

Submission on Proposed Legislative Changes for Intermediaries

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Introduction

The New Zealand Qualified Bookkeepers Association (NZQBA) welcomes the opportunity to provide feedback on Inland Revenue's consultation document "*Proposed Legislative Changes for Intermediaries*".

NZQBA is an Inland Revenue Approved Advisor Group representing Bookkeepers across New Zealand. Our members support businesses through bookkeeping, payroll, GST compliance, software implementation, administration, reporting, and ongoing operational financial support.

NZQBA supports Inland Revenue's recognition that the intermediary ecosystem has evolved significantly, and that current legislative and operational settings no longer fully reflect how businesses, intermediaries, and digital service providers interact within the modern tax system.

We believe this consultation presents an important opportunity to modernise the intermediary framework in a way that:

- improves compliance outcomes
- strengthens the integrity of the tax system
- supports digital innovation
- better reflects modern business practices
- appropriately recognises the role Bookkeepers play within New Zealand's business infrastructure

Executive Summary

NZQBA strongly supports:

- the development of a clear legislative definition of a Bookkeeper that distinguishes the profession from other intermediary categories
- the creation of a dedicated Bookkeepers category within Part 7B
- replacing the existing 10-client rule with professional body membership requirements that better reflect competency, professionalism, and accountability
- greater recognition of modern bookkeeping business models
- stronger intermediary classifications that distinguish between operational intermediaries, tax advisors, and digital service providers
- proportionate, risk-based regulation across intermediary categories

NZQBA generally supports:

- the development of modern digital intermediary frameworks
- strengthened integrity expectations across intermediary groups

However, NZQBA also urges Inland Revenue to ensure that:

- implementation remains practical and proportionate
- smaller and regional operators are not unintentionally excluded
- operational systems evolve alongside legislative reform

- ongoing consultation and co-design continue throughout implementation.

The role of Bookkeepers in the tax system

Bookkeepers are an important part of New Zealand's compliance ecosystem and small business infrastructure.

For many small and medium-sized businesses, the Bookkeeper is the primary day-to-day financial support person responsible for maintaining records, supporting payroll and GST obligations, assisting with digital systems, and helping businesses remain compliant throughout the year.

Unlike periodic advisory engagements, Bookkeepers are often embedded within the operational rhythm of a business and provide regular ongoing support.

Bookkeepers also play an important preventative role within the tax system. By maintaining accurate records, identifying issues early, and supporting businesses to meet their obligations throughout the year, Bookkeepers help reduce compliance risk and improve the quality of information ultimately reported to Inland Revenue.

This practical role helps:

- improve the quality of business records
- support accurate and timely reporting
- reduce errors and omissions
- assist businesses to engage with Inland Revenue systems
- improve digital adoption and compliance capability
- reduce administrative pressure on both taxpayers and Inland Revenue

Recognising and appropriately regulating Bookkeepers supports stronger compliance outcomes and better engagement between small businesses and Inland Revenue.

In many regional and small business communities, Bookkeepers are often the most accessible and consistent source of practical compliance support available to business owners.

Q10 - Proposed Bookkeepers category

NZQBA strongly supports the proposal to establish a dedicated Bookkeepers category within Part 7B of the Tax Administration Act.

The current framework does not adequately reflect the distinct operational role Bookkeepers perform within the tax system.

Defining a Bookkeeper

NZQBA recommends that Inland Revenue develop a clear and practical definition of a Bookkeeper as part of any new legislative framework.

In NZQBA's view, a Bookkeeper is a professional who supports the day-to-day financial administration and compliance activities of a business, including maintaining financial records, processing transactions, supporting GST and payroll obligations, implementing and managing accounting systems, and assisting business owners to understand their financial information.

While Bookkeepers may work closely with accountants, tax agents, payroll specialists, and digital service providers, their primary role is operational and compliance-focused rather than advisory. Bookkeepers typically support the accurate capture, maintenance, and reporting of financial information, whereas tax advisers focus on tax advice and interpretation, accountants provide broader accounting and assurance services, and digital service providers facilitate technology-based solutions.

NZQBA believes a clear definition will improve regulatory certainty, support appropriate access settings, and help distinguish Bookkeepers from other intermediary categories operating within the tax ecosystem.

Why a dedicated category is needed

Existing categories do not align particularly well with the practical day-to-day functions of many modern Bookkeepers. While there may be overlap between some intermediary functions, Bookkeepers are generally focused on:

- ongoing compliance support
- payroll and GST administration
- financial record maintenance
- digital systems support
- operational financial processes

This differs from both traditional tax advisory functions and purely software-based digital service providers.

A dedicated category would:

- better align legislation with operational reality
- improve clarity for taxpayers and intermediaries
- support more appropriate access and oversight settings
- strengthen engagement between Inland Revenue and Bookkeepers
- improve consistency across intermediary treatment

NZQBA believes this proposal is an important and overdue recognition of the role Bookkeepers already play within the tax system.

Q11-Q15 - Professional Standards and the 10-client rule

Why the current 10-client rule no longer reflects modern practice

NZQBA strongly supports Inland Revenue reviewing and replacing the existing 10-client requirement.

The current threshold no longer reflects the realities of modern bookkeeping businesses.

The bookkeeping profession has evolved significantly over recent years alongside cloud technology, digital systems, and flexible business models. Many Bookkeepers now operate highly effective specialist businesses with smaller client bases and deeper client engagement.

Some practitioners work with only a handful of clients but provide substantial ongoing operational support across multiple compliance areas throughout the year.

Many Bookkeepers also operate flexible, specialised, or part-time businesses while still delivering high-quality professional services to clients.

NZQBA also notes that the bookkeeping profession operates through a variety of business models. Some Bookkeepers operate independent businesses serving multiple clients, while others work as contractors or embedded finance support professionals providing services to only one or two businesses.

The profession should be defined by the nature of the services provided, the responsibilities undertaken, and the standards expected, rather than client numbers alone. A practitioner providing substantial bookkeeping and compliance support to one or two organisations may perform the same functions, hold the same responsibilities, and present similar compliance considerations as a practitioner serving a larger client base.

NZQBA encourages Inland Revenue to ensure any new Bookkeeper category focuses on the nature of the work being performed, professional standards, and accountability requirements rather than relying on client volume as a determining factor.

Competency, professionalism, and regulation

Client volume alone is not an effective indicator of professionalism, competency, or compliance risk.

NZQBA believes intermediary settings should focus more heavily on:

- competency
- ethical standards
- accountability
- ongoing professional development
- compliance behaviour

rather than relying primarily on client volume thresholds.

NZQBA supports appropriate and proportionate regulation of the bookkeeping profession.

As Bookkeepers play an increasingly important role in supporting businesses, payroll administration, compliance obligations, and digital reporting, it is appropriate that professional standards, ethical expectations, and accountability mechanisms continue to evolve alongside the profession.

Effective regulation should:

- support public confidence
- improve consistency and professionalism
- protect taxpayers and businesses
- remain accessible and proportionate for smaller operators
- recognise the diversity of bookkeeping business models across New Zealand

NZQBA believes regulation should support capable practitioners to participate within the formal compliance ecosystem rather than unintentionally excluding them through outdated or inflexible thresholds.

Restrictive access settings may unintentionally discourage capable practitioners from engaging with formal intermediary frameworks and recognised professional pathways.

NZQBA strongly supports replacing the existing 10-client rule with mandatory membership of an approved professional body as the primary requirement for the proposed Bookkeepers category.

NZQBA believes professional body membership is a far more effective indicator of professionalism, competency, ethical conduct, and accountability than client volume thresholds alone.

Professional body membership can support:

- ethical standards
- continuing professional development
- disciplinary oversight
- industry education and guidance
- accountability mechanisms that help promote trust, professionalism, and confidence within the tax system

NZQBA believes these measures provide a more meaningful assessment of professionalism and risk than client volume thresholds.

NZQBA also recommends that Approved Advisor Group frameworks include appropriate governance, transparency, and accessibility expectations to ensure professional membership pathways remain fair, proportionate, and accessible for practitioners, including sole practitioners and smaller operators.

In particular, Inland Revenue should ensure that any approved body framework supports accessible membership pathways for new entrants, regional practitioners, contractors, and smaller bookkeeping businesses. The objective should be to strengthen professional standards while avoiding unintended barriers to participation within the profession.

NZQBA believes that any approved body framework should promote consistency, accountability, and accessibility across the profession, while recognising the diversity of bookkeeping business models operating throughout New Zealand.

NZQBA recommends that Inland Revenue clearly articulate the criteria required for an organisation to be recognised as an approved professional body. Transparent and consistent recognition criteria will help maintain confidence in the framework and ensure that practitioners have access to credible and appropriate membership pathways.

Transition and implementation

NZQBA also recommends that Inland Revenue ensure that any transition toward mandatory membership remains practical, proportionate, and accessible.

In particular:

- transition periods will be essential
- implementation should avoid unnecessary barriers
- smaller and regional operators should not be disproportionately disadvantaged
- Inland Revenue should continue working closely with Approved Advisor Groups during implementation

NZQBA supports a defined transition period that allows practitioners reasonable time to meet any new professional standards or membership requirements.

However, NZQBA does not support indefinite exemptions or permanent ‘grandparenting’ arrangements that could result in inconsistent professional standards across the bookkeeping profession over the long term.

A consistent framework applied across the profession following an appropriate transition period will better support public confidence, professionalism, and regulatory clarity.

NZQBA supports a proportionate and risk-based approach to intermediary regulation that reflects the differing nature, scale, and operational models of intermediary groups.

Integrated practice models

NZQBA notes that many practitioners operate integrated businesses that combine bookkeeping, payroll, tax agency, and advisory services.

The intermediary framework should recognise these blended operating models and avoid creating unnecessary duplication, overlapping registration requirements, or operational inefficiencies.

Where practitioners already operate under higher integrity or regulatory standards within existing intermediary categories, Inland Revenue should consider streamlined pathways or simplified recognition processes where appropriate.

Q1-Q9 - Digital Service Providers and data consumers

NZQBA supports Inland Revenue modernising intermediary categories to better reflect digital operating environments.

Intermediary classifications

The current framework does not adequately distinguish between:

- operational intermediaries such as Bookkeepers
- tax advisory providers
- software and digital service providers
- data access and integration services

Clearer classification across intermediary categories will help support:

- more appropriate operational settings
- clearer expectations and obligations
- stronger data governance
- improved risk management
- better alignment between legislation and operational practice

Digital Service Providers

NZQBA supports the proposed Digital Service Provider (DSP) category and recognises the increasingly important role digital platforms play within the tax ecosystem.

However, NZQBA recommends that Inland Revenue ensure operational access and onboarding settings remain flexible and do not unintentionally favour large providers over smaller specialist providers or emerging technologies.

Data governance and privacy

NZQBA also supports strong safeguards around:

- taxpayer consent
- data privacy
- cybersecurity
- intermediary accountability
- system integrity

With respect to proposed data consumer arrangements, NZQBA supports cautious progression with clear governance and privacy protections.

Q18-Q29 - Tax crediting agent model

NZQBA acknowledges the potential benefits of exploring alternative models that support more accurate and timely tax payments for taxpayers operating outside traditional withholding regimes.

The proposed tax crediting agent model may offer opportunities to:

- improve taxpayer visibility of liabilities
- support budgeting and cashflow management
- reduce unexpected end-of-year liabilities
- improve voluntary compliance outcomes

However, NZQBA recommends that Inland Revenue take a measured and practical approach and ensure that:

- responsibilities between taxpayers and intermediaries remain clear
- obligations remain practical for smaller businesses
- compliance requirements remain proportionate
- the model does not create unintended cashflow pressure
- appropriate safeguards exist for both taxpayers and intermediaries

NZQBA supports further consultation and industry engagement before implementation of any formalised model.

Q16-Q17 - Integrity and regulatory oversight

NZQBA supports Inland Revenue's focus on protecting the integrity of the tax system.

Bookkeepers play an important role in supporting positive compliance behaviours across New Zealand businesses and recognise the importance of maintaining trust and confidence within the intermediary ecosystem.

NZQBA supports integrity and accountability expectations applying consistently across intermediary categories, provided those expectations remain:

- proportionate
- practical
- clearly communicated
- operationally achievable

The goal should be to support professionalism, taxpayer protection, and confidence in the system without creating unnecessary barriers to participation.

Nominated Person arrangements

NZQBA also notes that some practitioners currently rely on 'Nominated Person' arrangements because existing intermediary categories and access settings do not adequately reflect modern bookkeeping business models.

NZQBA recommends that Inland Revenue ensure that any future integrity or access reforms do not unintentionally create operational barriers for legitimate bookkeeping support relationships or integrated business structures.

Digital transformation and practical support

NZQBA supports continued digital transformation within the tax system.

However, businesses and taxpayers adopt technology at different rates and with varying levels of capability. Many businesses continue to require practical support to successfully engage with digital systems and compliance obligations.

Bookkeepers frequently act as the bridge between businesses and increasingly digital government systems.

A modern intermediary framework should therefore continue to support both:

- digital innovation and automation
- accessible human support and practical guidance

These elements should be viewed as complementary rather than competing priorities.

Operational implementation

NZQBA notes that legislative reform alone will not fully address the challenges identified within the consultation paper.

Successful implementation will also require operational evolution across:

- onboarding processes
- system permissions and access
- digital identity frameworks
- customer consent management
- intermediary support systems
- communication and guidance

NZQBA recommends ongoing engagement and co-design with intermediary groups throughout both legislative development and operational implementation.

The success of these reforms will depend heavily on ensuring that operational settings remain practical, accessible, and aligned with real-world business environments.

Treaty and Māori data considerations

NZQBA acknowledges the consultation paper's discussion regarding Māori participation, Māori data sovereignty, and the role of Māori entities within the evolving intermediary ecosystem.

NZQBA supports ongoing engagement with Māori stakeholders to ensure future frameworks appropriately consider:

- equitable access and participation
- data governance and privacy
- digital inclusion
- evolving business models
- practical access to intermediary services

Closing comments

NZQBA appreciates Inland Revenue's willingness to engage with the future of the intermediary ecosystem and, importantly, the recognition of Bookkeepers within that discussion.

Bookkeepers are a significant part of New Zealand's business and compliance infrastructure. A modern intermediary framework should appropriately recognise the practical role Bookkeepers play in supporting businesses, improving compliance outcomes, and helping taxpayers navigate an increasingly digital environment.

The bookkeeping profession has evolved significantly over recent years. The intermediary framework should now evolve alongside it.

NZQBA believes this consultation represents a significant opportunity to modernise the intermediary framework in a way that recognises the realities of today's business environment while strengthening professionalism, accountability, and compliance outcomes across the tax system.

NZQBA welcomes further engagement with Inland Revenue officials on the matters raised within this submission.

Contributors

NZQBA acknowledges the contribution of the following individuals in preparing this submission:

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