft and a progress update will be shared at the next DAG Security Working Group meeting. IR is engaging with ServiceNow to plan for the minimum viable product they expect to go live with in February 2026.	Adwin Singh (Inland Revenue), Emily Strang (Inland Revenue)

	They are then considering additional items that could be implemented in the future. Adwin and Emily shared the potential risks associated with this work program and the lessons learnt from the ATO's experience. It was noted that IR will not require independent ISO 27001 certification for DSPs to consume APIs, but noted that obtaining it is beneficial to the integrity of the ecosystem and should make onboarding to services simpler. The group provided feedback about this direction and supported independent certification, at least for accessing high-risk APIs. IR is also considering what the review process will look like and what cycles it could operate on. Adwin and Emily acknowledged that they will take the feedback provided to the upcoming DAG Security Working Group meeting and will continue to provide updates to the DAG.	
9	**BREAK**	
10	**Department of Internal Affairs - Digital Identity** James Little from the Department of Internal Affairs (DIA) provided an overview of the Department's role in digital identity and the Trust Framework Authority, which is the regulator of accredited digital identity services. James highlighted that the purpose of the agenda item was to focus on decentralised digital identity, which places individuals at the centre of the system and enables them to use their credentials as needed. The legislation, regulations and standards around digital identity came into effect in late 2024. Credential providers can become accredited trusted services, but users and relying parties are not accredited. Instead, relying parties are covered by their obligations under the Privacy Act. James touched on the progress surrounding digital identity, including: ● Launching the NZ Verify app to provide an offering in the market. The app could be turned off once there is more activity or other wallet makers available. ● Identifying opportunities for the government to issue credentials, as it is an authoritative holder of a significant amount of information about individuals. ● Launching a digital identity services section under the All of Government vendor marketplace hosted by DIA. The group discussed the following:	James Little (DIA)

		● Moving to a decentralised system reduces honeypots of personal information that hackers can target. ● It's a joint responsibility between DIA, government organisations and the market to communicate to the general public about digital identity. However, learnings from the UK are that the less the government talks about identity, the better. ● Opportunities to leverage credentials and streamline business and identity verification processes. For example, supporting AML, dealing with trusts and employee onboarding. ● How credentials can be revoked or updated as needed. ● How relying parties could keep records for validating credentials. The record-keeping process is the responsibility of both the relying party and the verifier. ● Opportunities for DSPs as relying parties. IR shared that they are engaging with their executive team on digital identity to work through use cases and plan a roadmap. Digital identity is an approved initiative under the IBT programme, and it is leveraging what's happening in the border ecosystem.	
11	**Technical Changes Roadmap** Shanil Silva and Adis Kulasic provided an overview of the CSS Planning, Design and Delivery team, its role in managing START and delivering technical and legislative changes. IR has two large releases each year, generally in April and October. However, there have been three releases in the past few years. IR advocates for the government to align budget initiatives with change cycles to support delivery and aims to group legislative changes and system improvements to fit release timelines. Shanil shared that IR is considering the Asset Management Plan for START and how it could lead to different approaches to managing and maintaining the system. The plan extends for 15 years, but outside the next 3-year window, there is uncertainty. It was noted that there is a new version of the product that comes out every 3 years and provides opportunities for IR to consider product changes. Adis provided an overview of the first 3 years of the Asset Management Plan and acknowledged the opportunity to align changes with planned work for more transformative change. The group discussed the following: ● Whether the payroll changes for April 2026 could be delivered in the upcoming October release, given that these are already known ● The timing of the August Bill and how it captures budget initiatives and provides the policy team time to	Shanil Silva (Inland Revenue), Adis Kulasic (Inland Revenue), James Barker (Inland Revenue)

	consult on changes ● IR is improving how they engage with DSPs on changes outside budget initiatives, acknowledging the value in these conversations ● Ensuring that IR explains why they cannot do certain things, as this is beneficial for DSPs to understand ● Scheduling sessions to debrief with DSPs after the April release ● Success for the Asset Management Plan is reimagining what a product or experience could be ● The challenge in reducing compliance costs through simplification and continuing to generate revenue.	
12	**BREAK**	
13	**Gateway Services - Maintenance, Enhancements and Changes** Eric Troebner ran an interactive session providing an industry perspective on the importance of Gateway Services and opportunities for enhancements. Members had the opportunity to brainstorm ideas for new services and improvements for Gateway Services and how these could be aligned with IR's work programmes. Following the activity, members discussed the following: ● A validation issue that warns employers if they're not filing regularly, but some employers need to file irregularly. ● Understanding how the calculations work for use of money interest, student loans and Working for Families. How could IR share more about these calculations or enable DSPs to pull data to help pre-populate some information for customers. It was noted that IR is the source of truth for Working for Families data. ● Understanding the problems with the current secure mail service to identify what could be done to support providing additional information to IR. Eric noted that the outcomes of this session will be documented and used as a resource for future meetings. A copy has been provided alongside the meeting minutes. IR will provide feedback on the items raised.	Eric Troebner (TMNZ)
14	**Release Management** Mark Tapara provided an update on a change being introduced in the October 2025 release that will increase the upper limit to IRD numbers to 200 million, as it is expected that the current limit will be reached in October 2026. DSPs will need to update their IRD number validations. IR will release build packs accordingly, with further conversations about the impacts to be held with payroll providers.	Mark Tapara (Inland Revenue)

	Mark then updated the group on the following budget initiatives: ● KiwiSaver - IR is meeting internally about these changes before they engage externally. IR will engage externally as soon as possible. ● Investment Boost - changes will not be confirmed until October, but DSPs should be aware of an upcoming change. The group discussed the changes required to support the Investment Boost. DSP members raised that they will need to implement a level of change now to start capturing this information and support their customers. IR will continue to provide updates through the income tax and payroll working groups to keep DSPs informed about these changes.		
15	**Any other business** Tim Kirkpatrick asked the group if there was any other business. It was noted that the planned agenda item for natural business systems will be moved to the next meeting. **Action item** Adis Kulasic took an action item to ensure that IR organises workshops to work through common themes raised in regular catch-ups with DSPs in more detail. The group was reminded to raise any specific agenda items for the DAG to focus on. Anil Srinivasa noted ongoing work across government agencies on the use of AI.	Tim Kirkpatrick (Tax Traders)	
16	**Meeting close** Anil Srinivasa thanked members for their attendance. Anil called on Mark Tapara for a closing karakia.	Anil Srinivasa (Inland Revenue), Mark Tapara (Inland Revenue)	

Actions

Date Raised	Description	Responsible
12.06.2025-1	As part of regular catch-ups with DSPs, Inland Revenue will organise workshops to work through common themes in more detail.	Adis Kulasic, Inland Revenue
23.05.2024-1	Provide Tracey Turner with an introduction to John Shepherd from the Australian Department of Finance to discuss Digital ID in the tax ecosystem. **Update 22.08.2024:** DSPANZ will make this introduction shortly.	Maggie Leese, Matthew Prouse

	Update 10.10.2024: Key contacts have been on leave. **Update 18.02.2025:** DSPANZ is meeting with the Australian Digital ID team and will report back to Inland Revenue.	
22.02.2024-1	**Paused:** 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. **Update 22.08.2024:** Inland Revenue will not pick up new initiatives until the end of the year. This item will remain open. **Update 10.10.2024:** Anil acknowledged the information collection framework has been shared with members and will be published in November. Anil will reconnect with the team to understand the resourcing requirements to undertake this work. **Update 18.02.2025:** Anil Srinivasa shared that, with Inland Revenue welcoming a new Chief Data Officer, changes are happening within the data analytics team. Once work has started internally in March, Anil will bring this topic to the DAG. **Update 12.06.2025:** This item will be placed on hold.	Anil Srinivasa, Maggie Leese