
Glossary

The following abbreviations and acronyms are used throughout this explanatory memorandum.

<i>Abbreviation</i>	<i>Definition</i>
Arrangement	Arrangement between the Commissioner of Taxation (Australia) and the Commissioner of Inland Revenue (New Zealand) for the exchange of information regarding New Zealand student loans
Commissioner	Commissioner of Taxation (Australia)
NZ Commissioner	Commissioner of Inland Revenue of New Zealand
TAA 1953	<i>Taxation Administration Act 1953</i>

General outline and financial impact

New Zealand student loans

Schedule # to this Bill amends Schedule 1 to the *Taxation Administration Act 1953* (TAA 1953) to allow the Commissioner of Taxation (Commissioner) to disclose taxpayers' contact information to the Commissioner of Inland Revenue of New Zealand (NZ Commissioner) in order to assist New Zealand identify people with New Zealand student loan repayment obligations living in Australia and potentially recover outstanding student loan amounts.

Date of effect: Schedule # to this Bill commences on 1 July 2016.

Proposal announced: Joint Statement by Prime Minister Abbott and Prime Minister Key on 7 February 2014 announcing an intention to share data. On 28 February 2015, Prime Minister Abbott and Prime Minister Key welcomed agreement on an arrangement to share data.

Chapter 1

New Zealand student loans

Outline of chapter

1.1 Schedule # to this Bill amends Schedule 1 to the *Taxation Administration Act 1953* (TAA 1953) to allow the Commissioner of Taxation (Commissioner) to disclose taxpayers' contact information to the Commissioner of Inland Revenue of New Zealand (NZ Commissioner) in order to assist New Zealand to contact people with outstanding New Zealand student loan repayment obligations living in Australia and potentially recover these outstanding student loan amounts.

Context of amendments

The current regulatory regime of the taxpayer confidentiality provisions in the *Taxation Administration Act*

1.2 The key object of Division 355 of Schedule 1 to the TAA 1953 is to protect the confidentiality of taxpayer information. The rules regarding the disclosure of this information (called protected information) by the Commissioner and other taxation officials are strict. Information may only be disclosed when privacy concerns are outweighed by the public benefit of those disclosures. This balanced approach encourages taxpayers to provide correct information to the Commissioner and facilitates efficient and effective government administration and law enforcement by allowing disclosures of protected information for specific, appropriate purposes.

1.3 Accordingly, subsection 355-25(1) of Schedule 1 to the TAA 1953 provides that it is an offence if a taxation officer discloses protected information to another entity. Subsection 355-30(1) provides that protected information is information that relates to the affairs of an entity, was obtained under or for the purposes of a taxation law, and which identifies or is reasonably capable of identifying the entity.

1.4 To be able to disclose protected information, a taxation officer must rely on an exception contained in Division 355 of Schedule 1 to the TAA 1953.

Context of the arrangement between Australia and New Zealand

1.5 Officials at the annual Australia-New Zealand Leaders' Meeting in February 2014 agreed that Australia and New Zealand would explore implementing a student debt recovery scheme for New Zealand, as assisting New Zealand in this manner would enhance the two countries' relationship. While Australia has decided not to pursue a reciprocal student debt recovery scheme with New Zealand at this time, it has the ability to do so in the future.

1.6 Concluded on 28 February 2015, Australia and New Zealand negotiated an arrangement entitled the 'Arrangement between the Commissioner of Taxation (Australia) and the Commissioner of Inland Revenue (New Zealand) for the exchange of information regarding student loans' (the Arrangement). The Arrangement discusses the circumstances in which the Commissioner may disclose taxpayer information to the NZ Commissioner.

Summary of new law

1.7 Schedule 1 permits the Commissioner and other taxation officers to disclose taxpayers' contact information to the NZ Commissioner for the purpose of assisting New Zealand contact people with New Zealand student loan repayment obligations living in Australia and to potentially recover outstanding student loan amounts from these borrowers.

1.8 This is achieved by amending subsection 355-65(8) of Schedule 1 to the TAA 1953 to include a new item that provides an exception to the prohibition against disclosing protected information acquired as a taxation officer to another entity.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
The Commissioner may provide protected taxpayer information to the NZ Commissioner to assist him or her to contact people with New Zealand student loan repayment obligations living in Australia and to potentially recover outstanding student loan amounts from these borrowers.	While the Commissioner may disclose protected taxpayer information in some circumstances, it does not allow for disclosures made to the NZ Commissioner so that the NZ Commissioner can contact people with New Zealand student loans and possibly recover outstanding amounts from them.

Detailed explanation of new law

The confidentiality exception

1.9 This amendment inserts new table item 7 into subsection 355-65(8) of Schedule 1 to the TAA 1953, which provides confidentiality exceptions for miscellaneous matters. *[Schedule #, item 1]*

1.10 The new table item allows taxation officers to disclose protected information to the NZ Commissioner or officers on behalf of the NZ Commissioner. Taxation officers will be able to provide this information when the Arrangement comes into effect, regardless of when the information was originally acquired. *[Schedule #, items 1 and 2]*

1.11 Disclosures may only be applied for the purpose of contacting and recovering outstanding amounts from a person who has an obligation to repay a student loan issued by or on behalf of the Government of New Zealand. Therefore, this exception has a narrow application. Reference to the Arrangement itself may be made when deciding to make a disclosure, although (as it is not legally binding) this is not required.

Example 1.1

Nabila is a New Zealand student loan recipient who now lives in Australia. She has not made any repayments and is in default of her student loan. The NZ Commissioner requests her residential address and contact details in order to notify Nabila of her obligation to repay her loan.

It would not be an offence for a taxation officer to disclose Nabila's residential address to the NZ Commissioner.

Application and transitional provisions

1.12 These amendments apply in relation to disclosures made on or after 1 July 2016, regardless of when the information was originally acquired.