

Vote Revenue

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Revenue (M57)

ADMINISTERING DEPARTMENT: Inland Revenue Department

MINISTER RESPONSIBLE FOR INLAND REVENUE DEPARTMENT: Minister of Revenue

Overview of the Vote

The Minister of Revenue is responsible for appropriations in the Vote for the 2008/09 financial year covering the following:

- a total of nearly \$627 million on departmental output expenses including management of debt and outstanding returns, policy advice, services to inform the public about entitlements and meeting obligations, services to process obligations and entitlements, and taxpayer audit
- a total of just under \$5,331 million for benefits and other unrequited expenses
- a total of nearly \$3 million for borrowing expenses
- a total of nearly \$994 million for other expenses, and
- a total of nearly \$78 million for departmental capital expenditure.

The Minister of Revenue is also responsible for Crown revenue and receipts in the Vote for the 2008/09 financial year covering the following:

- a total forecast of \$51,208 million on tax revenue
- a total forecast of \$888 million on non-tax revenue, and
- a total forecast of just over \$679 million on capital receipts.

Details of these appropriations are set out in Parts 2-6 for Vote Revenue in the Information Supporting the Estimates of Appropriations.

Details of Appropriations

Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Management of Debt and Outstanding Returns (M57) Taking follow-up action where returns are outstanding and where payments are overdue, including providing people with assistance on the actions they need to take to meet their obligations.	85,097	84,119	88,017
Policy Advice (M57) Advising on all aspects of tax policy and social policy measures that interact with the tax system. Drafting tax legislation and rewriting the Income Tax Act. Negotiating and maintaining New Zealand's network of double tax agreements with other countries. Forecasting tax revenues and providing ministerial services.	14,654	14,486	14,918
Services to Inform the Public About Entitlements and Meeting Obligations (M57) Providing information and assistance to customers on the application of the law. Responding to customer enquiries about tax and social support programmes. Adjudication on behalf of the Commissioner on proposed taxpayer assessments. Providing binding rulings and other statements on the interpretation and application of the law administered by Inland Revenue.	245,436	242,699	235,973
Services to Process Obligations and Entitlements (M57) Registering tax payers, making tax assessments, assessing child support liabilities including providing a readily accessible inexpensive process for reviewing assessments, receiving and making payments to customers, processing applications and payments for social support programmes, collection of ACC Earners' levies, supplying information to other government agencies and accounting and reporting the collection of Crown revenue.	124,995	123,606	131,543
Taxpayer Audit (M57) Identifying risks to revenue and designing and undertaking audit activities accordingly. Managing litigation of disputed tax cases.	150,570	148,842	156,057
Total Departmental Output Expenses	620,752	613,752	626,508
Non-Departmental Output Expenses			
Retirement Commissioner (M57) To enable the Retirement Commissioner to incorporate the enhancements to KiwiSaver into its communications on retirement income policies.	380	380	-
Total Non-Departmental Output Expenses	380	380	-
Benefits and Other Unrequited Expenses			
Child Support Payments PLA (M57) Child support payments to custodial persons who are not dependent on the state for financial support (expenses incurred pursuant to section 141 of the Child Support Act 1991).	190,000	190,000	222,000
Child Tax Credit PLA (M57) Extra assistance for low to middle income families who are not dependent on the state for financial support (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	10,300	10,300	6,100

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Benefits and Other Unrequited Expenses - cont'd			
Family Tax Credit PLA (M57) Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994). Name change as part of the Working for Families package	2,066,100	2,066,100	2,118,400
In-Work Tax Credit PLA (M57) Extra assistance for low to middle families who are working at least 20 hours per week or 30 hours per week between both parents if they are couple (expenses incurred pursuant to section 185 of the Tax Administration Act 1994). Name changed as part of the Working for families package.	556,700	556,700	586,700
Kiwi Saver: Kickstart payment (M57) To enable the one-off payment made on opening a KiwiSaver account for people who meet the required eligibility criteria as set in the KiwiSaver Act 2006.	663,000	663,000	297,000
KiwiSaver Employer Tax Credit (M57) To enable the payment of a tax credit to employers in respect of their contributions to KiwiSaver as set out in the Income Tax Act 2004.	101,000	101,000	447,000
KiwiSaver Member Tax Credit (M57) To enable the payment of a tax credit to KiwiSaver members as set out in the Income Tax Act 2004.	248,000	248,000	593,000
KiwiSaver: Fee Subsidy (M57) To enable the payment made to KiwiSaver accounts of the subsidy for provider fees as set out in the KiwiSaver Act 2006.	13,000	13,000	31,000
KiwiSaver: Interest (M57) To enable the payment made of interest on KiwiSaver contributions as set in the KiwiSaver Act 2006.	4,800	4,800	2,100
Minimum Family Tax Credit PLA (M57) Extra payment made to families where at least one parent is working for salary or wages (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	14,800	14,800	13,300
On-payment of Employee KiwiSaver Contributions to KiwiSaver Providers PLA (M57) To enable the on-payment of employee KiwiSaver contributions collected by Inland Revenue to KiwiSaver providers (expenses incurred pursuant to section 73 of the KiwiSaver Act 2006).	435,000	435,000	636,000
Paid Parental Leave Payments PLA (M57) Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.	136,880	136,880	146,350
Parental Tax Credit PLA (M57) Additional financial support to working families for the eight week period following the birth of a child (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	22,100	22,100	22,200
Payroll Subsidy (M57) Subsidy for the purposes of subsidising the costs of a payroll agent undertaking employers' payroll-related tax compliance activities	820	820	1,730
Research and Development Tax Credit (M57) This appropriation is limited to tax credits to businesses that are undertaking research and development.	-	-	208,000
On-payment of Employee KiwiSaver Contributions to KiwiSaver Providers (M57) To enable the on-payment of employee KiwiSaver contributions collected by Inland Revenue to KiwiSaver providers	139,000	75,957	-
Total Benefits and Other Unrequited Expenses	4,601,500	4,538,457	5,330,880

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Borrowing Expenses			
Adverse Event Interest PLA (M57) This appropriation is limited to interest on Adverse Event deposits relating to withdrawals and deposits made by taxpayers in the farming and agriculture business (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	10	10	10
Environmental Restoration Account Interest PLA (M57) Interest on the deposits made to the Environmental Restoration Accounts Scheme as authorised by section 185 of the Tax Administration Act 1994.	1,000	1,000	1,000
Income Equalisation Interest PLA (M57) This appropriation is limited to interest on Income Equalisation deposits relating to withdrawals and deposits by taxpayers in the farming, fishing or forestry industries (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	3,450	3,450	1,700
Total Non-Departmental Borrowing Expenses	4,460	4,460	2,710
Non-Departmental Other Expenses			
General Tax and Family Support Bad Debt Write-Offs (M57) Provision for write-downs of Crown debt administered by Inland Revenue due to bad debt write-offs, or bad debt provisions, resulting from the need to value debt according to accepted accounting practice.	713,000	713,000	722,000
Impairment of Debt Relating to Child Support (M57) This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the debt, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the collective book of child support debt.	85,000	85,000	64,000
Impairment of Debt Relating to General Tax and Family Support (M57) This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the debt, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the collective book of debt.	150,000	150,000	157,500
Impairment of Debt Relating to Student Loans (M57) This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the loan, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the collective book of student loans.	200,000	200,000	50,000
Research and Development Tax Credit (M57) This appropriation is limited to tax credits to businesses that are undertaking research and development.	37,000	37,000	-
Total Non-Departmental Other Expenses	1,185,000	1,185,000	993,500
Departmental Capital Expenditure			
Inland Revenue Department - Capital Expenditure PLA (M57) This appropriation is limited to the purchase or development of assets by and for the use of the Inland Revenue Department, as authorised by section 24(1) of the Public Finance Act 1989	118,910	118,910	77,973
Total Departmental Capital Expenditure	118,910	118,910	77,973
Total Annual and Permanent Appropriations	6,531,002	6,460,959	7,031,571

Details of Projected Movements in Departmental Net Assets

Inland Revenue Department

Details of Net Asset Schedule	Estimated Actual 2007/08 \$000	Projected 2008/09 \$000	Explanation of Projected Movements in 2008/09
Opening Balance	155,195	199,521	
Capital Injections	47,092	20,061	Budget 2008 injects \$5.803 million new capital into the departmental balance sheet: \$1.098 million will go towards the implementation of the Government's legislative programme, \$3.630 million will be injected to deliver a robust call handling platform to manage the growth and complexity of customer calls and \$1.075 million will be to implement the Budget 2008 personal tax package. \$2.500 million was injected during the Budget 2006 for the implementation of taxation of investment income and SSCWT. \$3.198 million was injected in Budget 2007 to implement the research and development tax credit initiative. In addition \$8.560 million was injected in the March 2008 baseline update for the implementation of KiwiSaver enhancements.
Capital Withdrawals	(2,766)	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	199,521	219,582	