

# VOTE *Revenue*

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## Terms and Definitions Used

<b>ACC</b>	Accident Rehabilitation and Compensation Insurance Corporation
<b>GMFI</b>	Guaranteed Minimum Family Income
<b>GST</b>	Goods and Services Tax
<b>I FTC</b>	Independent Family Tax Credit
<b>IRD</b>	Inland Revenue Department
<b>PAYE</b>	Pay As You Earn
<b>WINZ</b>	Work and Income New Zealand

## Footnotes

<b>Note 1</b>	Appropriation numbers in Part B are inclusive of GST (where applicable).
<b>Note 2</b>	Under section 10 of the Public Finance Act 1989, the Minister of Finance has approved expenditure up to the level of trading revenue.
<b>Note 3</b>	Expenses incurred pursuant to section 141 of the Child Support Act 1991.
<b>Note 4</b>	Expenses incurred pursuant to section 185 of the Tax Administration Act 1994.
<b>Note 5</b>	Expenses incurred pursuant to section 50 of the Goods and Services Tax Act 1985.
<b>Note 6</b>	Expenses incurred pursuant to section 125 of the Accident Rehabilitation and Compensation Insurance Act 1992.
<b>Note 7</b>	Expenses incurred pursuant to section 11 of the Unclaimed Money Act 1971.
<b>Note 8</b>	Tax forecasts are discussed in detail in the Budget Economic and Fiscal Update.
<b>Note 9</b>	Gross tax revenues. Refer to B1 for associated refund expense, for Goods and Services Tax, Other Persons and Companies.

## 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 (see note 1)

#### Summary of 1999/2000 Appropriations

Types of Appropriation	Appropriations to be Used				Total Appropriations \$000
	By the Department Administering the Vote		For Non-Departmental Transactions		
	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Operating Flows</b>					
Classes of Outputs to be Supplied	373,700	32,621	-	-	406,321
Benefits and Other Unrequited Expenses	-	-	-	1,223,950	1,223,950
Borrowing Expenses	-	-	-	1,515	1,515
Other Expenses	-	-	-	6,610,400	6,610,400
<b>Capital Flows</b>					
Capital Contributions	277	-	-	-	277
Purchase or Development of Capital Assets	-	-	-	-	-
Repayment of Debt	-	-	-	30,500	30,500
<b>Total Appropriations for 1999/2000</b>	<b>373,977</b>	<b>32,621</b>	<b>-</b>	<b>7,866,365</b>	<b>8,272,963</b>
<b>Total 1999/2000 Main Estimates Appropriations</b>	<b>378,370</b>	<b>29,250</b>	<b>-</b>	<b>7,767,800</b>	<b>8,175,420</b>

## Part B1 - Details of 1999/2000 Appropriations

Appropriations	1999/2000						Purpose of and Reasons for Change in 1999/2000 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Departmental Output Classes (Mode B Gross)</b>							
D1 Policy Advice	9,332	-	369	-	9,701	-	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 increase relates to changes to the organisational structure as a result of Tax Simplification.
D2 Adjudication and Rulings	7,329	-	165	-	7,494	-	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 increase relates to changes in the allocation of Information Technology costs to output classes.
D3 Taxpayer Information Services	70,390	-	(826)	-	69,564	-	Assistance and advice to taxpayers on new and existing tax laws and systems. The change in expenditure reflects a transfer of funds from 1999/2000 to 2000/2001 for advertising and customer service training, changes to the organisational structure as a result of Tax Simplification, changes to the costing of the ACC output class (D12) and an increase in costs associated with an increased demand for taxpayer services.
D4 Revenue Assessment and Collection	69,234	-	2,315	-	71,549	-	Issuing of tax assessments and refunds, collection of tax payments, and accounting and reporting of Crown revenue. The increase reflects changes to the organisational structure as a result of Tax Simplification and changes to the costing of the ACC output class (D12).
D5 Management of Overdue Tax and Returns	58,341	-	(1,567)	-	56,774	-	Follow-up action against non-complying taxpayers that fail to file a return and that fail to pay tax when it is due. The reduction reflects changes to the organisational structure as a result of Tax Simplification and changes to the costing of the ACC output class (D12).

D6 Taxpayer Audit	85,829	-	<b>1,814</b>	-	87,643	-	Auditing of all taxpayer classes with emphasis on high risk non-complying taxpayers, and the management of tax litigation. The increase reflects changes to the organisational structure as a result of Tax Simplification, increased costs of litigation and changes to the costing of the ACC output class (D12).
D7 Assessment and Collection of Child Support	48,123	-	<b>287</b>	-	48,410	-	Information and assistance to Child Support customers, assessment, collection and disbursement of Child Support liabilities, and follow-up action against non-compliers. The increase reflects changes to the organisational structure as a result of Tax Simplification.
D8 Child Support Administrative Reviews	2,297	-	<b>66</b>	-	2,363	-	Providing an administrative review service for Child Support customers in respect of their Child Support assessments. The increase reflects changes to the organisational structure as a result of Tax Simplification.
D9 Administration of Income Maintenance	15,733	-	<b>(5,987)</b>	-	9,746	-	Administration of the Family Support, GMFI schemes and IFTC. This involves informing people of their rights and obligations, and the establishment of correct entitlements and their payment to non-beneficiaries. The reduction reflects changes to the organisational structure as a result of Tax Simplification and changes in the allocation of Information Technology costs to output classes.
D10 Student Loan Scheme	9,902	-	<b>(1,235)</b>	-	8,667	-	Assistance and advice to Student Loan customers, assessment of loan liabilities and collection of repayments, and follow-up action against non-compliers. The reduction reflects changes to the organisational structure as a result of Tax Simplification.
D11 Supply of Information to Other Agencies	1,583	-	<b>206</b>	-	1,789	-	Limited supply of information held by Inland Revenue to WINZ and ACC to establish customers' eligibility to certain government payments and the provision of information to the Office of the Privacy Commissioner and Department of Labour. The increase is due to the additional costs associated with providing information to the Department of Labour.
<b>Total Appropriations for Departmental Output Classes (Mode B Gross)</b>	<b>378,093</b>	<b>-</b>	<b>(4,393)</b>	<b>-</b>	<b>373,700</b>	<b>-</b>	

## Part B1 - Details of 1999/2000 Appropriations (continued)

Appropriations	1999/2000						Purpose of and Reasons for Change in 1999/2000 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Departmental Output Classes (Mode B Net) (see note 2)</b>							
D12 Collection Of ACC Premiums	-	29,250	-	3,371	-	32,621	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-complying taxpayers. The increase is a result of the review of the charging methodology for this output class.
<b>Total Appropriations for Departmental Output Classes (Mode B Net)</b>	-	29,250	-	3,371	-	32,621	
<b>Benefits and Other Unrequited Expenses</b>							
Child Support Payments (see note 3)	-	75,950	-	-	-	75,950	Passing on of Child Support payments to custodial persons under section 141 of the Child Support Act 1991.
Family Support (see note 4)	-	952,000	-	(14,000)	-	938,000	Family support payments made to beneficiaries during the year and year end reconciliations from tax returns. The change is due to the lower than anticipated demand from WINZ.
Guaranteed Minimum Family Income (see note 4)	-	10,000	-	1,000	-	11,000	All payments of Family Tax Credit (formerly Guaranteed Minimum Family Income) to full time workers with children.
Independent Family Tax Credit (see note 4)	-	187,000	-	2,000	-	189,000	All payments of Child Tax Credit (formerly Independent Family Tax Credit) to families otherwise independent of State supports.
Working Parent Assistance	-	21,850	-	(11,850)	-	10,000	Up-front payments of Parental Tax Credit (formerly Working Parent Assistance) are less than expected. However, the 2000/01 year reflects a portion relating to timing differences between up-front take up and square up in respect of the current year.

<b>Total Appropriations for Benefits and Other Unrequited Expenses</b>	-	1,246,800	-	(22,850)	-	1,223,950	
<b>Borrowing Expenses</b>							
Adverse Event Interest (see note 4)	-	100	-	(85)	-	15	Interest in adverse events deposits. Interest is affected by fluctuations in income and economic condition.
Income Equalisation Interest (see note 4)	-	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.
<b>Total Appropriations for Borrowing Expenses</b>	-	1,600	-	(85)	-	1,515	
<b>Other Expenses to be Incurred by the Crown</b>							
ACC Levies	-	440,000	-	(116,000)	-	324,000	Reduction in residual claims levy from 0.67% plus GST to 0.4% plus GST.
Companies` Refunds (see note 4)	-	106,000	-	33,000	-	139,000	Refunds of income tax to companies, unit trusts, societies and superannuation funds.
GST IRD Refunds (see note 5)	-	4,653,000	-	222,000	-	4,875,000	Refunds of tax paid on the consumption of goods and services.
Other Persons` Refunds (see note 4)	-	652,000	-	20,000	-	672,000	Refunds of income tax to individuals and trusts.
Payment of Premiums to ACC (see note 6)	-	625,000	-	(25,000)	-	600,000	The premium rate has been decreased from 1.4% to 1.3%.
Unclaimed Monies (see note 7)	-	400	-	-	-	400	Repayment of monies deposited with the Crown as unclaimed.
<b>Total Appropriations for Other Expenses to be Incurred by the Crown</b>	-	6,476,400	-	134,000	-	6,610,400	

## Part B1 - Details of 1999/2000 Appropriations (continued)

Appropriations	1999/2000						Purpose of and Reasons for Change in 1999/2000 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Capital Contributions to the Department</b>							
Capital Investment	277	-	-	-	277	-	
<b>Total Appropriations for Capital Contributions to the Department</b>	277	-	-	-	277	-	
<b>Repayment of Debt</b>							
Income Equalisation Reserve Account (see note 4)	-	40,000	-	(10,000)	-	30,000	Withdrawals made by farmers in respect of deposits made previously due to fluctuations in income and economic conditions.
Adverse Income Equalisation Account (see note 4)	-	3,000	-	(2,500)	-	500	Withdrawals by taxpayers in the farming, fishing or forestry industries in respect of deposits made previously due to fluctuations in income and economic conditions.
<b>Total Appropriations for Repayment of Debt</b>	-	43,000	-	(12,500)	-	30,500	
<b>Total Appropriations</b>	378,370	7,797,050	(4,393)	101,936	373,977	7,898,986	



## Part F - Crown Revenue and Receipts

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

	1999/2000			Explanation of 1999/2000 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
<b>Current Revenue</b>				
Tax Revenue (see note 8)				
Fringe Benefit Tax	345,000	(23,000)	322,000	Tax on employer-provided fringe benefits.
Gaming Duties	157,000	22,000	179,000	Gaming duties include totalisator and lottery duties.
Goods and Services Tax (IRD) (see note 9)	10,853,000	(93,000)	10,760,000	A tax on the consumption of goods and services (see also Vote Customs).
Companies (see note 9)	4,566,000	(188,000)	4,378,000	Provisional and terminal tax payments by companies and superannuation funds.
Other Persons (see note 9)	3,031,000	165,000	3,196,000	Provisional and terminal tax payments by individuals and trusts.
Other Direct Taxes	2,000	-	2,000	Miscellaneous direct taxes including estate and gift duties.
Source Deductions	12,876,000	89,000	12,965,000	PAYE deductions and withholding payments on employers' superannuation contributions.
Stamp and Cheque Duties	74,000	(19,000)	55,000	Stamp and cheque duties including the approved issuer levy.
Withholding Taxes	1,467,000	48,000	1,515,000	Withholding taxes, mainly taxes deducted at source on investment income, eg, interest and dividends.
Total Tax Revenue	33,371,000	1,000	33,372,000	
Non-Tax Revenue				
ACC Levies	440,000	(116,000)	324,000	The collection of Residual Claim Levies on behalf of ACC from employers and self employed.
ACC Premiums	625,000	(25,000)	600,000	The collection of ACC premiums on behalf of ACC. Premiums are primarily employee earner premiums.

## Part F1 - Current and Capital Revenue and Receipts (continued)

	1999/2000			Explanation of 1999/2000 Crown Revenue
	Main Estimates	Supplementary Estimates	Total Budgeted	
	\$000	\$000	\$000	
<b>Current Revenue – cont'd</b>				
Child Support Collections	235,130	10,870	246,000	Child Support payments received from non-custodial parents.
Student Loans - Accrued Interest	224,564	(5,821)	218,743	Interest income relating to the student loan debt.
Unclaimed Monies	2,400	-	2,400	Monies deposited with the Crown as unclaimed.
Total Non-Tax Revenue	1,527,094	(135,951)	1,391,143	
<b>Total Current Revenue</b>	<b>34,898,094</b>	<b>(134,951)</b>	<b>34,763,143</b>	
<b>Capital Receipts</b>				
Adverse Income Equalisation Account	3,000	(2,500)	500	Deposits made by farmers of proceeds from forced sales of livestock after an adverse event.
Income Equalisation Reserve Account	40,000	(10,000)	30,000	Deposits made by taxpayers in the farming, fishing and forestry industries owing to fluctuations in income and economic conditions.
Student Loans - Receipts	283,839	(34,717)	249,122	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>326,839</b>	<b>(47,217)</b>	<b>279,622</b>	
<b>Total Crown Revenue and Receipts</b>	<b>35,224,933</b>	<b>(182,168)</b>	<b>35,042,765</b>	