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Tax Administration (Direct Credit of Refunds of Amounts in Income Equalisation Accounts and Environmental Restoration Accounts) Order 2020

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The Tax Administration (Direct Credit of Refunds of Amounts in Income Equalisation Accounts and Environmental Restoration Accounts) Order 2020 makes the direct credit of refunds for income equalisation and environmental restoration accounts mandatory from 23 July 2020.

START DATE

23 July 2020

Tax Administration (Direct Credit of Refunds of Amounts in Income Equalisation Accounts and Environmental Restoration Accounts) Order 2020

Sections 184A and 184B of the Tax Administration Act 1994

An Order in Council has been made to include refunds of amounts in income equalisation accounts and environmental restoration accounts as tax types refundable by direct credit under section 184A of the Tax Administration Act 1994.

The provisions in sections 184A and 184B require tax refunds to be paid via direct credit to a bank account nominated by the taxpayer and were introduced to benefit taxpayers by eliminating time delays associated with the postal system and costs related to cheques.

Tax Administration (Direct Credit of Refunds of Amounts in Income Equalisation Accounts and Environmental Restoration Accounts) Order 2020 mandates the direct credit of refunds of amounts in income equalisation accounts and environmental restoration accounts. Section 184A still allows the Commissioner to provide an exemption when direct crediting would cause undue hardship or is impracticable.

Background

Compulsory direct crediting for income tax and gaming machine duty was implemented when their administration was moved to Inland Revenue's new technology platform (START), which modernises and improves information flows, and enables more online self-service and automated processes.

Whilst the intent was that the Commissioner of Inland Revenue would eventually be required to direct credit all refunds of excess tax paid, the progressive implementation for various tax types through Orders in Council was legislated for to allow Inland Revenue the necessary flexibility to choose the optimal dates to implement direct crediting of refunds for each tax type.

Application date

The Order in Council comes into effect on 23 July 2020.

References

Legislative references

Tax Administration Act 1994: sections 184A and 184B.

About this document

New legislation articles provide an explanation of the changes made in recently enacted tax-related legislation including acts, general and remedial amendments, and Orders in Council.