

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 2009/10 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 over \$4,045 million for benefits and other unrequited expenses
- a total of just over \$3.500 million for borrowing expenses
- a total of just under \$1,040 million for other expenses, and
- a total of just over \$76 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 \$45,926 million in tax revenue
- a total forecast of just under \$1,021 million in non-tax revenue, and
- a total forecast of just under \$811 million in 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	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Management of Debt and Outstanding Returns (M57)	88,352	88,352	89,419
Taking 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. This includes collection on behalf of other agencies and external parties.			
Policy Advice (M57)	13,711	13,711	13,565
Advising on all aspects of tax policy and social policy measures that interact with the tax system. Drafting related legislation. Negotiating and maintaining New Zealand's network of double tax agreements with other countries. Forecasting tax revenues and providing ministerial services.			
Services to Inform the Public About Entitlements and Meeting Obligations (M57)	256,941	254,566	234,284
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.			
Services to Process Obligations and Entitlements (M57)	133,488	131,113	120,217
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.			
Taxpayer Audit (M57)	174,068	174,068	169,513
Identifying risks to revenue and designing and undertaking audit activities accordingly. Managing litigation of disputed tax cases.			
Total Departmental Output Expenses	666,560	661,810	626,998
Benefits and Other Unrequited Expenses			
Child Support Payments PLA (M57)	205,000	205,000	207,480
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).			
Child Tax Credit PLA (M57)	6,000	6,000	3,100
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).			
Family Tax Credit PLA (M57)	2,113,100	2,113,100	2,147,800
Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
In-Work Tax Credit PLA (M57)	586,000	586,000	577,600
Extra assistance for low to middle income families where the person works a minimum of 20 hours per week and does not have a partner, or a person and their partner work a minimum of 30 hours per week (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
KiwiSaver: Fee Subsidy (M57)	33,000	33,000	7,000
To enable the payment of a fee subsidy to members for provider fees as set out in the KiwiSaver Act 2006.			

Titles and Scopes of Appropriations by Appropriation Type	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Benefits and Other Unrequited Expenses - cont'd			
KiwiSaver: Interest (M57) To enable the payment of interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	16,000	16,000	10,000
KiwiSaver: Kickstart Payment (M57) To enable the one-off payment made on opening a KiwiSaver account for members who meet the required eligibility criteria as set in the KiwiSaver Act 2006.	397,000	397,000	138,000
KiwiSaver: Member Tax Credit (M57) To enable the payment of a tax credit to KiwiSaver members as set out in the Income Tax Act 2007.	661,000	661,000	764,000
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).	9,500	9,500	10,500
Paid Parental Leave Payments PLA (M57) Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.	142,500	142,500	149,900
Parental Tax Credit PLA (M57) To enable payment of additional financial support to be made 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).	20,400	20,400	21,000
Payroll Subsidy (M57) To enable the payment of a subsidy to a payroll agent undertaking employers' payroll-related tax compliance activities on their behalf.	1,200	1,200	2,000
Research and Development Tax Credit (M57) This appropriation is limited to tax credits to businesses that are undertaking research and development.	154,000	154,000	7,000
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 2007.	313,000	313,000	-
Total Benefits and Other Unrequited Expenses	4,657,700	4,657,700	4,045,380
Non-Departmental Borrowing Expenses			
Adverse Event Interest PLA (M57) This appropriation is limited to interest on Adverse Event Income Equalisation Reserve accounts held 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) This appropriation is limited to interest on Environmental Restoration accounts (expenses incurred pursuant to section 185 of the Tax Administration Act 1994)	1,500	1,500	1,500
Income Equalisation Interest PLA (M57) This appropriation is limited to interest on Income Equalisation Reserve Scheme accounts held by taxpayers in the farming, fishing or forestry industries (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	1,500	1,500	2,000
Total Non-Departmental Borrowing Expenses	3,010	3,010	3,510

Titles and Scopes of Appropriations by Appropriation Type	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Other Expenses			
General Tax and Family Support Bad Debt Write-Offs (M57) This appropriation is limited to bad debt write-offs for Crown debt administered by Inland Revenue.	753,500	685,000	660,000
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.	164,000	164,000	164,430
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 Crown debt book.	475,000	350,000	165,375
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 loan debt.	200,000	150,000	50,000
Total Non-Departmental Other Expenses	1,592,500	1,349,000	1,039,805
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.	80,810	80,810	76,300
Total Departmental Capital Expenditure	80,810	80,810	76,300
Total Annual and Permanent Appropriations	7,000,580	6,752,330	5,791,993

Details of Projected Movements in Departmental Net Assets

Inland Revenue Department

Details of Net Asset Schedule	2008/09 Estimated Actual \$000	2009/10 Projected \$000	Explanation of Projected Movements in 2009/10
Opening Balance	199,521	222,419	Opening balance is based on the estimated actual closing balance for 2008/09.
Capital Injections	25,475	15,127	Budget 2009 injects \$6.867 million of new capital into the departmental balance sheet: \$4 million to implement the bonus for voluntary student loan repayment initiative, \$2.076 million for implementing tax and KiwiSaver changes and \$791,000 to implement the revenue and cash protection and growth initiative. Budget 2008 injected \$296,000 for the personal tax package initiative. In addition, \$7.964 million was injected in the period between Budget 2007 and Budget 2008: \$7.477 million for the long-term accommodation solution in Wellington and \$487,000 for the tax relief of redundancy payments initiatives.
Capital Withdrawals	(2,577)	(380)	Capital funding of (\$380,000) has been withdrawn since Budget 2008: (\$163,000) from the Budget 2008 personal tax package initiative and (\$217,000) to help fund the all-of-government identity verification service initiative.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	222,419	237,166	