

# VOTE *Revenue*

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## Terms and Definitions Used

<b>ACC</b>	Accident Compensation Corporation
<b>IRD</b>	Inland Revenue Department
<b>PAYE</b>	Pay As You Earn

## Footnotes

<b>Note 1</b>	Expenses incurred pursuant to section 185 of the Tax Administration Act 1994.
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# Revenue

VOTE MINISTER: Minister of Revenue

ADMINISTERING DEPARTMENT: Inland Revenue Department

The Minister of Revenue is the Responsible Minister for the Inland Revenue Department

## Part B - Statement of Appropriations

### Summary of Appropriations

	Appropriations to be Used				Total Appropriations \$000
	By the Department Administering the Vote		For Non-Departmental Transactions		
Types of Appropriation	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Operating Flows</b>					
Classes of Outputs to be Supplied	406,626	27,422	-	-	434,048
Benefits and Other Unrequited Expenses	-	-	-	1,271,940	1,271,940
Borrowing Expenses	-	-	-	3,774	3,774
Other Expenses	-	-	-	7,726,350	7,726,350
<b>Capital Flows</b>					
Capital Contributions	-	-	-	-	-
Purchase or Development of Capital Assets	-	-	-	-	-
Repayment of Debt	-	-	-	218,500	218,500
<b>Total Appropriations for 2002/03</b>	406,626	27,422	-	9,220,564	9,654,612
<b>Total 2002/03 Main Estimates Appropriations</b>	406,085	25,346	-	9,243,150	9,674,581

## Part B1 - Details of Appropriations

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Appropriations</b>							
<b>Departmental Output Classes (Mode B Gross)</b>							
D1 Policy Advice	9,641	-	(1,089)	-	8,552	-	Purchase of policy advice on laws impacting on the tax system, the design and introduction of tax and social policy, forecasting of future tax flows, progressive review and rewrite of income tax legislation, and ministerial servicing. The decrease in this appropriation is a result of a reallocation of overheads.
D2 Adjudication and Rulings	7,555	-	(305)	-	7,250	-	Adjudication of disputes between taxpayers and the Commissioner in respect of proposed assessments, statements on the interpretation and application of tax laws. This includes binding rulings, statutory determinations and valuations for taxpayers. The decrease in this appropriation is a result of lower resourcing levels than planned.
D3 Information Services	97,252	-	2,376	-	99,628	-	Advising taxpayers on new and existing tax laws, assisting taxpayers with inquiries on the tax system, and assisting customers of social policies administered by Inland Revenue. The increase in this appropriation reflects additional resources into Call Centres to meet projected demand and to maintain quality and timeliness standards.
D4 Revenue Assessment and Collection	66,968	-	(1,429)	-	65,539	-	Issuing of tax assessments and refunds, banking tax payments, processing applications and payments under social policies administered by Inland Revenue on behalf of the government, the supply of information to other government agencies, and accounting and reporting the collection of Crown revenue. The decrease in this appropriation is a result of a reallocation of overheads.

D5 Management of Debt and Outstanding Returns	60,160	-	4,320	-	64,480	-	Follow-up action against non-compliers who fail to file a return and those who do not pay on time. The increase in this appropriation is to better reflect the distribution of funding the department received for additional enforcement activity. This funding was previously assigned to the Taxpayer Audit output class only.
D6 Taxpayer Audit	108,729	-	(4,781)	-	103,948	-	Auditing of all taxpayer classes with emphasis on high risk non-compliers, and the management of tax litigation. The decrease in this appropriation is to better reflect the distribution of funding the department received for additional enforcement activity. This funding was previously assigned to the Taxpayer Audit output class only.
D7 Assessment and Collection of Child Support	55,780	-	1,449	-	57,229	-	Informing people of their rights and obligations under the Child Support law, assessing child support liabilities (providing an administrative process for reviewing child support assessments), banking payments of child support, disbursement of child support payments to custodians and taking action against those who do not comply with the Child Support law. The increase in this appropriation reflects the additional resources required to meet growth in the customer base for Child Support. The increase also reflects one-off additional funding for enhancements to child support administration as a result of initiatives put forward by the Ministry of Social Development.
<b>Total Appropriations for Departmental Output Classes (Mode B Gross)</b>	406,085	-	541	-	406,626	-	
<b>Departmental Output Classes (Mode B Net)</b>							
D8 Collection of ACC Premiums	-	25,346	-	2,076	-	27,422	Collection by Inland Revenue as agent for ACC of employees' ACC earner levy as a component of PAYE deductions, supply of core tax information to ACC for the purposes of ACC invoicing employers and earners for accident cover and residual claims levies, and residual work by Inland Revenue for ACC premiums and levies. The increase in this appropriation reflects one-off third party revenue from ACC to fund decommissioning activities associated with Inland Revenue no longer collecting return based levies.
<b>Total Appropriations for Departmental Output Classes (Mode B Net)</b>	-	25,346	-	2,076	-	27,422	

## Part B1 - Details of Appropriations (continued)

Appropriations	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Benefits and Other Unrequited Expenses</b>							
Paid Parental Leave Payments	-	40,800	-	14,200	-	55,000	Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.
Child Support Payments	-	107,000	-	1,940	-	108,940	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.)
Family Support Tax Credit	-	870,000	-	52,000	-	922,000	Family Support payments made to beneficiaries and non-beneficiaries during the year. (See Note 1)
Family Tax Credit	-	12,000	-	1,000	-	13,000	Extra payment made to families whose net income is less than \$15,080 per annum and where at least one parent is working for salary or wages. (See Note 1)
Child Tax Credit	-	159,000	-	(3,000)	-	156,000	Extra assistance for low to middle income families who are not dependent on the state for financial support. (See Note 1)
Parental Tax Credit	-	17,000	-	-	-	17,000	Additional financial support to working families for the eight week period following the birth of a child. (See Note 1)
<b>Total Appropriations for Benefits and Other Unrequited Expenses</b>	-	1,205,800	-	66,140	-	1,271,940	
<b>Borrowing Expenses</b>							
Adverse Event Interest	-	30	-	(6)	-	24	Interest on Adverse Event deposits relating to withdrawals and deposits made by taxpayers in the farming industry. (See Note 1)
Income Equalisation Interest	-	3,000	-	750	-	3,750	Interest on Income Equalisation deposits relating to withdrawals and deposits by taxpayers in the farming, fishing or forestry industries. (See Note 1)

<b>Total Appropriations for Borrowing Expenses</b>	-	3,030	-	744	-	3,774	
<b>Other Expenses to be Incurred by the Crown</b>							
ACC Levies	-	30,000	-	(9,000)	-	21,000	Residual claims levy collected on behalf of and paid to ACC.
Companies' Refunds	-	122,000	-	8,000	-	130,000	Refunds of income tax to companies, unit trusts, societies and superannuation funds. (See Note 1)
GST IRD Refunds	-	6,442,000	-	(319,000)	-	6,123,000	Refunds of tax paid on the consumption of goods and services. (Expenses incurred pursuant to section 50 of the Goods and Services Tax Act 1985.)
Other Persons' Refunds	-	771,000	-	63,000	-	834,000	Refunds of income tax to individuals and trusts. (See Note 1)
Payment of Premiums to ACC	-	593,000	-	24,900	-	617,900	Payment to ACC of premiums collected on its behalf. Premiums are primarily employee earner premiums plus a small component of other ACC premiums which are not directly banked to ACC (such as transfers from other tax types, or self-employed and employer premiums paid to Inland Revenue by direct credit). (Expenses incurred pursuant to the Accident Insurance Act 1998.)
Unclaimed Monies	-	570	-	(120)	-	450	Repayment of monies deposited with the Crown as unclaimed. (Expenses incurred pursuant to section 11 of the Unclaimed Money Act 1971.)
<b>Total Appropriations for Other Expenses to be Incurred by the Crown</b>	-	7,958,570	-	(232,220)	-	7,726,350	
<b>Repayment of Debt</b>							
Income Equalisation Reserve Account	-	75,000	-	142,000	-	217,000	Withdrawals made by farmers in respect of deposits made up to 12 months previously. (See Note 1)
Adverse Income Equalisation Account	-	750	-	750	-	1,500	Withdrawals by taxpayers in the farming, fishing or forestry industries in respect of deposits made up to five years previously. (See Note 1)
<b>Total Appropriations for Repayment of Debt</b>	-	75,750	-	142,750	-	218,500	
<b>Total Appropriations</b>	406,085	9,268,496	541	(20,510)	406,626	9,247,986	

## Part F - Crown Revenue and Receipts

### Part F1 - Current and Capital Revenue and Receipts

	2002/03			Explanation of 2002/03 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
<b>Current Revenue</b>				
Tax Revenue				
Fringe Benefit Tax	381,000	(10,000)	371,000	Tax on employer-provided fringe benefits.
Gaming Duties	266,000	12,000	278,000	Gaming duties include totalisator and lottery duties.
Goods and Services Tax (IRD)	13,294,000	282,000	13,576,000	A tax on the consumption of goods and services (see also Vote Customs). (Refer to B1 for associated refund expense).
Companies	4,955,000	358,000	5,313,000	Provisional and terminal tax payments by companies and superannuation funds. (Refer to B1 for associated refund expense).
Other Persons	4,140,000	118,000	4,258,000	Provisional and terminal tax payments by individuals and trusts. (Refer to B1 for associated refund expense).
Other Direct Taxes	2,000	(1,000)	1,000	Miscellaneous direct taxes including estate and gift duties.
Source Deductions	15,298,000	441,000	15,739,000	PAYE deductions and withholding payments on employers' superannuation contributions.
Stamp and Cheque Duties	62,000	(12,000)	50,000	Stamp and cheque duties including the approved issuer levy.
Withholding Taxes	1,837,000	146,000	1,983,000	Withholding taxes, mainly taxes on investment income, eg, interest and dividends, deducted at source.
Total Tax Revenue	40,235,000	1,334,000	41,569,000	
Non-Tax Revenue				
ACC Levies	30,000	(9,000)	21,000	Residual claims levy collected on behalf of ACC.



ACC Premiums	593,000	24,900	617,900	The collection of ACC premiums on behalf of ACC. Premiums are primarily employee earner premiums. Also included is a small component of miscellaneous transfers from ACC to Inland Revenue, relating to refunds of premiums or dishonours.
Child Support Collections	330,000	13,570	343,570	Child Support payments received from non-custodial parents.
Student Loans - Accrued Interest	343,697	8,547	352,244	Interest income relating to the student loan debt.
Unclaimed Monies	2,100	650	2,750	Monies deposited with the Crown as unclaimed.
Total Non-Tax Revenue	1,298,797	38,667	1,337,464	
<b>Total Current Revenue</b>	<b>41,533,797</b>	<b>1,372,667</b>	<b>42,906,464</b>	
<b>Capital Receipts</b>				
Adverse Income Equalisation Account	750	750	1,500	Deposits made by farmers of proceeds from forced sales of livestock after an adverse event.
Income Equalisation Reserve Account	75,000	142,000	217,000	Deposits made by taxpayers in the farming, fishing and forestry industries owing to fluctuations in income and economic conditions.
Student Loans - Receipts	406,400	(35,529)	370,871	Repayments against the principal portion of the debt received from employers who have employees with a student loan earning over the repayment threshold, currently \$283 per week. Also repayments received from borrowers making a voluntary, end-of-year, interim or non-resident repayment against the principal portion of debt.
<b>Total Capital Receipts</b>	<b>482,150</b>	<b>107,221</b>	<b>589,371</b>	
<b>Total Crown Revenue and Receipts</b>	<b>42,015,947</b>	<b>1,479,888</b>	<b>43,495,835</b>	