

VOTE Revenue

Terms and Definitions Used

ACC	<i>Accident Rehabilitation and Compensation Insurance Corporation</i>
DWI	<i>Department of Work and Income</i>
IRD	<i>Inland Revenue Department</i>
FMIS	<i>Financial Management Information System</i>
GMFI	<i>Guaranteed Minimum Family Income</i>
IFTC	<i>Independent Family Tax Credit</i>

Footnotes

Note 1	<i>Appropriation numbers in Part B are inclusive of GST (where applicable).</i>
Note 2	<i>Under section 10 of the Public Finance Act 1989, the Minister of Finance has approved expenditure up to the level of trading revenue.</i>
Note 3	<i>Expenses incurred pursuant to section 140 of the Child Support Act 1991.</i>
Note 4	<i>Expenses incurred pursuant to section 185 of the Tax Administration Act 1994.</i>
Note 5	<i>Expenses incurred pursuant to section 50 of the Goods and Services Tax Act 1985.</i>
Note 6	<i>Expenses incurred pursuant to section 125 of the Accident Rehabilitation and Compensation Insurance Act 1992.</i>
Note 7	<i>Expenses incurred pursuant to section 11 of the Unclaimed Money Act 1971.</i>
Note 8	<i>Tax forecasts are discussed in detail in the Budget Economic and Fiscal Update.</i>
Note 9	<i>Gross tax revenues. Refer to Part B1.</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 B - Statement of Appropriations (see note 1)

Summary of 1998/99 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	
Operating Flows					
Classes of Outputs to be Supplied	417,411	29,250	-	-	446,661
Benefits and Other Unrequited Expenses	-	-	-	1,157,120	1,157,120
Borrowing Expenses	-	-	-	1,600	1,600
Other Expenses	590	-	-	6,249,400	6,249,990
Capital Flows					
Capital Contributions	120	-	-	-	120
Purchase or Development of Capital Assets	-	-	-	-	-
Repayment of Debt	-	-	-	45,000	45,000
Total Appropriations for 1998/99	418,121	29,250	-	7,453,120	7,900,491
Total 1998/99 Main Estimates Appropriations	371,048	29,250	-	7,250,910	7,651,208

Part B1 - Details of 1998/99 Appropriations

Appropriations	1998/99						Purpose of and Reasons for Change in 1998/99 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
D1 Policy Advice	8,710	-	831	-	9,541	-	Purchase of policy advice on laws impacting on the tax system; on 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 in expenditure relates to changes in cost allocations arising from the new Financial Management Information System (FMIS).
D2 Adjudication and Rulings	6,521	-	27	-	6,548	-	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. The increase in expenditure reflects changes to cost allocations arising from the new FMIS.
D3 Taxpayer Information Services	72,896	-	19,373	-	92,269	-	Assistance and advice to taxpayers on new and existing tax laws and systems. The increase in expenditure reflects changes to cost allocations arising from the new FMIS and the impact of the tax simplification initiative.
D4 Revenue Assessment and Collection	60,578	-	12,234	-	72,812	-	Issuing of tax assessments and refunds, collection of tax payments, and accounting and reporting of Crown revenue. The increase in expenditure reflects changes to cost allocation arising from the new FMIS and the impact of the tax simplification initiative.
D5 Management of Overdue Tax and Returns	53,830	-	7,681	-	61,511	-	Follow-up action against non-complying taxpayers who fail to file a return and who fail to pay tax when it is due. The increase in expenditure reflects changes to cost allocation arising from the new FMIS and the impact of the tax simplification initiative.

D6 Taxpayer Audit	91,709	-	(911)	-	90,798	-	Auditing of all taxpayer classes with emphasis on high-risk non-compliers. The decrease in expenditure reflects changes to cost allocation arising from the new FMIS and the impact of the tax simplification initiative.
D7 Assessment and Collection of Child Support	48,941	-	3,460	-	52,401	-	Information and assistance to Child Support customers; assessment, collection and disbursement of child support liabilities; and taking follow-up action against non-compliers. The increase in expenditure reflects changes to cost allocation arising from the new FMIS and the impact of the tax simplification initiative.
D8 Child Support Administrative Reviews	2,043	-	324	-	2,367	-	Purchase of an administrative review of child support assessments which is inexpensive and accessible. The increase in expenditure reflects changes to cost allocation arising from the new FMIS.
D9 Administration of Income Maintenance	13,526	-	2,667	-	16,193	-	Administration of the Family Support, Guaranteed Minimum Family Income (GMFI) schemes and Independent Family Tax Credit (IFTC). This involves informing people of their rights and obligations, and the establishment of correct entitlements and their payment to non-beneficiaries. The increase in expenditure reflects changes to cost allocation arising from the new FMIS and the impact of the tax simplification initiative.
D10 Student Loan Scheme	10,727	-	448	-	11,175	-	Assistance and advice to student loan customers; assessment of loan liabilities and collection of repayments; and follow-up action against non-compliers. The increase in expenditure reflects changes to cost allocations arising from the new FMIS and the impact of the tax simplification initiative.
D11 Supply of Information to Other Agencies	1,567	-	229	-	1,796	-	Limited supply of information held by the Inland Revenue Department to the Department of Work and Income (DWI) and Accident Rehabilitation and Compensation Insurance Corporation (ACC) to establish customers' eligibility to certain government payments and the provision of information to the Office of the Privacy Commissioner. The decrease in expenditure reflects changes to cost allocation arising from the new FMIS.
Total Appropriations for Departmental Output Classes (Mode B Gross)	371,048	-	46,363	-	417,411	-	

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

	1998/99						Purpose of and Reasons for Change in 1998/99 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
Departmental Output Classes (Mode B Net) (see note 2)							
D13 Collection of ACC Premium	-	29,250	-	-	-	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-complying taxpayers.
Total Appropriations for Departmental Output Classes (Mode B Net)	-	29,250	-	-	-	29,250	
Benefits and Other Unrequited Expenses							
Child Support Payments (see note 3)	-	73,000	-	(880)	-	72,120	Passing on child support payments to custodial persons under section 141 of the Child Support Act 1991.
Family Support (see note 4)	-	937,000	-	(25,000)	-	912,000	Family Support payments made to beneficiaries and non-beneficiaries during the year, and year-end reconciliations from tax returns.
Guaranteed Minimum Family Income (see note 4)	-	10,000	-	(1,000)	-	9,000	All payments of GMFI to full-time workers with children.
Independent Family Tax Credit (see note 4)	-	186,000	-	(22,000)	-	164,000	All payments of IFTC to families otherwise independent of State support.
Total Appropriations for Benefits and Other Unrequited Expenses	-	1,206,000	-	(48,880)	-	1,157,120	

Borrowing Expenses							
Adverse Event Interest (see note 4)	-	10	-	90	-	100	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 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.
Total Appropriations for Borrowing Expenses	-	1,510	-	90	-	1,600	
Other Expenses to be Incurred by the Department							
Provision for Retirement and Long Service Leave	-	-	590	-	590	-	This amount represents a technical accounting change altering the provision for employee entitlements from a nominal to a present value basis to comply with generally accepted accounting practice (GAAP).
Total Appropriations for Other Expenses to be Incurred by the Department	-	-	590	-	590	-	

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

	1998/99						Purpose of and Reasons for Change in 1998/99 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
Other Expenses to be Incurred by the Crown							
ACC Levies	-	-	-	478,000	-	478,000	
Companies' Refunds (see note 4)	-	125,000	-	(5,000)	-	120,000	Refunds of income tax to companies, unit trusts, societies and superannuation funds.
GST IRD Refunds (see note 5)	-	4,572,000	-	(203,000)	-	4,369,000	Refunds of GST.
Other Persons' Refunds (see note 4)	-	685,000	-	19,000	-	704,000	Refunds of income tax to individuals and trusts.
Payment of Premiums to ACC (see note 6)	-	625,000	-	(47,000)	-	578,000	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 IRD by direct credit).
Unclaimed Monies (see note 7)	-	400	-	-	-	400	Repayment of monies deposited with the Crown as unclaimed.
Total Appropriations for Other Expenses to be Incurred by the Crown	-	6,007,400	-	242,000	-	6,249,400	

Capital Contributions to the Department							
Capital Investment	-	-	120	-	120	-	This amount is to fund the changes required to computer systems to support the administration of a new tax credit for working families with newborn children.
Total Appropriations for Capital Contributions to the Department	-	-	120	-	120	-	
Repayment of Debt							
Income Equalisation Reserve Account (see note 4)	-	35,000	-	5,000	-	40,000	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 4)	-	1,000	-	4,000	-	5,000	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	-	36,000	-	9,000	-	45,000	
Total Appropriations	371,048	7,280,160	47,073	202,210	418,121	7,482,370	

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	1998/99			Explanation of 1998/99 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
Current Revenue				
Tax Revenue (see note 8)				
Fringe Benefit Tax	348,000	(14,000)	334,000	Tax on employer-provided fringe benefits.
Gaming Duties	139,000	15,000	154,000	Gaming duties include totalisator and lottery duties.
Goods and Services Tax (IRD) (see note 9)	10,441,000	(173,000)	10,268,000	A tax on the consumption of goods and services (see also Vote Customs).
Companies (see note 9)	4,465,000	(466,000)	3,999,000	Provisional and terminal tax payments by companies and superannuation funds.
Other Persons (see note 9)	3,299,000	(227,000)	3,072,000	Provisional and terminal tax payments by individuals and trusts.
Other Direct Taxes	1,000	1,000	2,000	Miscellaneous direct taxes including estate and gift duties.
Source Deductions	12,606,000	(277,000)	12,329,000	PAYE deductions and withholding payments on employers' superannuation contributions.
Stamp and Cheque Duties	200,000	28,000	228,000	Stamp and cheque duties include the approved issuer levy.
Withholding Taxes	1,694,000	(80,000)	1,614,000	Withholding taxes, mainly taxes on investment income, eg, interest and dividends, deducted at source.
Total Tax Revenue	33,193,000	(1,193,000)	32,000,000	
Non-Tax Revenue				

ACC Premiums	625,000	(35,000)	590,000	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 IRD, relating to refunds of premiums or dishonours.
ACC Levies	-	478,000	478,000	
Child Support Collections	222,000	(940)	221,060	Child support payments received from non-custodial parents.
Student Loans - Accrued Interest	203,446	(26,554)	176,892	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	1,052,846	415,506	1,468,352	
Total Current Revenue	34,245,846	(777,494)	33,468,352	
Capital Receipts				
Adverse Income Equalisation Account	1,000	4,000	5,000	Deposits made by farmers of proceeds from forced sales of livestock after an adverse event.
Income Equalisation Reserve Account	35,000	5,000	40,000	Deposits made by taxpayers in the farming, fishing and forestry industries owing to fluctuations in income and economic conditions.
Student Loans - Receipts	233,345	(13,545)	219,800	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	269,345	(4,545)	264,800	
Total Crown Revenue and Receipts	34,515,191	(782,039)	33,733,152	