

Automatic exchange of financial account information

I am writing to inform you about New Zealand's implementation of the automatic exchange of financial account information and what it means for your taxation affairs.

Background

New Zealand is one of many jurisdictions that has committed to a global initiative led by the Organisation for Economic Co-operation and Development (OECD) on the automatic exchange of financial account information using the Common Reporting Standard.

As part of this global initiative, all reporting financial institutions are required to identify and collect information on accounts held by account holders who are foreign tax residents and, in certain circumstances, entities that are controlled by foreign tax residents. The financial institutions are required to collect and submit the financial account information to their respective tax authorities to facilitate an annual international exchange with other jurisdictions.

New Zealand commenced this automatic exchange of information in September 2018 and continues to receive financial account information on New Zealand tax residents from other jurisdictions on an annual basis.

Our network of exchange partners is also increasing every year as more jurisdictions continue to implement the initiative. Hence, in subsequent years we expect to receive a considerable amount of additional information.

For more information, you can visit www.ird.govt.nz/international/exchange/crs/

Your action required

We have received financial account information concerning your foreign accounts from one or more jurisdictions in the 2018 and/or 2019 year.

You have the opportunity to ensure your tax affairs are in order before we start undertaking further reviews to consider whether you have returned the level of income we would expect given the nature and extent of your offshore investments.

If you are confident that all your tax affairs are up-to-date, then you do not need to take any further action. If you are unsure, then we strongly encourage you to contact us and update your tax affairs as soon as possible.

Voluntary Disclosures

We do encourage you to tell us if you think or know there is an error in your tax affairs before we find it. If you tell us about an error, it's called a 'voluntary disclosure'. If you have concerns about the tax treatment of your foreign accounts, you should talk to your tax agent and/or get in touch with us at the contact details below.

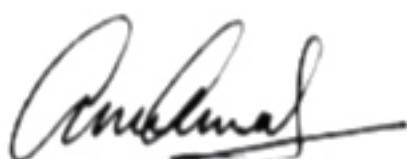
If you do need to make a voluntary disclosure, you or your tax agent will need to make a full disclosure of all details of the tax shortfall, as outlined in Inland Revenue's guidelines in Standard Practice Statement 19/02 Voluntary Disclosures. It is available through the following link:

www.ird.govt.nz/technical-tax/standard-practice/shortfall/sps-19-02-voluntary-disclosures.html

A major advantage in making a voluntary disclosure, rather than waiting for us to find any discrepancies through our investigative process, is that any penalty charged on any related tax shortfall may be significantly reduced. In some cases, this may be up to a 100% reduction.

If you have any questions relating to this letter, please do not hesitate to contact us by email at aeoicampaign@ird.govt.nz.

Yours faithfully



Ms Anu Anand
Strategy and Intelligence Manager
International Revenue Strategy