

# *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 2013/14 financial year covering the following:

- a total of nearly \$717 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 \$77 million for departmental capital expenditure
- a total of just over \$3,729 million for non-departmental benefits and other unrequited expenses
- a total of just over \$10 million for non-departmental borrowing expenses, and
- a total of just over \$2,236 million for non-departmental other expenses.

The Minister of Revenue is also responsible for Crown revenue and receipts in the Vote for the 2013/14 financial year covering the following:

- a total forecast of \$56,665 million on tax revenue
- a total forecast of nearly \$1,566 million on non-tax revenue, and
- a total forecast of \$1,131 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	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b><i>Management of Debt and Outstanding Returns (M57)</i></b>	118,748	116,874	<b>124,896</b>
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.			
<b><i>Policy Advice (M57)</i></b>	8,267	8,267	<b>8,100</b>
This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.			
<b><i>Services to Inform the Public About Entitlements and Meeting Obligations (M57)</i></b>	256,442	248,835	<b>267,502</b>
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. Provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making responsibilities).			
<b><i>Services to Process Obligations and Entitlements (M57)</i></b>	123,556	112,697	<b>133,511</b>
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.			
<b><i>Taxpayer Audit (M57)</i></b>	177,874	175,714	<b>182,796</b>
Identifying risks to revenue and designing and undertaking audit activities accordingly. Managing litigation of disputed tax cases.			
<b>Total Departmental Output Expenses</b>	684,887	662,387	716,805
<b>Benefits and Other Unrequited Expenses</b>			
<b><i>Child Support Payments PLA (M57)</i></b>	227,000	227,000	237,000
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).			
<b><i>Child Tax Credit PLA (M57)</i></b>	1,700	1,700	1,400
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).			
<b><i>Family Tax Credit PLA (M57)</i></b>	2,047,000	2,047,000	2,026,000
Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
<b><i>In-Work Tax Credit PLA (M57)</i></b>	541,000	541,000	511,000
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).			
<b><i>KiwiSaver: Interest (M57)</i></b>	7,000	7,000	<b>8,000</b>
To enable the payment of interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.			

Titles and Scopes of Appropriations by Appropriation Type	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Benefits and Other Unrequited Expenses - cont'd</b>			
<i>KiwiSaver: Kickstart Payment (M57)</i> 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.	220,000	220,000	165,000
<i>KiwiSaver: Tax Credit (M57)</i> To enable the payment of a tax credit to KiwiSaver members and the payment of residual tax credits to employers as set out in the Income Tax Act 2007.	511,000	511,000	575,000
<i>Minimum Family Tax Credit PLA (M57)</i> 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).	12,000	12,000	12,000
<i>Paid Parental Leave Payments PLA (M57)</i> Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.	167,000	167,000	176,000
<i>Parental Tax Credit PLA (M57)</i> 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).	17,000	17,000	15,000
<i>Payroll Subsidy PLA (M57)</i> This appropriation is limited to the payment of a subsidy to a payroll agent undertaking employers' payroll-related tax compliance activities on their behalf, section 185 of the Tax Administration Act 1994.	2,600	2,600	3,000
<b>Total Benefits and Other Unrequited Expenses</b>	<b>3,753,300</b>	<b>3,753,300</b>	<b>3,729,400</b>
<b>Non-Departmental Borrowing Expenses</b>			
<i>Adverse Event Interest PLA (M57)</i> 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
<i>Environmental Restoration Account Interest PLA (M57)</i> This appropriation is limited to interest on Environmental Restoration accounts (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	2,000	2,000	2,000
<i>Income Equalisation Interest PLA (M57)</i> 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).	7,000	7,000	8,000
<b>Total Non-Departmental Borrowing Expenses</b>	<b>9,010</b>	<b>9,010</b>	<b>10,010</b>
<b>Non-Departmental Other Expenses</b>			
<i>Bad Debt Write-Offs (M57)</i> This appropriation is limited to bad debt write-offs for Crown debt administered by Inland Revenue.	975,000	925,000	931,000
<i>Impairment of Debt (M57)</i> 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.	269,000	219,000	266,234

Titles and Scopes of Appropriations by Appropriation Type	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b><i>Impairment of Debt Relating to Child Support (M57)</i></b> 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.	328,000	318,000	<b>392,000</b>
<b><i>Impairment of Debt Relating to Student Loans (M57)</i></b> 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.	316,000	216,000	<b>110,000</b>
<b><i>Initial Fair Value Write-Down Relating to Student Loans (M57)</i></b> This appropriation is limited to the initial fair value write-down of student loans.	538,000	528,000	<b>537,000</b>
<b>Total Non-Departmental Other Expenses</b>	2,426,000	2,206,000	2,236,234
<b>Departmental Capital Expenditure</b>			
<b><i>Inland Revenue Department - Capital Expenditure PLA (M57)</i></b> 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.	71,000	71,000	77,000
<b>Total Departmental Capital Expenditure</b>	71,000	71,000	77,000
<b>Total Annual and Permanent Appropriations</b>	6,944,197	6,701,697	6,769,449

# Details of Projected Movements in Departmental Net Assets

## Inland Revenue Department

Details of Net Asset Schedule	2012/13 Estimated Actual \$000	2013/14 Projected \$000	Explanation of Projected Movements in 2013/14
Opening Balance	259,951	270,346	
Capital Injections	11,041	3,177	Capital injections of \$3.163 million for the child support scheme reform initiative, and \$14,000 for the Budget 2010 tax package initiative.
Capital Withdrawals	(646)	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>270,346</b>	<b>273,523</b>	