

Vote Revenue

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Revenue (M57)

ADMINISTERING DEPARTMENT: Inland Revenue Department

MINISTER RESPONSIBLE FOR INLAND REVENUE DEPARTMENT: Minister of Revenue

Overview of the Vote

The Minister of Revenue is responsible for appropriations in the Vote for the 2010/11 financial year covering the following:

- a total of just over \$648 million on departmental output expenses including management of debt and outstanding returns, policy advice, services to inform the public about entitlements and meeting obligations, services to process obligations and entitlements, and taxpayer audit
- a total of just under \$96 million for departmental capital expenditure
- a total of just under \$4,430 million for non-departmental benefits and other unrequited expenses
- a total of just over \$9 million for non-departmental borrowing expenses, and
- a total of just under \$1,655 million for non-departmental other expenses.

The Minister of Revenue is also responsible for Crown revenue and receipts in the Vote for the 2010/11 financial year covering the following:

- a total forecast of \$48,516 million on tax revenue
- a total forecast of \$1,295 million on non-tax revenue, and
- a total forecast of \$825 million on capital receipts.

Details of these appropriations are set out in Parts 2-6 for Vote Revenue in the *Information Supporting the Estimates of Appropriations*.

Details of Appropriations

Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2009/10		2010/11
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Management of Debt and Outstanding Returns (M57)	91,330	90,335	99,138
Taking action where returns are outstanding and where payments are overdue, including providing people with assistance on the actions they need to take to meet their obligations. This includes collection on behalf of other agencies and external parties.			
Policy Advice (M57)	15,467	15,299	15,285
Advising on all aspects of tax policy and social policy measures that interact with the tax system. Drafting tax legislation. Negotiating and maintaining New Zealand's network of double tax agreements with other countries. Forecasting tax revenues and providing ministerial services.			
Services to Inform the Public About Entitlements and Meeting Obligations (M57)	241,252	238,624	245,530
Providing information and assistance to customers on the application of the law. Responding to customer enquiries about tax and social support programmes. Adjudication on behalf of the Commissioner on proposed taxpayer assessments. Providing binding rulings and other statements on the interpretation and application of the law administered by Inland Revenue.			
Services to Process Obligations and Entitlements (M57)	123,531	122,186	114,664
Registering tax payers, making tax assessments, assessing child support liabilities including providing a readily accessible inexpensive process for reviewing assessments, receiving and making payments to customers, processing applications and payments for social support programmes, collection of ACC Earners' levies, supplying information to other government agencies and accounting and reporting the collection of Crown revenue.			
Taxpayer Audit (M57)	171,140	169,276	173,646
Identifying risks to revenue and designing and undertaking audit activities accordingly. Managing litigation of disputed tax cases.			
Total Departmental Output Expenses	642,720	635,720	648,263
Benefits and Other Unrequited Expenses			
Child Support Payments PLA (M57)	215,000	215,000	225,000
Child support payments to custodial persons who are not dependent on the state for financial support (expenses incurred pursuant to section 141 of the Child Support Act 1991).			
Child Tax Credit PLA (M57)	4,100	4,100	3,100
Extra assistance for low to middle income families who are not dependent on the state for financial support (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
Family Tax Credit PLA (M57)	2,191,100	2,191,100	2,229,000
Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
In-Work Tax Credit PLA (M57)	604,000	604,000	597,080
Extra assistance for low to middle income families where the person works a minimum of 20 hours per week and does not have a partner, or a person and their partner work a minimum of 30 hours per week (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
KiwiSaver: Interest (M57)	6,000	6,000	6,000
To enable the payment of interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.			

Titles and Scopes of Appropriations by Appropriation Type	2009/10		2010/11
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Benefits and Other Unrequited Expenses - cont'd			
KiwiSaver: Kickstart Payment (M57) To enable the one-off payment made on opening a KiwiSaver account for members who meet the required eligibility criteria as set in the KiwiSaver Act 2006.	377,000	377,000	293,000
KiwiSaver: Member Tax Credit (M57) To enable the payment of a tax credit to KiwiSaver members as set out in the Income Tax Act 2007.	656,000	656,000	880,000
Minimum Family Tax Credit PLA (M57) Extra payment made to families where at least one parent is working for salary or wages (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	9,000	9,000	10,000
Paid Parental Leave Payments PLA (M57) Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.	153,900	153,900	162,800
Parental Tax Credit PLA (M57) To enable payment of additional financial support to be made to working families for the eight week period following the birth of a child (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	20,800	20,800	19,840
Payroll Subsidy (M57) To enable the payment of a subsidy to a payroll agent undertaking employers' payroll-related tax compliance activities on their behalf.	1,500	1,500	4,000
KiwiSaver: Fee Subsidy (M57) To enable the payment of a fee subsidy to members for provider fees as set out in the KiwiSaver Act 2006.	6,000	6,000	-
Total Benefits and Other Unrequited Expenses	4,244,400	4,244,400	4,429,820
Non-Departmental Borrowing Expenses			
Adverse Event Interest PLA (M57) This appropriation is limited to interest on Adverse Event Income Equalisation Reserve accounts held by taxpayers in the farming and agriculture business (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	10	10	10
Environmental Restoration Account Interest PLA (M57) This appropriation is limited to interest on Environmental Restoration accounts (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	2,000	2,000	2,000
Income Equalisation Interest PLA (M57) This appropriation is limited to interest on Income Equalisation Reserve Scheme accounts held by taxpayers in the farming, fishing or forestry industries (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	7,000	7,000	7,000
Total Non-Departmental Borrowing Expenses	9,010	9,010	9,010
Non-Departmental Other Expenses			
Bad Debt Write-Offs (M57) This appropriation is limited to bad debt write-offs for Crown debt administered by Inland Revenue.	800,000	800,000	931,000
Impairment of Debt (M57) This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the debt, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the Crown debt book.	287,000	187,000	222,650

	2009/10		2010/11
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Impairment of Debt Relating to Child Support (M57) This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the debt, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the collective book of child support debt.	345,000	345,000	401,000
Impairment of Debt Relating to Student Loans (M57) This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the loan, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the collective book of student loan debt.	279,489	179,489	100,000
Total Non-Departmental Other Expenses	1,711,489	1,511,489	1,654,650
Departmental Capital Expenditure			
Inland Revenue Department - Capital Expenditure PLA (M57) This appropriation is limited to the purchase or development of assets by and for the use of the Inland Revenue Department, as authorised by section 24(1) of the Public Finance Act 1989.	80,443	80,443	95,788
Total Departmental Capital Expenditure	80,443	80,443	95,788
Total Annual and Permanent Appropriations	6,688,062	6,481,062	6,837,531

Details of Projected Movements in Departmental Net Assets

Inland Revenue Department

Details of Net Asset Schedule	2009/10 Estimated Actual \$000	2010/11 Projected \$000	Explanation of Projected Movements in 2010/11
Opening Balance	222,402	241,292	Opening balance is based on the estimated actual closing balance for 2009/10.
Capital Injections	21,913	24,391	Budget 2010 injects \$8.711 million of new capital into the departmental balance sheet: \$5.168 million to implement the Budget 2010 tax package - implementing policy changes, \$3 million to implement the Budget 2010 tax package - additional audit and compliance activity and \$543,000 to implement the student support savings package. A further \$15.424 million was injected in the period between Budget 2008 and Budget 2009 to implement student loans redesign. Budget 2008 injected funding of \$256,000 for implementing the Budget 2008 personal tax package.
Capital Withdrawals	(3,023)	(256)	Capital funding of \$256,000 was withdrawn in the period after Budget 2008, relating to the Budget 2008 personal tax package.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	241,292	265,427	