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10 October 2015

Dear Naomi Ferguson

I am writing to you in my capacity as Chairman of the Backpacker Youth and Adventure Tourism Association which represents the major youth oriented tourism businesses in New Zealand.

A recent procedural change in the IR742 tax form (applying for an IRD number) now requires non-residents to provide a Taxpayer Identification Number (TIN) from their home country.

This new requirement, created as part of the new property sale rules, has had an unintended but serious impact on working holiday visa visitors.

Many of these visitors have no access to a TIN or obtaining one is an expensive and time consuming problem. In the next 8 weeks we are expecting to welcome over 8,000 working holiday visa visitors all of whom will be requiring an IRD number.

The net result is that these young and potentially vulnerable visitors will be forced to work illegally as they have no alternative option, there will be a choke hold on Auckland as visitors wait for their IRD problems to be fixed, this invariably affects visitor flow and spend throughout the rest of the country. New Zealand will suffer a reputation hit with 8,000 dissatisfied visitors complaining and ridiculing New Zealand's 'welcome' to guests who have already been approved to work here.

*We believe the solution can be simple and immediate* by way of a direction from you to all your staff and agents, that makes the completion of the TIN field not required for working holiday visa visitors.

This is an urgent matter as we are already suffering from several hundred arrivals being impacted by this *today*.

Thank you for your immediate action on this.

Kind Regards

(electronic signature)

Brian Westwood  
BYATA Chairman

Attached: Background Document – Impact of IRD742 on Working Holiday Visa Arrivals

cc; Minister of Tourism , Associate Minister of Tourism, Minister for IRD

## Impact of IRD742 on Working Holiday Visa Arrivals – October 2015

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On October 1 2015 a new tax form was released to obtain an IRD number.

This form has been updated to account for the new regulations surround the Sale of Property to overseas residents.

The key problem on the form is the requirement which states the applicant must provide

“proof of your overseas taxpayer identification number (TIN) of your most recent tax country/jurisdiction e.g. a copy of a tax statement or letter of your tax authority showing this”

The problem is;

A TIN is not provided to Germans as a matter of course and to obtain one is an expensive and long process. Many German visitors do not yet have a taxpayer ID number because they have not yet worked in Germany. Providing this evidence is difficult to obtain.

Other nationalities provide TIN via passport ID, Driver Licences, letters etc and it is not clear if IRD will accept these documents as proof.

IRD have not provided any advice or direction as to what a TIN looks like, where agencies can find examples of these offshore or what they intend to use the information for.

Many nationalities do not travel with their home tax credentials and some such as the USA are advised to **never** disclose their tax ID registrations.

Our experience to date is;

IRD front line staff are not aware of the problem and are advising applicants to simply state on the form that this is not available or not applicable. It is not clear if this is an official position or just adhoc advise.

The IRD representative meeting with IEP has not provided any official answer to the above and has to refer to her superiors, with no response to date.

Front line staff of IRD Agents such as AA and Post Offices IRD forms have not been advised of the changes or how to handle them so advise is variable to customers.

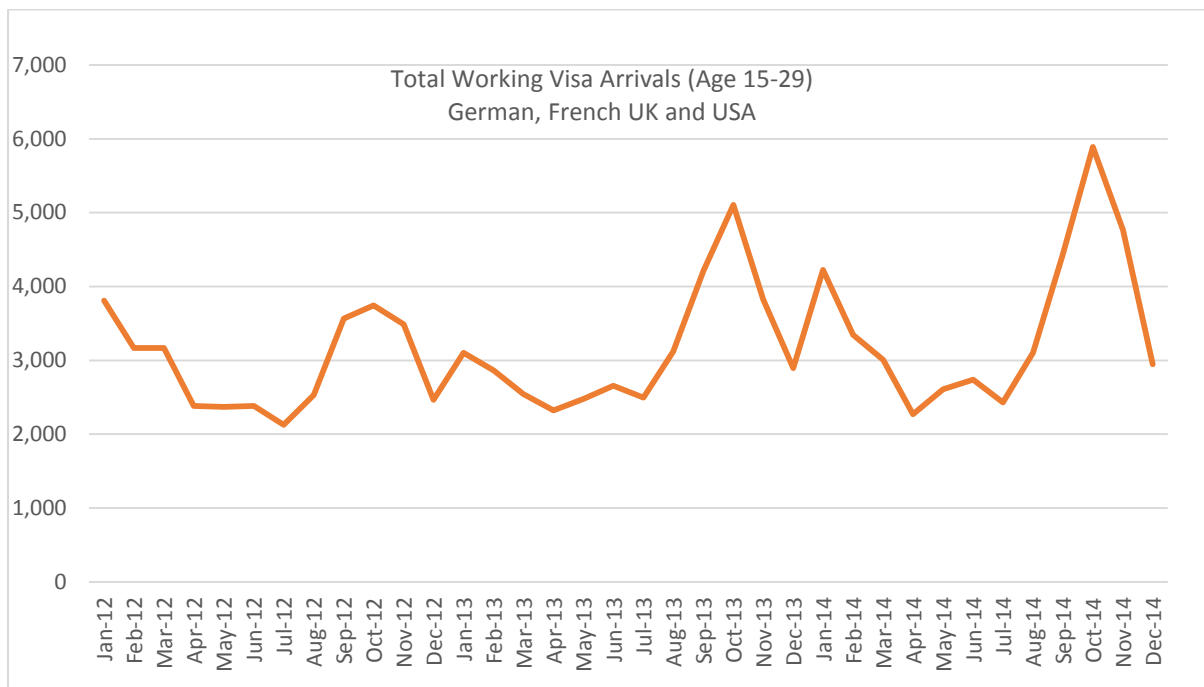
76 older forms completed at the start of October by an IRD agent to help with the problem have been returned by head office compounding rather than assisting with welcoming our international visitors. This has not yet been resolved – one week on.

There is confusion around what to do and what to submit.

## Impact of IRD742 on Working Holiday Visa Arrivals – October 2015

Implications are;

- In 2014 at least **7,800 Working Visa visitors** arrived in New Zealand in From October to December (**4,100 German, 1,400 UK, 1,300 French and 1,000** ). This is the peak period for this type of traveller and these figure only relate to our key markets. We expect more in 2015.



- If workers are unable to gain an IRD number then we expect these visitors to resort to illegal working situations as they have arrived to New Zealand with the full expectation that they would be able to seek work soon after arrival and need this work to survive.
- Inland Revenue will lose considerable revenue from PAYE and GST tax earnings due to reduced visitor spend.
- There is a risk of choking the flow of visitors through the country as Working Visa visitors stay in Auckland waiting for tax status to be processed.

## Impact of IRD742 on Working Holiday Visa Arrivals – October 2015

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- A significant amount of inefficiency is being imposed on the accommodation, and youth travel sector for **no clear benefit** to either New Zealand Inc or the tourism industry.
- Seasonal employers (not just in the tourism sector) reliant on working visa visitors will struggle to find workers if they are not travelling or able to work due to lack of tax status. This has it's owns set of impacts.
- New Zealand is about to experience one of its busiest summer seasons on record and there is a considerable reliance on WHV visitors for a wide range of tourism and hospitality industry.
- 7,800 disgruntled young holiday makers represents a **significant** reputation risk for New Zealand in key offshore markets

### **Actions required – this should be a simple fix!**

1. IRD to make clear what acceptable documentation is able to be submitted by WHV travellers when submitting the IT742 form.
2. IRD to send an **immediate communication** to their staff and agents regarding the above.
3. Given the timing of visitor arrivals this is an urgent issue and cannot afford to wait for months of processing time to have it resolved.