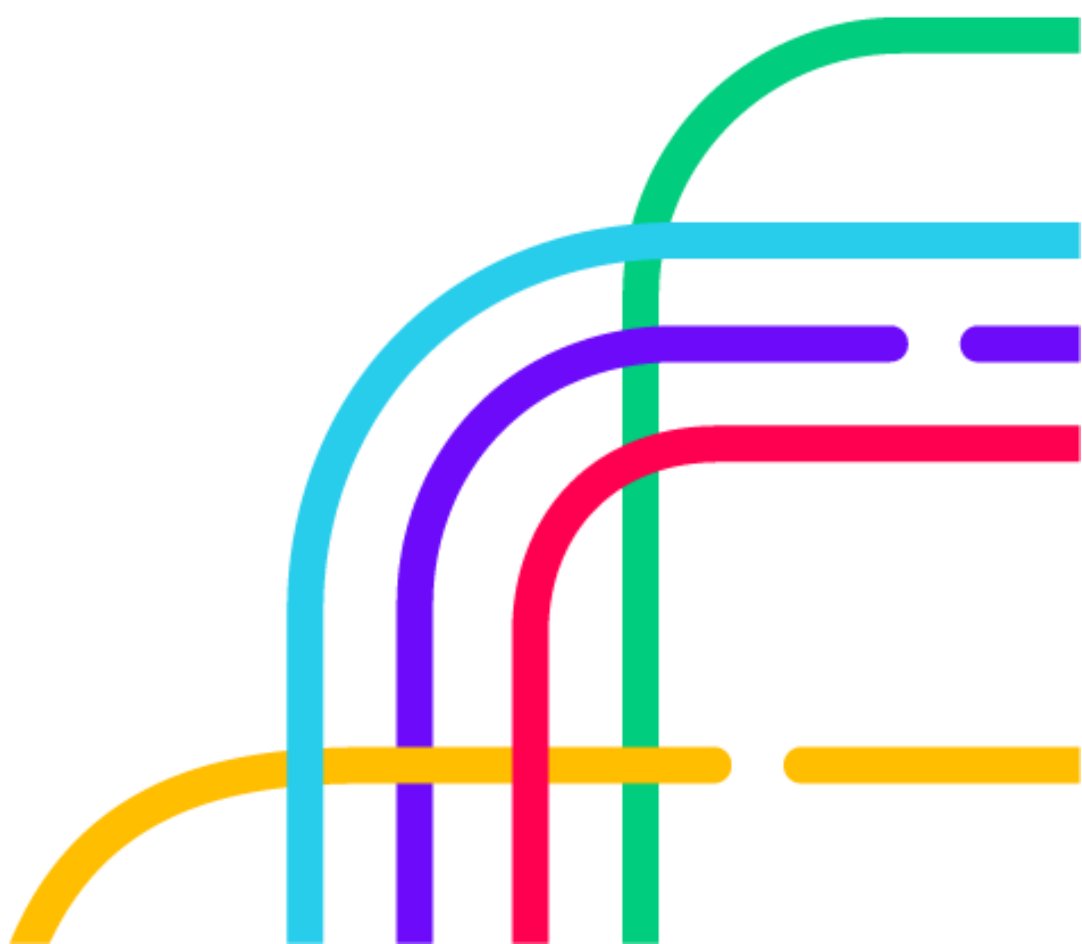




# Proposed Legislative Changes for Intermediaries

NZ Inland Revenue - June 2026

Version 0.9



# DSPANZ Submission: Proposed Legislative Changes for Intermediaries

**Submitted by:** Digital Service Providers Australia New Zealand (DSPANZ)

**To:** Deputy Commissioner, Policy, Inland Revenue

**Date:** June 2026

**Contact:** [hello@dspanz.org](mailto:hello@dspanz.org) | [dspanz.org](https://dspanz.org)

## Executive Summary

DSPANZ supports this reform. The TAA does not currently reflect the role digital services providers play in the New Zealand tax ecosystem, and the proposals in this paper are a well-reasoned response to that gap. We support the DSP category, the data consumer category and further development of the tax crediting agent model.

Our submission focuses on ensuring the framework is proportionate, technology neutral and commercially workable, and on identifying specific areas where we ask for clarification, co-design or transitional relief.

### About DSPANZ

The Association of Digital Service Providers Australia New Zealand (DSPANZ), is the non-profit industry association representing the business software sector in Australia and Aotearoa New Zealand. Our members develop and operate payroll, accounting, tax, practice management, business management, cash-flow, payments and read-only data services. We submit on behalf of large and small providers: those that solely provide software tools and those that transmit data to, or receive data from, Inland Revenue.

Our key positions are:

- **Support** a single DSP category with function-specific obligations through terms of use, not separate statutory sub-categories
- **Support** automatic transition for existing DSPs: no full re-application
- **Support** the data consumer category, designed to align with the *Customer and Product Data Act 2025*
- **Support** further development of the tax crediting agent model, with safe harbours and without requiring DSPs to hold client funds
- **Recommend** the cost-benefit test be legislated as a whole-of-system assessment with published criteria

- **Recommend** proportionate, transparent standards accessible to smaller and emerging providers
- **Recommend** direct co-design engagement with Māori on accreditation, consent and data sharing design

DSPANZ welcomes further engagement with Inland Revenue officials on any of the points in this submission. We can facilitate direct input from members: large and small: on how the proposed framework would operate in practice.

Please contact us at [hello@dspanz.org](mailto:hello@dspanz.org).

Kind Regards,

Signed by:  
  
E3E80D8A0D7A7097

Chris Denney  
Interim CEO & Executive Director

## 1. DSP Category (Chapter 3)

DSPANZ supports establishing a new DSP category in Part 7B. The absence of this category has forced some software providers to register as tax agents simply to obtain Gateway access. That category was designed for professional advisers and imposes obligations - and carries associations - that do not match the actual function of a software provider. A dedicated DSP category resolves this misalignment and provides a transparent legal basis for the Gateway relationship.

### **One category, function-specific conditions.**

We support Inland Revenue's preference for a single broad category. The boundary between software provision and value-added services is already blurred and will continue to evolve. Separate statutory sub-categories would create classification disputes and risk rapid obsolescence.

Instead, obligations should apply by reference to what the DSP actually does: transmitting data, calculating liabilities, filing returns, handling money, or providing regulated advice: with conditions set through terms of use. Australia's experience under the Tax Practitioners Board is instructive here: where the regulatory model does not distinguish clearly between software infrastructure and professional advice, software providers can find themselves caught by professional licensing frameworks that do not fit their function. New Zealand should not replicate that outcome.

### **The cost-benefit test must assess whole-of-system impacts.**

The proposal that admitting a DSP should not cause "net costs to the tax system" is appropriate in principle, but the legislative standard must be expressed as a whole-of-system assessment. Relevant benefits include reduced compliance costs for taxpayers and small businesses, improved data quality and timeliness, reduced errors, and greater voluntary compliance. The OECD has consistently identified third-party digital systems as a primary driver of reduced compliance burdens.

A test focused only on Inland Revenue's internal system costs would risk blocking the innovative business models this reform is designed to accommodate. Inland Revenue should publish its assessment criteria and provide a right to seek reasons where an applicant is declined.

### **Automatic transition for existing DSPs.**

Existing DSPs have already completed an application process that "largely mirrors" the proposed requirements. A full re-application would impose unnecessary cost and could disrupt services to taxpayers. DSPANZ supports automatic transition subject to confirming ongoing compliance, with a published timeline and continuity of Gateway access throughout.

## **Terms of use must be transparent and accessible.**

Delegating technical, security, privacy and operational standards to terms of use is appropriate and enables flexibility as technology evolves. The primary legislation must expressly include the core framework: category definition, proportionality principles, transparency obligations and procedural fairness including a right of review.

Inland Revenue should publish standard terms templates and conformance criteria. Smaller and emerging providers should not face bespoke negotiation complexity that larger platforms can absorb but they cannot.

## **2. Data Consumers (Chapter 4)**

DSPANZ supports the data consumer category. Members providing financial aggregation, income verification and cash-flow forecasting need secure, consent-based access to Inland Revenue data as an input. The absence of a formally sanctioned pathway creates incentives for less secure alternatives, including manual transfer of tax records. The data consumer category resolves this.

Accreditation standards should focus on consent governance: explicit and granular consent management, strong authentication and authorisation, data minimisation, purpose limitation, security appropriate to the sensitivity of tax data, breach notification and response, and revocation of consent. These are meaningfully different from the operational standards applied to active DSPs that transmit data to Inland Revenue, and the accreditation framework should reflect that difference.

New Zealand's *Customer and Product Data Act 2025* establishes an economy-wide consumer data right framework, with banking the first designated sector from December 2025. Inland Revenue is not currently in scope, and a tax CDR arrangement is not on the Government's workplan. However, the data consumer category creates infrastructure that could accommodate such an arrangement if the Government's position changes.

We recommend that accreditation standards and consent mechanisms be aligned with the CPDA 2025 framework where possible, to avoid creating parallel and inconsistent consent architectures across the New Zealand data ecosystem.

## **3. Tax Crediting Agent Model (Chapter 6)**

DSPANZ supports further development of the tax crediting agent model. Provisional tax is a significant and persistent compliance burden for sole traders, landlords and small businesses.

Many of our members already use transaction data to calculate anticipated tax liabilities and provide payment guidance. Where payments made under such arrangements are not recognised as tax credits, taxpayers face unexpected provisional tax obligations and potential UOMI exposure. Formalising the framework removes that uncertainty.

### **The crediting model is preferable to the withholding model.**

DSPs should instruct and the client should pay: DSPs should not be required to hold or control client funds. If a DSP chooses to handle client funds, that is a materially different function and should require separate regulatory authorisation with appropriate consumer protection requirements.

Primary liability must continue to rest with the taxpayer. DSPs provide calculation and instruction services, but their involvement does not displace the taxpayer's obligation to verify the accuracy of their assessment.

### **Safe harbours and reconciliation are essential.**

Year-end mismatches between in-year DSP-calculated payments and the final tax assessment are an inherent feature of any estimation system. The framework must include robust reconciliation processes, safe harbours for DSPs acting in good faith, and no UOMI exposure for taxpayers where a DSP has met its reporting obligations and the client has made timely payments.

### **Reporting frequency should be proportionate.**

Monthly or event-based reporting aligns with DSP data cycles and is appropriate for most use cases. Real-time reporting should not be mandated unless there is a demonstrated policy benefit, confirmed technical feasibility and a satisfactory cost justification. Inland Revenue should consult with DSPs before setting frequency requirements.

### **Approval criteria should focus on capability, not provider size.**

A staged or probationary pathway should be available for smaller and newer providers, and the framework should not create barriers that only large, established platforms can clear.

## **4. Treaty of Waitangi and Māori Data Sovereignty (Chapter 7)**

DSPANZ acknowledges the relevance of Treaty considerations and Māori data sovereignty to these proposals, particularly the data consumer category and any future consent-based data sharing arrangement involving Inland Revenue data. We are not in a position to speak on behalf of Māori.

We note that the paper acknowledges limited data on Māori intermediaries and Māori customers, and that the Māori technology sector is growing in significance. Te Kāhui Raraunga's Māori Data Governance Model and the principles articulated by Te Mana Raraunga - including rangatiratanga, whakapapa and kaitiakitanga - are directly relevant to consent design, purpose limitation and data governance under both the DSP and data consumer categories.

We recommend that Inland Revenue engage directly and genuinely with Māori, Māori DSPs and Māori data governance experts in the co-design of accreditation standards and consent frameworks: in particular, before the data consumer category settings are finalised. This

engagement should occur early enough to inform the design, not only to review a completed framework.

## 5. Small and Emerging Provider Access

Accreditation, terms of use compliance and ongoing reporting requirements impose fixed costs that fall disproportionately on smaller providers. If the framework is not carefully designed, it risks creating effective barriers to entry that only large platforms can afford, reducing competition and innovation in the DSP market.

DSPANZ asks Inland Revenue to ensure that: accreditation criteria are published and transparent; standard terms of use templates are available; test environments and staged conformance pathways exist for new entrants; ongoing obligations scale with function and risk profile; and plain-language guidance accompanies all requirements.

## Recommendations

1. Establish a single DSP category in Part 7B with function-specific obligations applied by reference to the service provided and managed through terms of use.
2. Legislate the cost-benefit test as a whole-of-system assessment; publish criteria and provide a right to seek reasons.
3. Transition existing DSPs automatically with uninterrupted Gateway access; publish a clear transition timeline.
4. Publish standard terms of use templates, conformance criteria, review processes and escalation pathways with proportionate complexity for smaller providers.
5. Design data consumer accreditation to align with the Customer and Product Data Act 2025 and to accommodate a future CDR arrangement for tax data.
6. Build the tax crediting agent model on payment instructions, not DSP custody of client funds; include safe harbours, year-end reconciliation and no UOMI exposure where obligations have been met.
7. Set reporting frequency at monthly or event-based by default; do not mandate real-time without clear policy benefit and cost justification.
8. Set approval criteria for tax crediting agents by reference to capability and systems; provide a staged pathway for smaller providers.
9. Engage directly with Māori, Māori DSPs and Māori data governance experts in the co-design of accreditation standards and consent frameworks before settings are finalised.
10. Ensure all accreditation and compliance requirements are proportionate, transparent and accessible to smaller and emerging software providers.