

VOTE Revenue

VOTE Revenue

OVERVIEW

Appropriations sought for Vote Revenue in 1998/99 total \$7,651 million. This is intended to be spent as follows:

- \$400.298 million (5.23% of the Vote) on purchasing outputs from Inland Revenue including:
 - assessment and collection of tax
 - information services for taxpayers
 - enforcement activities.
- \$1,206 million (15.76% of the Vote) on social assistance, including the administration and payment of Family Support, Guaranteed Minimum Family Income, Independent Family Tax Credit and Child Support.
- \$6,007 million (78.52% of the Vote) on tax refunds to taxpayers and non-tax payments for payment to the Accident Rehabilitation and Compensation Insurance Corporation of premiums collected on its behalf.
- \$1.510 million borrowing expenses relating to the Income Equalisation scheme and Adverse Event schemes.
- \$36 million on repayment of loans relating to the Income Equalisation scheme and Adverse Event schemes.

Inland Revenue expects to collect \$34.515 billion of Crown revenue in 1998/99, \$33.193 billion of which is tax revenue including:

- | | |
|--|------------------|
| • source deductions from individual taxpayers | \$12,606,000,000 |
| • goods and services tax (GST) | \$10,441,000,000 |
| • company tax | \$4,465,000,000 |
| • other persons (other income tax from individuals and trusts) | \$3,299,000,000 |
| • withholding taxes | \$1,694,000,000 |

Details of how the appropriations are to be spent appear in Parts B1, C, D and E of this Vote. Details of Crown revenue appear in Part F.

Terms and Definitions Used

ACC	<i>Accident Rehabilitation and Compensation Insurance Corporation</i>
DSW	<i>Department of Social Welfare</i>
E-file	<i>Electronic filing</i>
FBT	<i>Fringe benefit tax</i>
FIRST	<i>Future Inland Revenue System Technology</i>
GMFI	<i>Guaranteed Minimum Family Income</i>
GST	<i>Goods and services tax</i>
IFTC	<i>Independent Family Tax Credit</i>
PAYE	<i>Pay as you earn</i>
RWT	<i>Resident withholding tax</i>

Footnotes

Note 1	<ul style="list-style-type: none"> • <i>Reconciles to Part F1.</i> • <i>Not applicable as Crown revenue is not appropriated.</i>
Note 2	<i>Appropriations are stated GST inclusive (where applicable).</i>
Note 3	<i>For these output classes the Minister of Finance has approved the incurring of costs up to the estimated level of trading revenue in terms of section 10 of the Public Finance Act 1989.</i>
Note 4	<i>Costs to be incurred pursuant to section 140 of the Child Support Act 1991.</i>
Note 5	<i>Costs to be incurred pursuant to section 185 of the Tax Administration Act 1994.</i>
Note 6	<i>Costs to be incurred pursuant to section 50 of the Goods and Services Tax Act 1985.</i>
Note 7	<i>Costs to be incurred pursuant to section 125 of the Accident Rehabilitation and Compensation Insurance Act 1992.</i>
Note 8	<i>Costs to be incurred pursuant to section 11 of the Unclaimed Money Act 1971.</i>
Note 9	<i>The target of 800 included in the 1997/98 Estimates was reduced to 150 through a change to the Purchase Agreement.</i>

Note 10	<i>Measurement constraints mean that the 1997/98 target of \$1,129 million includes debts offset by transferring funds between a particular debtor's accounts. The target for 1998/99 is reduced because improved procedures mean that the large proportion of this transfer work will not be included in the debt collection results.</i>
Note 11	<i>Tax forecasts are discussed in detail in the 1998 Budget Economic and Fiscal Outlook.</i>
Note 12	<i>Gross tax revenues. Refer Part B1 for refund details.</i>

VOTE 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 A - Statement of Objectives

Part A1 - Objectives for Vote Revenue

Government Outcomes

The services to be purchased by the Minister of Revenue will contribute to the Coalition Government's strategic objectives in the areas of:

- strong economic growth
- enterprise and innovation
- external linkages
- education and training
- economic and social participation.

Inland Revenue will contribute to these objectives by gathering revenue according to legislation and redistributing that revenue according to the Government's economic and social policy objectives. This involves promoting compliance, especially voluntary compliance, by all taxpayers. An important part of achieving this is considering the importance of compliance costs.

Output Classes	Related Outcomes
D1 Policy Advice	Contributes to the Government's objectives in the areas of: <ul style="list-style-type: none"> • strong economic growth • enterprise and innovation • external linkages by ensuring that the tax system reflects the Government's objectives, that tax legislation is well organised, clear and concise. These objectives are also contributed towards by ensuring that double tax agreements are negotiated and maintained through the International Tax Regime.

Output Classes	Related Outcomes
D2 Adjudication and Rulings	<p>Contributes to the Government's objectives in the areas of:</p> <ul style="list-style-type: none"> • strong economic growth • enterprise and innovation <p>by ensuring that tax law is applied objectively and that taxpayers have certainty regarding the tax law applicable to proposed transactions.</p>
D3 Taxpayer Information Services D4 Revenue Assessment and Collection	<p>Contribute to the Government's objectives in the areas of:</p> <ul style="list-style-type: none"> • strong economic growth • enterprise and innovation <p>by ensuring that taxpayers are provided the information necessary to comply with their tax obligations, and that revenue is collected and processed accurately and efficiently.</p>
D5 Management of Overdue Tax and Returns D6 Taxpayer Audit	<p>Contribute to the Government's objectives in the areas of:</p> <ul style="list-style-type: none"> • strong economic growth • enterprise and innovation <p>by ensuring that taxpayers declare the correct amount of tax owed and that collection action is taken against those that have not met their liability.</p>
D7 Assessment and Collection of Child Support D8 Child Support Administrative Reviews D9 Administration of Income Maintenance D11 Supply of Information to Other Agencies	<p>Contribute to the Government's objectives in the areas of:</p> <ul style="list-style-type: none"> • economic and social participation • strong economic growth • enterprise and innovation

Output Classes	Related Outcomes
	by effectively administering the Government's schemes to provide targeted family assistance and to ensure parents provide financial support to their children. Inland Revenue supplies information to other government agencies as part of ensuring that correct entitlements are paid.
D10 Student Loan Scheme	<p>Contributes to the Government's objectives in the areas of:</p> <ul style="list-style-type: none"> • education and training • strong economic growth • enterprise and innovation <p>by effectively administering the Government's scheme to provide financial assistance to students. This includes providing customers the information necessary to meet their obligations, assessing liabilities, collecting repayments and taking action against those that do not meet their obligations.</p>

Coalition Agreement

In addition to the outcomes outlined above, Inland Revenue is also responsible for developing the policy initiatives that relate to Vote Revenue in the Coalition Agreement.

1998/99 Vote Revenue Output Classes Budgeted Expenditure

The proportions of 1998/99 budgeted expenditure, between tax and non-tax activities and the spread between departmental output classes, are depicted in Figures 1 and 2.

Figure 1 - Total Departmental Output Classes 1998/99

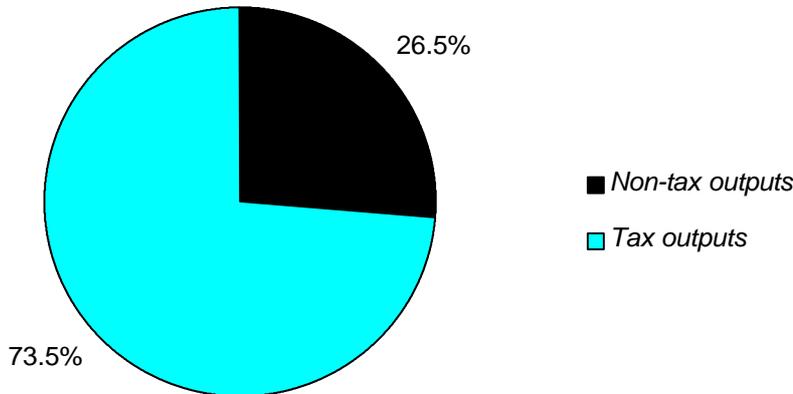
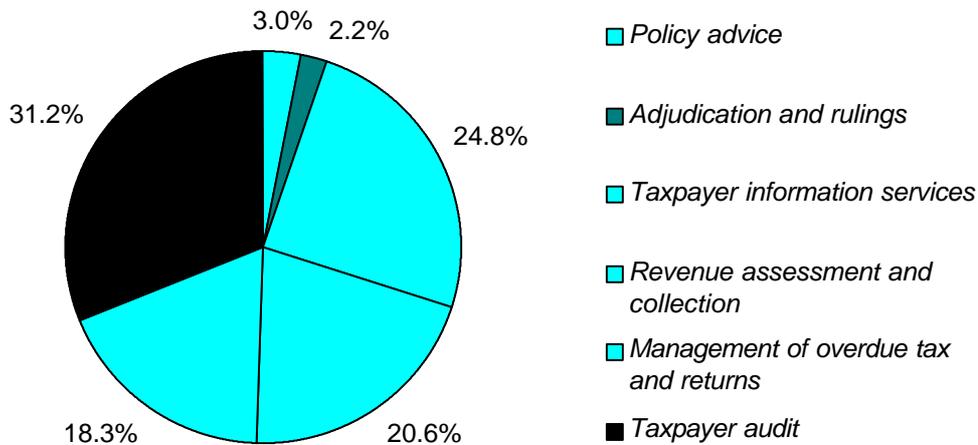


Figure 2 - Tax Outputs 1998/99



Part A2 - Trends in Vote Revenue

The time series of departmental expenditure, detailed in the tax and non-tax output class cost trend tables for Vote Revenue, shows an overall decrease in the cost of outputs purchased by the Crown.

Classes of Outputs to be Supplied: Trends 1993/94 to 1998/99

As outlined in the table below, annual departmental output class costs have decreased by \$21.569 million from \$421.867 million in 1993/94 to \$400.298 million in 1998/99.

Total Output Class Costs	1993/94 Actual \$000	1994/95 Actual \$000	1995/96 Actual \$000	1996/97 Actual \$000	1997/98 Estimated Actual \$000	1998/99 Vote \$000
Tax Output Class Costs	315,495	309,701	314,755	300,398	296,493	294,244
Non-Tax Output Class Costs	106,372	103,109	106,078	106,730	102,509	106,054
Total Output Classes	421,867	412,810	420,833	407,128	399,002	400,298

Tax departmental output costs have decreased \$21.251 million (6.7%) from 1993/94 to 1998/99. This downward trend reflects the impact of new technology arising from the implementation of Future Inland Revenue System Technology (FIRST) systems, and efficiencies generated by Inland Revenue and savings returned to the Government.

The following table outlines the costs of core tax activities from 1993/94 to 1998/99.

Tax Output Class Costs	1993/94 Actual \$000	1994/95 Actual \$000	1995/96 Actual \$000	1996/97 Actual \$000	1997/98 Estimated Actual \$000	1998/99 Vote \$000
Policy Advice	5,462	5,108	5,972	7,557	7,682	8,710
Rewrite of Tax Legislation	-	865	1,659	-	-	-
Adjudication and Rulings	-	5,907	5,335	6,192	7,237	6,521
Taxpayer Information Services	80,673	70,507	70,968	70,035	71,306	72,896
Revenue Assessment and Collection	79,671	74,201	75,188	66,124	60,313	60,578
Management of Overdue Tax and Returns	51,130	50,700	51,319	53,004	54,895	53,830
Taxpayer Audit	97,480	100,362	101,532	94,873	93,899	91,709
Commission of Inquiry; Cook Islands Tax Issue	-	825	1,616	1,496	309	-
Tax Education Office Services	1,079	1,226	1,166	1,117	852	-
Total Tax Output Classes	315,495	309,701	314,755	300,398	296,493	294,244

Comments on major trends:

- During 1998/99 the Ministerial Servicing output is included in the Policy Advice output class. In previous years it was included in the Adjudication and Rulings output class.

- The decrease of \$7.777 million (9.6%) in the cost of Taxpayer Information Services between 1993/94 and 1998/99 relates to the transfer of \$5.907 million to the new Rulings function in 1994/95, the new Adjudication function in 1996/97, and savings resulting from the organisational review of Inland Revenue.
- The decrease in Revenue Assessment and Collection costs is primarily due to efficiencies and technological advances made through the implementation of FIRST systems, and the impact of reducing depreciation costs for core FIRST systems. Over the last five years the cost for this output class has fallen by \$19.093 million (24.0%).
- The increase of \$2.7 million (5.3%) in the cost of Management of Overdue Tax and Returns between 1993/94 and 1998/99 is due to a change in accounting policy for court costs awarded to the Department.
- The Taxpayer Audit output class has reduced by \$5.771 million (5.9%) between 1993/94 and 1998/99. This decrease relates to efficiencies arising from the impact of new technology, reduced purchase of outputs by the Crown and savings resulting from the organisational review of Inland Revenue. Also during 1998/99, the Litigation Management function is classified as an output within the Taxpayer Audit output class. In previous years this was a function of the Taxpayer Audit and Debt and Return Management output classes.
- Crown funding for the Tax Education office discontinued as at 1 July 1998.

The following table outlines the cost of non-tax departmental output classes administered by Inland Revenue.

Non-Tax Output Class Costs	1993/94 Actual \$000	1994/95 Actual \$000	1995/96 Actual \$000	1996/97 Actual \$000	1997/98 Estimated Actual \$000	1998/99 Vote \$000
Assessment and Collection of Child Support	63,217	58,300	58,919	56,625	49,847	48,941
Child Support Administrative Reviews	-	2,436	2,402	2,450	2,423	2,043
Administration of Income Maintenance	7,974	7,380	9,169	10,217	11,214	13,526
Student Loan Scheme	4,464	4,499	5,292	6,906	8,334	10,727
Supply of Information to Other Agencies	1,820	1,567	1,513	1,417	1,532	1,567
Collection of ACC Premiums	28,897	28,927	28,783	29,115	29,159	29,250
Total Non-Tax Output Classes	106,372	103,109	106,078	106,730	102,509	106,054

Comments on major trends:

- Inland Revenue undertakes a number of non-tax activities. Over the last five years, the proportion of total output class appropriations devoted to non-tax activities has remained relatively constant at 26.5%.

The main contributors to the non-tax expenditure are:

	Introduced	1998/99 \$ million	% of Total Output Classes
Assessment and Collection of Child Support	1992/93	48.9	12.2
Child Support Administrative Reviews	1994/95	2.0	0.5
Administration of Income Maintenance (including Independent Family Tax Credit (IFTC) and Youth Policy Package)	1991/92, 1995/96, 1997/98	13.5	3.4
Student Loan Scheme	1992/93	10.7	2.7
Supply of Information to Other Agencies	1992/93	1.6	0.4
Collection of ACC Premiums (Earner premium introduced in 1992/93)	1992/93	29.3	7.3
		106.0	26.5

- Child Support costs have reduced from \$63.217 million in 1993/94 to \$48.941 million in 1998/99. This reflects the impact of reduced depreciation costs for Child Support systems and efficiencies gained through re-engineering of processes.
- The Child Support Administrative Reviews output class was introduced in 1994/95 with an initial appropriation of \$2.436 million. This has reduced 16.1% to \$2.043 million for 1998/99 due to fully depreciated Child Support information systems.
- The Student Loan Scheme was introduced in 1992/93 with an initial set-up cost of \$2.879 million in that year. Growth in the Student Loan Scheme, and the associated administrative costs of managing and collecting the student loans, is reflected in the increase in the appropriation to \$10.727 million in 1998/99. This growth reflects increases in borrower numbers and debt collection activity.
- The appropriation for the Administration of Income Maintenance has increased 69.6% since 1993/94 to \$13,526,000 for 1998/99. This is because of the introduction of the IFTC scheme in 1995/96 and the introduction of the Youth Policy Package in January 1998.

Benefits and Other Unrequited Expenses: Trends 1993/94 to 1998/99

The major categories of benefits and other unrequited payments are:

- the disbursement of Child Support payments to non-beneficiary custodial persons was introduced in 1992/93 and is projected to increase to \$73 million in 1998/99

- payments of Family Support and Guaranteed Minimum Family Income (GMFI) that will increase by \$337.623 million, from \$609.377 million in 1993/94 to \$947 million in 1998/99. This movement reflects changes in government policy, including increases to Family Support rates and abatement thresholds, the Government's youth policy initiatives and, since 1 April 1994, the inclusion of year-end reconciliations previously included as income tax refunds
- IFTC, introduced in July 1996, that will cost \$186 million in the 1998/99 year.

Borrowing Expenses: Trends 1993/94 to 1998/99

Borrowing expenses represent the interest payable to members of the Adverse Event and Income Equalisation schemes. Interest is affected by fluctuations in the level of withdrawals and deposits by taxpayers in the farming, fishing and forestry industries.

Other Expenses: Trends 1993/94 to 1998/99

Departmental

Until 1992/93 this appropriation related only to losses on sales of fixed assets. In 1995/96 these were reclassified as output expenses.

The appropriation since 1992/93 has reflected costs associated with the Taxpayer Audit modernisation and the organisational review of Inland Revenue. The 1995/96 appropriation of \$42.940 million reflected the organisational review costs of \$42.381 million and residual Taxpayer Audit modernisation costs of \$559,000. Inland Revenue self-funded this appropriation through:

- the draw-down of taxpayers' funds
- transfers from capital expenditure
- a transfer of resources from the Taxpayer Audit output class.

There is no Other Expenses appropriation for the Department for 1998/99.

Non-departmental

Other Expenses - Non-departmental includes tax refunds to taxpayers and non-tax payments for:

- payment to the Accident Rehabilitation Compensation and Insurance Corporation (ACC) of premiums collected on its behalf
- withdrawals of funds by members of the Adverse Event and Income Equalisation schemes
- payments for Unclaimed Monies.

Overall, Other Expenses - Non-departmental has steadily increased from 1993/94 to 1998/99.

Crown Revenue and Receipts: Trends 1993/94 to 1998/99

Gross Crown revenue has continued to rise strongly since 1993/94 and is projected at \$34,515 million in 1998/99.

Tax revenue collected by Inland Revenue includes:

- source deductions from individual taxpayers
- company tax
- other persons (other income tax from individuals and trusts)
- fringe benefit tax (FBT)
- withholding taxes
- gaming, stamp and cheque duties
- goods and services tax (GST).

Further information regarding revenue collections is provided in the 1998 *Budget Economic and Fiscal Outlook*. Other non-tax revenue is only 3.8% of the total revenue projected in 1998/99. It includes ACC premiums, child support collections and student loan interest.

Analysis by Appropriation Type: 1998/99 and 1997/98 Comparison

Classes of outputs to be supplied

Annual departmental appropriations for the purchase of outputs has decreased \$149,000 between 1997/98 and 1998/99. The major changes are:

- increased expenditure of \$4.5 million to meet demand for customer inquiry services
- increased expenditure of \$900,000 relating to litigation management
- increased expenditure of \$506,250 in the Adjudication and Rulings output class relating to binding rulings
- organisational review savings returned to the Government of \$595,000
- a reduction in the budget initiative funding for the Hand-Up package and savings returned to the Government from various initiatives of \$2.895 million
- discontinuation of funding for Reply Paid Envelopes, \$2.050 million
- discontinuation of the output class Tax Education Office Services, \$515,000.

Benefits and other unrequited expenses

- Child Support payments are projected to increase by \$7.380 million to \$73 million in 1998/99, because of the projected increased earnings of non-custodial parents and increased percentage of custodians moving into the workforce.

- Family Support payments are projected to increase by \$49 million to \$937 million in 1998/99. Growth in this area is largely attributable to government initiatives over the last two years. This includes changes to Family Support rates from July 1997, and the full-year impact of the Government's youth policy initiatives that took effect in January 1998.
- IFTC, introduced in July 1996, will cost \$186 million in the 1998/99 year.

Other expenses - non-departmental

This category of appropriation is expected to increase by \$371 million from \$5,636 million in 1997/98 to \$6,007 million in 1998/99. The movement is mainly attributable to increases in GST and an increase in premiums to be forwarded to ACC.

Crown revenue and receipts

Gross Crown revenue is projected at \$34,515 million in 1998/99, a net increase on 1997/98 of \$435 million. This increase mainly relates to revenue from GST (\$207 million) and companies (\$330 million) and a decrease in source deductions (\$206 million).

A discussion of the movements in revenue collection is provided in the 1998 *Budget Economic and Fiscal Outlook*.

Trends in Vote Revenue - Summary of Appropriations and Crown Revenue

Types of Appropriation	1993/94	1994/95	1995/96	1996/97	1997/98		1998/99 Appropriations to be Used				Total \$000
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		
							Annual \$000	Other \$000	Annual \$000	Other \$000	
Operating Flows											
Classes of Outputs to be Supplied	421,867	412,810	420,833	407,128	400,447	399,002	371,048	29,250	-	-	400,298
Benefits and Other Unrequited Expenses	642,371	742,047	797,832	880,551	1,091,620	1,091,620	-	-	-	1,206,000	1,206,000
Borrowing Expenses	1,114	865	986	1,240	1,510	1,510	-	-	-	1,510	1,510
Other Expenses	5,222,745	4,774,876	5,102,418	5,652,717	5,636,400	5,636,400	-	-	-	6,007,400	6,007,400
Capital Flows											
Capital Contributions	1,611	96	2,709	2,500	-	-	-	-	-	-	-
Purchase or Development of Capital Assets	-	-	-	-	-	-	N/A	N/A	-	-	-
Repayment of Debt	-	-	-	24,290	35,100	35,100	-	-	-	36,000	36,000
Total Appropriations	6,289,708	5,930,694	6,324,778	6,968,426	7,165,077	7,163,632	371,048	29,250	-	7,250,910	7,651,208
Total Crown Revenue and Receipts (see note 1)	28,075,609	29,882,929	32,025,770	32,487,048	34,080,267	34,080,267	N/A	N/A	N/A	N/A	34,515,191

Part B - Statement of Appropriations

Part B1 - Details of 1998/99 Appropriations (see note 2)

Appropriations	1997/98				1998/99		Description of 1998/99 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
D1 Policy Advice	7,766	-	7,682	-	8,710	-	Purchase of policy advice on laws impacting on the tax system, assistance with 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.
D2 Adjudication and Rulings	7,405	-	7,237	-	6,521	-	Adjudication of disputes between taxpayers and the Commissioner in respect of proposed assessments, statements on the interpretation and application of tax laws including binding rulings, statutory determinations and valuations for taxpayers.
D3 Taxpayer Information Services	71,528	-	71,306	-	72,896	-	Assistance and advice to taxpayers on new and existing tax laws and systems.
D4 Revenue Assessment and Collection	60,501	-	60,313	-	60,578	-	Issuing of tax assessments and refunds, collection of tax payments, and accounting and reporting of Crown revenue.
D5 Management of Overdue Tax and Returns	55,065	-	54,895	-	53,830	-	Follow-up action against non-compliers that fail to file a return and those that fail to pay tax when it is due.
D6 Taxpayer Audit	94,192	-	93,899	-	91,709	-	Auditing of all taxpayer classes with emphasis on high risk non-compliers, and the management of tax litigation.

D7 Assessment and Collection of Child Support	50,002	-	49,847	-	48,941	-	Information and assistance to Child Support customers, assessment, collection and disbursement of Child Support liabilities and taking follow-up action against non-compliers.
D8 Child Support Administrative Reviews	2,431	-	2,423	-	2,043	-	Purchase of an administrative review of Child Support assessments which is inexpensive and accessible.
D9 Administration of Income Maintenance	11,249	-	11,214	-	13,526	-	Administration of the Family Support, GMFI schemes and IFTC, which involves informing people of their rights and obligations, and the establishment of correct entitlements and their payment to non-beneficiaries.
D10 Student Loan Scheme	8,360	-	8,334	-	10,727	-	Assistance and advice to Student Loan customers; assessment of loan liabilities and collection of repayments; and follow-up action against non-compliers.
D11 Supply of Information to Other Agencies	1,537	-	1,532	-	1,567	-	Limited supply of information held by Inland Revenue to the Department of Social Welfare (DSW) and ACC to establish customers' eligibility to certain government payments and the provision of information to the Office of the Privacy Commissioner.
D12 Commission of Inquiry; Cook Islands Tax Issue	309	-	309	-	-	-	The costs incurred in 1997/98 relate to assessing the implications of the findings of the Commission and advising the Government, and making submissions on the judicial review of the findings of the Commission of Inquiry.
Total Appropriations for Departmental Output Classes (Mode B Gross)	370,345	-	368,991	-	371,048	-	Refer to Part C1 for a full description.

Part B1 - Details of 1998/99 Appropriations (Continued)

Appropriations	1997/98				1998/99		Description of 1998/99 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Net) (see note 3)							
D13 Collection of ACC Premiums	-	29,250	-	29,159	-	29,250	Collection and payment of employer and earner premiums on behalf of and to ACC, advice and information to customers of their liabilities, and action against non-compliers.
D14 Tax Education Office Services	337	515	337	515	-	-	Providing information on, and clarification of, existing and proposed tax measures to the commercial community; and drawing the attention of Inland Revenue and the Minister of Revenue to areas of tax law and practice where there are technical problems or clarification is needed.
Total Appropriations for Departmental Output Classes (Mode B Net)	337	29,765	337	29,674	-	29,250	
Benefits and Other Unrequited Expenses							
Child Support Payments (see note 4)	-	65,620	-	65,620	-	73,000	Passing on of Child Support payments to custodial persons under section 141 of the Child Support Act 1991.
Family Support (see note 5)	-	888,000	-	888,000	-	937,000	Family Support payments made to beneficiaries and non-beneficiaries during the year, plus year-end reconciliations from tax returns.

Guaranteed Minimum Family Income (see note 5)	-	8,000	-	8,000	-	10,000	All payments of GMFI to full-time workers with children.
Independent Family Tax Credit (see note 5)	-	130,000	-	130,000	-	186,000	All payments of IFTC to families otherwise independent of State support.
Total Appropriations for Benefits and Other Unrequited Expenses	-	1,091,620	-	1,091,620	-	1,206,000	
Borrowing Expenses							
Adverse Event Interest (see note 5)	-	10	-	10	-	10	Interest on Adverse Event deposits. Interest is affected by fluctuations in the level of withdrawals and deposits by taxpayers in the farming industry.
Income Equalisation Interest (see note 5)	-	1,500	-	1,500	-	1,500	Interest on Income Equalisation deposits. Interest is affected by fluctuations in the level of withdrawals and deposits by taxpayers in the farming, fishing or forestry industries.
Total Appropriations for Borrowing Expenses	-	1,510	-	1,510	-	1,510	
Other Expenses to be Incurred by the Crown							
Companies' Refunds (see note 5)	-	112,000	-	112,000	-	125,000	Refunds of income tax to companies, unit trusts, societies and superannuation funds.
GST IRD Refunds (see note 6)	-	4,430,000	-	4,430,000	-	4,572,000	Refunds of tax paid on the consumption of goods and services.
Other Persons' Refunds (see note 5)	-	660,000	-	660,000	-	685,000	Refunds of income tax to individuals and trusts.
Payment of Premiums to ACC (see note 7)	-	434,000	-	434,000	-	625,000	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).

Part B1 - Details of 1998/99 Appropriations (Continued)

	1997/98				1998/99		Description of 1998/99 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Other Expenses to be Incurred by the Crown (Continued)							
Unclaimed Moneys (see note 8)	-	400	-	400	-	400	Repayment of monies deposited with the Crown as unclaimed.
Total Appropriations for Other Expenses to be Incurred by the Crown	-	5,636,400	-	5,636,400	-	6,007,400	
Repayment of Debt							
Income Equalisation Reserve Account (see note 5)	-	35,000	-	35,000	-	35,000	Withdrawals made by farmers in respect of deposits made up to 12 months previously. These are due to fluctuations in income and economic conditions.
Adverse Income Equalisation Account (see note 5)	-	100	-	100	-	1,000	Withdrawals by taxpayers in the farming, fishing or forestry industries in respect of deposits made up to five years previously owing to fluctuations in income and economic conditions.
Total Appropriations for Repayment of Debt	-	35,100	-	35,100	-	36,000	
Total Appropriations	370,682	6,794,395	369,328	6,794,304	371,048	7,280,160	

Part C - Explanation of Appropriations for Output Classes

Part C1 - Departmental Output Classes

Where standards for quantity, quality, timeliness or cost measures have changed from last year (1997/98 *Main Estimates*), the previous year's standard is provided in italics and brackets.

Output Class D1 - Policy Advice

Description

This output class involves:

- providing advice on laws impacting on the tax system
- providing assistance with the design and introduction of legislation that changes tax and social policy
- forecasting future tax flows
- the progressive review and rewrite of the income tax legislation
- ministerial servicing.

Quantity, quality and timeliness

The Minister will expect the following quantity, quality and timeliness performance standards to be met.

[Policy advice in relation to tax and social policy](#)

Quantity

Provide the Minister with tax and social policy advice in accordance with the agreed work programme.

Quality

All advice to the Minister complies with the following quality standards, where appropriate:

Purpose	The aim of each report is clearly stated and it answers any questions raised by the Minister.
Logic	The assumptions behind the advice are explicit and arguments are logical and supported by facts.
Accuracy	The facts in the papers are accurate and all material facts have been included.

Coverage	Reports and verbal advice accurately reflect revenue, economic and administrative implications, and compliance costs.
Options	An adequate range of options has been presented and each is assessed for benefits, costs and consequences to the Government and the community.
Consultation	There is evidence of adequate consultation with interested parties and possible objections to proposals have been identified.
Practicality	The problems of implementation, technical feasibility, timing and consistency with other policies have been considered.
Presentation	The format meets with the Cabinet Office requirements and clearly states the deadline by which ministerial action is required. Material is effectively summarised and is concise, has short sentences in plain language, and is free of spelling and grammatical error.

The Minister is satisfied with the quality of policy advice provided.

Timeliness

Provide or deliver:

- all reports and verbal advice
- the tax and social policy work programme
- draft social policy legislation to the Parliamentary Counsel Office

within the agreed timeframes.

Report to the Minister of Revenue quarterly, and as appropriate, the status of all actions taken in accordance with Cabinet minutes.

[Legislative drafting](#)

Quantity

Revenue legislation is drafted and printed for introduction in the House in accordance with the timetable agreed with the Minister.

Drafting services and advice are provided to assist with the passage of revenue legislation through the House as required.

Quality

Revenue legislation is drafted in as simple, clear and concise a manner as practicable.

The Minister is satisfied with the quality of the legislation produced.

Timeliness

All legislation, reports and verbal advice are delivered to the Minister or select committees as appropriate within the agreed timeframes.

Revenue forecasting

Quantity

Provide the Minister with:

- a forecast of tax revenue by major revenue type for the year ending 30 June 2000 and for the two subsequent fiscal years consistent with the 1999 Budget programme
- all necessary revisions to the forecast of tax revenue by major revenue type for the year ending 30 June 1999 and for the three subsequent fiscal years
- forecasts of Inland Revenue non-tax Crown revenue and expenditure for inclusion in the 1998/99 *Supplementary Estimates* and the 1999/2000 *Main Estimates*, and other such revised estimates as required
- reports on tax received against forecast for each calendar month and on a year-to-date basis for June 1998 (including end of fiscal year commentary) and from July 1998 to May 1999.

Quality

Use quality assurance methods which demonstrate that forecasts provided fully take into account all of the following factors which affect revenue and expenditure:

- The economic outlook for the forecast period.
- Historical patterns and trends in revenue and expenditure.
- Current legislation and announced policy changes.
- Expected changes in taxpayer circumstances and behaviour.

Forecasts provided are based on:

- the best available information derived from consultation with external and internal sources
- development methods and techniques that conform to best practices in revenue forecasting among developed nations, and that are applied in a consistent and logical manner
- assumptions that have been subject to rigorous analysis.

Reports provided to the Minister comply with the following quality standards:

Purpose	The aim of each report is clearly stated and it answers any questions that were raised by the Minister.
Logic	The assumptions behind the advice are explicit, argument is logical and supported by facts.

Accuracy	The facts in the papers are accurate and all material facts have been included.
Presentation	The format meets Cabinet Office requirements and clearly states the deadline by which ministerial action is required. Material is effectively summarised and is concise, has short sentences in plain language, and is free of spelling and grammatical error.

The Minister is satisfied with the quality of the forecasts and reports provided.

Timeliness

Forecasts are provided in accordance with Budget and *Supplementary Estimates* timetables, and otherwise as agreed between Ministers and the Treasury, and Inland Revenue.

Reports on tax received during the preceding month are provided by the 15th working day of each month, except July and January, when reports will be delayed until audited results are available.

Rewrite of the Tax Acts

Quantity and quality

Analysis is undertaken and legislation rewritten in accordance with the agreed work programme.

(Note: Quality standards for the Policy Advice output apply.)

Internal review procedures are implemented and maintained to ensure that the legislation is rewritten in as simple, clear and concise a manner as practicable.

Timeliness

All legislation, reports and verbal advice are delivered to the Minister or select committee as appropriate and within the agreed timeframes.

Ministerial servicing

Quantity

Draft responses to 1,400 (1,300) pieces of ministerial correspondence that concern the administration of the Inland Revenue Acts.

Draft responses to 200 (150) questions in the House that relate to Inland Revenue business.

Quality

No more than 3% of first draft ministerial replies, presented for signature, are rejected owing to Inland Revenue error.

All responses to questions in the House will meet the Standing Orders for questions in the House.

All draft replies to questions in the House will be accurate and free from material error.

Timeliness

All responses to questions in the House are forwarded for ministerial approval in time to meet any parliamentary deadlines.

Ministerial correspondence will be forwarded for ministerial signature:

- 80% within six working days
- 100% within 10 working days

from the date received by Inland Revenue, where the information required to provide a response is readily available.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$8.710 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	8,710	7,742	7,742	7,740	2
1997/98	7,766	6,903	6,903	6,901	2

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- policy advice in relation to tax and social policy \$4,492,000
- legislative drafting \$747,000
- revenue forecasting \$848,000
- rewrite of the Tax Acts \$880,000
- ministerial servicing \$775,000

Output Class D2 - Adjudication and Rulings

Description

This output class involves:

- adjudicating on behalf of the Commissioner on disputes between taxpayers and Inland Revenue's operations business group in respect of proposed assessments to provide assurance of consistency and impartiality in the application of the tax law

- providing binding rulings and other guidance on the interpretation and application of the law administered by Inland Revenue to facilitate business confidence by giving certainty and to encourage voluntary compliance.

Quantity, quality and timeliness

The Minister will expect the following quantity, quality and timeliness performance measures to be met.

Adjudication

Quantity

Complete 150 (800)^(see note 9) adjudication cases.

Quality

All adjudication reports supporting each decision meet the following standards:

Purpose	The subject matter and conclusions are clearly stated and explained.
Logic	The assumptions in the adjudication report are explicit, and the argument is logical and supported by appropriate legal authority.
Options	Alternative legal arguments and interpretations are adequately considered and their respective merits assessed.

Timeliness

Complete:

- 50% of adjudication cases within six (*four*) weeks of receipt of all the necessary information by the adjudication unit
- 75% within 10 (*six*) weeks.

Rulings

Quantity

Finalise applications for:

- 250 private and product binding rulings
- five taxpayer-specific statutory accrual determinations
- 20 (30) taxpayer-specific statutory depreciation determinations.

Complete 10 general statutory depreciation determinations.

Publish a total of 40 (50) new public binding rulings and statements giving the Commissioner's interpretation of the law.

Review 19 expiring public binding rulings.

Complete 25 items of technical correspondence.

Compile the national standard cost for livestock and the national average market values for livestock.

Quality

In relation to private and product rulings and statutory determinations, all reports supporting the decision to issue or decline to issue a ruling or determination, and any letter setting out the reasons for these decisions, meet the following standards:

Purpose	The subject matter and conclusions are clearly stated and guidance is provided in a manner useful to those affected by them.
Logic	The assumptions used are explicit and the argument is logical and supported by appropriate legal authority.
Options	Alternative legal arguments and interpretations are adequately considered and their respective merits assessed.
Practicality	Compliance and administrative costs and problems for taxpayers and Inland Revenue arising from implementation, including feasibility, timing, and consistency with the general body of the Commissioner's interpretation and application of tax law, have been considered, and incorporated in the analysis insofar as they are relevant to the interpretation and are possible under the legislation.

All public binding rulings (including the commentary to those rulings) and statements giving the Commissioner's view of the law meet the following standards:

Purpose	The subject matter and conclusions are clearly stated and guidance is provided in a manner useful to those affected by them.
Logic	The assumptions used are explicit and the argument is logical and supported by appropriate legal authority.
Options	Alternative legal arguments and interpretations are adequately considered and their respective merits assessed.
Consultation	There is evidence of appropriate consultation with the public, and contrary legal arguments and practical difficulties have been identified and considered.
Practicality	Compliance and administrative costs and problems for taxpayers and Inland Revenue arising from implementation, including feasibility, timing, and consistency with the general body of the Commissioner's interpretation and application of tax law, have been considered.

All technical correspondence meets the following standards:

Correctness	The law is correctly interpreted and the response is supported by the appropriate legal authority.
Completeness	The response fully resolves all aspects of the inquiry.
Clarity	The response will be communicated in a way that is clear to the inquirer.

Timeliness

In all cases Inland Revenue will notify the applicant that the request has been received within one week of receiving the request for a binding private or product ruling or a statutory determination.

In 95% of cases an applicant for private and product binding rulings and taxpayer specific statutory determinations will be advised within two weeks of receipt of a complete application:

- the name of the officer dealing with the application
- an estimated delivery date for the draft ruling
- an estimated cost.

Provide draft private and product binding rulings and draft taxpayer-specific statutory determinations in:

- 50% of cases within four weeks of receipt of a complete application and the applicant accepting the cost estimate
- 75% of cases within eight (*six*) weeks
- 95% of cases, within 12 (*eight*) weeks.

Deliver draft private or product rulings or draft statutory determinations in:

- 75% of cases, in which the scope of the application is not expanded, on or before the first agreed delivery date
- 95% of all cases on or before the last agreed delivery date.

Inland Revenue will compile the national standard cost for livestock and the national average market values for livestock within four weeks of receiving all valuation information.

In 95% of cases Inland Revenue will provide a response to a request for technical correspondence within four weeks.

Cost

Where Inland Revenue provides an applicant for a private or product binding ruling or a determination with an estimate of the cost of the ruling or determination, the actual cost will be in:

- 75% of cases, in which the scope of the application is not expanded, within 25% of the estimate first provided to the applicant
- 95% of all cases, less than or equal to the last estimate agreed with the applicant.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$6.521 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	6,521	5,797	5,797	4,987	810
1997/98	7,405	6,582	6,582	6,222	360

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- adjudication \$1,735,000
- rulings \$4,062,000

Output Class D3 - Taxpayer Information Services

Description

This output class involves advising taxpayers on new and existing tax laws and assisting taxpayers with inquiries on the tax system.

Quantity, quality, timeliness and cost

The Minister will expect the following quantity, quality, timeliness and cost performance standards to be met.

Quantity

Action 4.147 million (3.375 million) specific customer contacts during the year.

Complete 19,600 (25,090) advisory visits to customers of specific target groups.

Conduct 60 education seminars.

Conduct at least 2,000 hours of taxpayer agent seminars.

Provide an advisory service to 430 corporate customers.

Quantity and quality

Proactively provide customers with information about their obligations, including reminding customers of their obligations/action required before the due date, through any combination of advertising, direct mailing, forms and publications, all of which are easy to comprehend and are 100% accurate.

Inform customers about tax law interpretation and policy changes through the issue of 11 tax information bulletins, all of which are easy to comprehend and 100% accurate.

Quality

In all cases the customer is given an answer that is correct, complete, clear, commercially aware, timely and, when required, appropriately referenced.

Customers are satisfied with the quality of service provided, as demonstrated by Inland Revenue research.

Timeliness

Issue a substantive response, or action a reassessment for:

- 85% of correspondence within four weeks
- 100% within eight weeks

of receipt by Inland Revenue.

Commence 95% of customer interviews within:

- 15 (20) minutes, April to August
- 10 (15) minutes, September to March.

Complete action on 95% of counter and telephone inquiries within one working day of contact with Inland Revenue and the balance within four weeks.

Conduct all advisories within four weeks of receipt of the request by Inland Revenue, or at a later date set by the customer.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$72.896 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	72,896	64,796	64,796	64,467	329
1997/98	71,528	63,580	63,580	63,170	410

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- customer enquiry services \$59,252,000
- advisory services \$4,370,000
- information services \$1,174,000

Output Class D4 - Revenue Assessment and Collection*Description*

This output class involves issuing tax assessments and refunds, banking tax payments and accounting and reporting the collection of Crown revenue.

Quantity, quality, timeliness and cost

The Minister will expect the following quantity, quality, timeliness and cost performance standards to be met.

Quantity

Process:

- 2,350,000 (2,530,000) income tax returns
- 2,300,000 (2,270,000) GST returns
- 2,100,000 (2,200,000) PAYE returns
- 200,000 (220,000) FBT returns
- 220,000 (200,000) pay as you earn (PAYE) annual reconciliations
- 30,000 resident withholding tax (RWT) annual reconciliations
- 700,000 direct credit refunds
- 7,700,000 (7,350,000) cheques/cash and direct credit payments.

Receive 680,000 (650,000) returns by e-file.

Quality

All notices and statements of account issued are correctly processed.

Correctly process all payments to accounts.

Crown revenue annual and six-monthly accounts are audited without qualification.

Timeliness

Assess and issue at least 80% of income tax returns within six weeks of receipt at a processing centre and the balance within 10 weeks (in peak period, July to September) or eight weeks (in non-peak period, October to June).

Assess and issue no less than 95% of FBT, PAYE and GST returns within four weeks of receipt at a processing centre and the balance within eight weeks.

Issue all non-queried GST refunds within 15 working days of receipt at a processing centre.

In peak periods (one working week in duration, beginning on 5 February and 29 May 1999) bank all payments within two working days of receipt at a processing centre and at all other times within one working day.

Report Crown revenue monthly on a cash and accrual basis to the Treasury and the Minister of Revenue.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$60.578 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	60,578	53,847	53,847	53,553	294
1997/98	60,501	53,779	53,779	53,412	367

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- return processing \$39,285,000
- payment processing \$12,880,000
- management of Crown revenue \$1,682,000

Output Class D5 - Management of Overdue Tax and Returns

Description

This output class involves taking follow-up action against non-compliers who fail to file a return and those that do not pay tax when it is due.

Quantity, quality and timeliness

The Minister will expect the following quantity, quality and timeliness performance standards to be met.

Management of overdue returns

Quantity, quality and timeliness

Collect or finalise 1.150 million (971,200) returns identified as overdue by 30 June 1999.

All returns excluding IR5s

By 30 June 1999, collect or finalise 80% (85%) of returns identified as overdue during 1998/99.

Of returns collected or finalised:

- 70% (30%) are collected or finalised within three months of their due date
- 80% (60%) within six months
- 90% within 12 months.

IR5 returns

Of IR5 returns identified as overdue:

- 50% (30%) are collected or finalised by 31 December 1998
- 75% (80%) by 30 June 1999.

Management of overdue tax

Quantity, quality and timeliness

Collect \$826 million (\$1,129 million) (see note 10) in overdue debt by 30 June 1999.

Recover \$50 cash for every dollar spent.

Reduce the collectable debt by 85% within six months of new arrears being identified.

Clear 1,060,200 (1,794,000) debts relating to specific periods.

Of debts cleared relating to specific periods:

- 70% (65%) are cleared within six months of the debt being identified as overdue
- 80% (85%) within 12 months
- 90% (95%) within 24 months.

All outputs

Quality

All action required under Debt and Return Management is taken in accordance with Inland Revenue's procedures.

At least 95% of debt and return cases presented do not receive negative judicial comment about the way in which Inland Revenue handled the case.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$53.830 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	53,830	47,849	47,849	46,414	1,435
1997/98	55,065	48,947	48,947	47,268	1,679

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- management of overdue returns \$20,643,000
- management of overdue tax \$27,206,000

Output Class D6 - Taxpayer Audit

Description

This output class involves the audit of all classes of taxpayer, with emphasis on high-risk non-compliers, and the management of tax litigation.

Quantity, quality and timeliness

The Minister will expect the following quantity, quality and timeliness performance standards to be met.

Non-Business Audit

Quantity

Complete 2,500 (12,121) audits.

Quality

For all audits achieve a \$2.50 return for each output class dollar spent.

A material discrepancy is identified in at least 50% of audits completed.

Timeliness

Complete 80% of audits within three months and 100% within 12 months.

Business Audit

Quantity

Complete:

- 39,365 (50,147) audits
- 6,539 (6,380) extended audits
- 69,868 (23,550) duties audits and checks
- 1,230 non-resident audits
- 1,595 (1,683) investigations.

Quality

For all audits, extended audits and investigations achieve a \$4.00 (\$3.90) return for each output class dollar spent.

A material discrepancy is identified in at least 45% of audits, extended audits and investigations completed.

Timeliness

Complete:

- 80% of audits within three months
- 90% within six months
- 100% within 12 months.

Complete:

- 80% of extended audits within nine months
- 90% within 12 months
- 100% within 24 months.

Complete:

- 80% of investigations within 18 months
- 90% within 24 months
- 100% within 30 months.

Corporates

Quantity

At least 140,000 hours will be dedicated to completing investigations, audits and checks.

At least 25,000 hours will be dedicated to identifying compliance risk areas.

Quality

At least \$2,500 per hour will be identified and assessed for all investigations, audits and checks completed during 1998/99.

A material discrepancy is identified in all audits and investigations completed.

Timeliness

Complete:

- 50% of investigations within one year
- 80% within two years
- 95% (100%) within three years.

All audit outputs*Quality*

All cases meet the standards of the internal assurance processes.

Litigation management*Quantity*

Manage the following number of tax cases:

- High Court 20 to 40
- Taxation Review Authority 60 to 100

Quality

At least 50% of disputed tax in the tax cases decided during 1998/99 is resolved in favour of the Department.

For those tax cases decided during 1998/99, \$20 in disputed tax will be resolved in favour of the Department for every dollar spent on managing these cases.

Timeliness

No tax cases will be lost owing to failure to comply with statutory timeframes.

All timetable requirements imposed by the courts on the Department's solicitors in tax cases will be met.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$91.709 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	91,709	81,519	81,519	81,204	315
1997/98	94,192	83,726	83,726	83,232	494

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- non-business audit \$697,000
- business audit \$61,671,000
- corporates segment \$14,059,000
- litigation management \$5,092,000

Output Class D7 - Assessment and Collection of Child Support

Description

This output class involves:

- informing people of their rights and obligations under the Child Support law
- assessing Child Support liabilities
- banking payments of Child Support
- disbursement of Child Support payments to custodians
- taking action against those who do not comply with the Child Support law.

Quantity, quality, timeliness and cost

The Minister will expect the following quantity, quality, timeliness and cost performance standards to be met.

Quantity

Action 688,860 (658,000) specific customer contacts.

Process 57,000 applications for Child Support.

Issue 315,000 (340,000) assessments to liable persons.

Collect and credit 1,500,000 (1,450,000) Child Support payments to liable persons' accounts.

Disburse 410,000 (380,000) payments to custodians.

Quality

In all cases the customer is given an answer that is correct, complete, clear and timely.

All assessments issued are correct on the basis of the information provided.

All Child Support payments to accounts are correctly processed.

Collect 80% of Child Support assessments for the year ending 31 March 1999 by 30 June 1999.

72% of assessed liable persons pay their whole liability by the due date.

Collect 90% of total back year assessments calculated up to 31 March 1998 by 30 June 1999.

Reduce the collectable debt as at 1 July 1998 by 5% by 30 June 1999.

Increase by 5% the proportion of the amount of outstanding liabilities under instalment arrangement to the total amount outstanding as at 1 July 1998 during the year ending 30 June 1999.

Timeliness

Issue a substantive response for:

- 85% (75%) of correspondence within two weeks
- 95% within four weeks
- 100% within six weeks

of receipt by Inland Revenue.

Complete all counter and telephone inquiries within one working day of contact with Inland Revenue.

Commence all interviews within 15 minutes.

Issue assessments to at least 85% of liable persons within six weeks of receipt and the balance within eight weeks, for all relevant, properly made applications received by Inland Revenue. Any case, where a liable person cannot be assessed or is unable to be issued with an assessment, will be reviewed no less than three monthly.

In peak periods (one working week in duration, beginning on 5 February and 29 May 1999) bank all payments within two working days of receipt at a processing centre and at all other times within one working day.

Disburse 95% of identified payments received by the due date (20th of the month) to custodians on or before the seventh day of the following month. Disburse the balance and any previous payments received prior to the seventh day of the following month, by the 20th of that month.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$48.941 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	48,941	43,503	43,503	43,160	343
1997/98	50,002	44,446	44,446	44,052	394

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

• customer information services	\$3,007,000
• registration and assessment	\$15,931,000
• collection of payments	\$7,302,000
• disbursements to custodians	\$1,872,000
• management of debt	\$15,391,000

Output Class D8 - Child Support Administrative Reviews

Description

This output class involves providing an administrative process for reviewing Child Support assessments that is inexpensive and readily accessible to Child Support customers.

Quantity, quality, timeliness and cost

The Minister will expect the following quantity, quality, timeliness and cost performance standards to be met.

Quantity

Complete 3,400 (3,200) applications for administrative review of Child Support assessments.

Quality

At least 95% of administrative review decisions are not overturned by the Family Court.

Timeliness

A decision for 90% (85%) of applications for administrative review will be issued within seven weeks of receipt by Inland Revenue and the balance within 10 weeks.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$2.043 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	2,043	1,816	1,816	1,816	0
1997/98	2,431	2,161	2,161	2,161	0

Output Class D9 - Administration of Income Maintenance

Description

This output class involves administering the Family Support, GMFI and IFTC (family assistance) schemes which involves:

- informing people of their rights and obligations under the tax laws
- establishing the correct entitlements
- promptly paying entitlements to non-beneficiaries.

Quantity, quality, timeliness and cost

The Minister will expect the following quantity, quality, timeliness and cost performance standards to be met.

Quantity

Action 361,880 (389,200) family assistance customer contacts during the year.

Provide 7,600 hours of family assistance community information services.

Process 75,800 family assistance front-end applications.

Complete 1,480,000 direct credit payments.

Quality

In all cases the customer is given an answer that is correct, complete, clear, commercially aware, timely and, when required, appropriately referenced.

Customers are satisfied with the quality of service provided, as demonstrated by Inland Revenue research.

All certificates of entitlement issued are correctly processed.

Timeliness

Issue a substantive response, or action a reassessment for:

- 85% of correspondence within four weeks
- 100% within eight weeks

of receipt by Inland Revenue.

Commence 95% of customer interviews within:

- 15 (20) minutes, April to August
- 10 (15) minutes, September to March.

Complete action on 95% of counter and telephone inquiries within one working day of contact with Inland Revenue, and the balance within four weeks.

Process family assistance direct credit payments fortnightly.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$13.526 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	13,526	12,023	12,023	11,981	42
1997/98	11,249	9,999	9,999	9,946	53

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- customer information services \$9,039,000
- application and payment processing \$2,984,000

Output Class D10 - Student Loan Scheme

Description

This output class involves:

- making information available to customers to assist them to meet their obligations under the Student Loan Scheme
- assessing loan liabilities and repayments
- collecting repayments through the existing tax systems
- taking follow-up action against those who do not make loan repayments when they are due.

Quantity, quality, timeliness and cost

The Minister will expect the following quantity, quality, timeliness and cost performance standards to be met.

Quantity

Action 135,400 (96,800) student loan customer contacts.

Process 1,386,000 (1,200,000) student loan repayments by 30 June 1999.

Process 337,500 (250,000) student loan employer schedules by 30 June 1999.

Administer 267,000 (225,000) student loan accounts by 30 June 1999.

Quality

In all cases the customer is given an answer that is correct, complete, clear, commercially aware, timely and, when required, appropriately referenced.

Customers are satisfied with the quality of service provided, as demonstrated by Inland Revenue research.

All assessment notices, statements of account and loan transfer letters issued are correctly processed.

Correctly process all student loan repayments to accounts.

Timeliness

Issue a substantive response, or action a reassessment for:

- 85% of correspondence within four weeks
- 100% within eight weeks

of receipt by Inland Revenue.

Commence 95% of customer interviews within:

- 15 (20) minutes, April to August
- 10 (15) minutes, September to March.

Complete action on 95% of counter and telephone inquiries within one working day of contact with Inland Revenue, and the balance within four weeks.

Issue all loan transfer letters within 10 days of verification of the loan transfer details being received from the loan manager.

By 30 June 1999, collect or finalise 85% of employer student loan schedules identified as overdue during 1998/99.

By 30 June 1999, 80% of outstanding student loan debt aged more than 12 months will be under instalment arrangement.

Reduce the collectable debt by 85% within six months of new arrears being identified.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$10.727 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	10,727	9,535	9,535	9,507	28
1997/98	8,360	7,431	7,431	7,396	35

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- customer information services \$4,645,000
- assessments \$2,110,000
- collection and payments \$387,000
- debt and return collection \$2,393,000

Output Class D11 - Supply of Information to Other Agencies*Description*

This output class involves the limited supply of information held by Inland Revenue to DSW, ACC and the Office of the Privacy Commissioner for the purposes of establishing customers' eligibility to certain government payments.

Quantity, quality, timeliness and cost

The Minister will expect the following quantity, quality, timeliness and cost performance standards to be met.

Quantity

Process 1,350,000 (1,200,000) employer start and stop schedules.

Quality and Timeliness

All information supplied is in accordance with the standards and within the timeframes agreed in the memoranda of understanding between the departments.

All information provided to ACC is accurate and provided in accordance with ACC timeframes.

All reports contain information specifically requested by the Privacy Commissioner.

All reports provided to the Privacy Commissioner are within the timeframes agreed with the Office of the Privacy Commissioner.

Cost

During 1998/99, this output class will be provided within the appropriated sum of \$1.567 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	1,567	1,393	1,393	51	1,342
1997/98	1,537	1,366	1,366	20	1,346

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- information to and from DSW \$1,328,000
- information to ACC \$30,000
- information to the Privacy Commissioner \$35,000

Output Class D12 - Collection of ACC Premiums*Description*

This output class involves:

- collecting employer and earner premiums on behalf of ACC
- payment of employer and earner premiums to ACC
- advising people who are liable for payment of premiums of their liability
- providing information about their obligations
- taking action against those that do not comply with these obligations.

Quantity, quality, timeliness and cost

The Minister will expect the following quantity, quality, timeliness and cost performance standards to be met.

Quantity

Action 15,330 (15,830) earner premium customer contacts.

Action 46,250 (26,950) employer premium customer contacts.

Process 235,000 (250,000) employer calculation sheets (IR68A).

Quality

In all cases the customer is given an answer that is correct, complete, clear, commercially aware, timely and, when required, appropriately referenced.

All notices and statements of account issued are correctly processed.

Correctly process all premium payments to accounts.

Timeliness

Issue a substantive response, or action a reassessment for:

- 85% of correspondence within four weeks
- 100% within eight weeks

of receipt by Inland Revenue.

Commence 95% of customer interviews within:

- 15 (20) minutes, April to August
- 10 (15) minutes, September to March.

Complete action on 95% of counter and telephone inquiries within one working day of contact with Inland Revenue, and the balance within four weeks.

In peak periods (one working week in duration, beginning on 5 February and 29 May 1999) bank all payments within two working days of receipt at a processing centre and at all other times within one working day.

Pay the amount of earner premium determined to ACC within the agreed timeframes.

By 30 June 1999, collect or finalise 90% of ACC employer premium calculation sheets identified as overdue during 1998/99.

Cost

During 1998/99, expenses will not exceed actual revenue. The GST-exclusive sum of \$26 million will be funded by revenue from third parties.

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	29,250	26,000	26,000	0	26,000
1997/98	29,250	26,000	26,000	0	26,000

During 1998/99, the costs of outputs (exclusive of GST) to be supplied within this class are:

- collection of employer premium \$10,990,000
- collection of earner premium \$15,010,000

Part D - Explanation of Appropriations for Other Operating Flows

Part D1 - Benefits and Unrequited Expenses

Information regarding these appropriations is provided in Part B1.

Part D2 - Borrowing Expenses

Information regarding these appropriations is provided in Part B1.

Part D3 - Other Expenses

Information regarding these appropriations is provided in Part B1.

Part E - Explanation of Appropriations for Capital Flows

Part E1 - Capital Contributions

Information regarding these appropriations is provided in Part B1.

Net Worth of Entities Owned

Statement of Estimated and Forecast Net Worth

	Balance Date	Estimated Net Worth 1998 \$ million	Forecast Net Worth 1999 \$ million
Inland Revenue Department	30 June	96.384	96.384

Part E2 - Purchase or Development of Capital Assets of the Crown

There is no appropriation for Part E2.

Part E3 - Repayment of Debt

There is no appropriation for Part E3.

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	1997/98		1998/99	Description of 1998/99 Crown Revenue
	Budgeted	Estimated Actual	Budget	
	\$000	\$000	\$000	
Current Revenue (see note 11)				
Tax Revenue				
Fringe Benefit Tax	340,000	340,000	348,000	Tax on employer-provided fringe benefits.
Gaming Duties	137,000	137,000	139,000	Gaming duties include totalisator and lottery duties.
Goods and Services Tax (IRD) (see note 12)	10,234,000	10,234,000	10,441,000	A tax on the consumption of goods and services (see also Vote Customs).
Companies (see note 12)	4,135,000	4,135,000	4,465,000	Provisional and terminal tax payments by companies and superannuation funds.
Other Persons (see note 12)	3,360,000	3,360,000	3,299,000	Provisional and terminal tax payments by individuals and trusts.
Other Direct Taxes	1,000	1,000	1,000	Miscellaneous direct taxes including estate and gift duties.
Source Deductions	12,812,000	12,812,000	12,606,000	PAYE deductions and withholding payments on employers' superannuation contributions.
Stamp and Cheque Duties	189,000	189,000	200,000	Stamp and cheque duties include the approved issuer levy.
Withholding Taxes	1,902,000	1,902,000	1,694,000	Withholding taxes, mainly taxes on investment income, eg, interest and dividends, deducted at source.
Total Tax Revenue	33,110,000	33,110,000	33,193,000	

Non-Tax Revenue				
ACC Premiums	413,000	413,000	625,000	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	210,560	210,560	222,000	Child Support payments received from non-custodial parents.
Student Loans - Accrued Interest	145,292	145,292	203,446	Interest income relating to the student loan debt.
Unclaimed Moneys	2,400	2,400	2,400	Moneys deposited with the Crown as unclaimed.
Total Non-Tax Revenue	771,252	771,252	1,052,846	
Total Current Revenue	33,881,252	33,881,252	34,245,846	
Capital Receipts				
Income Equalisation Reserve Account	35,000	35,000	35,000	Deposits made by taxpayers in the farming, fishing and forestry industries owing to fluctuations in income and economic conditions.
Adverse Income Equalisation Account	100	100	1,000	Deposits made by farmers of proceeds from forced sales of livestock after an adverse event.
Student Loans - Receipts	163,915	163,915	233,345	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. Plus repayments received from borrowers making a voluntary, end-of-year, interim or non-resident repayment against the principal portion of debt.
Total Capital Receipts	199,015	199,015	269,345	
Total Crown Revenue and Receipts	34,080,267	34,080,267	34,515,191	