

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 2012/13 financial year covering the following:

- a total of nearly \$692 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 \$104 million for departmental capital expenditure
- a total of nearly \$3,789 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 nearly \$2,324 million for non-departmental other expenses.

The Minister of Revenue is also responsible for Crown revenue and receipts in the Vote for the 2012/13 financial year covering the following:

- a total forecast of \$51,848 million on tax revenue
- a total forecast of just over \$1,488 million on non-tax revenue, and
- a total forecast of \$951 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	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
<i>Management of Debt and Outstanding Returns (M57)</i> 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.	111,333	109,476	130,872
<i>Policy Advice (M57)</i> This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.	16,101	15,939	7,808
<i>Services to Inform the Public About Entitlements and Meeting Obligations (M57)</i> 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. Provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making responsibilities).	251,799	247,808	256,103
<i>Services to Process Obligations and Entitlements (M57)</i> 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.	121,953	120,664	124,789
<i>Taxpayer Audit (M57)</i> Identifying risks to revenue and designing and undertaking audit activities accordingly. Managing litigation of disputed tax cases.	170,885	168,684	172,341
Total Departmental Output Expenses	672,071	662,571	691,913
Benefits and Other Unrequited Expenses			
<i>Child Support Payments PLA (M57)</i> 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).	220,000	220,000	227,000
<i>Child Tax Credit PLA (M57)</i> 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).	2,000	2,000	1,600
<i>Family Tax Credit PLA (M57)</i> Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	2,111,000	2,111,000	2,113,000
<i>In-Work Tax Credit PLA (M57)</i> 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).	568,000	568,000	565,000
<i>KiwiSaver: Interest (M57)</i> To enable the payment of interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	7,000	7,000	7,000

Titles and Scopes of Appropriations by Appropriation Type	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Benefits and Other Unrequited Expenses - cont'd			
<i>KiwiSaver: Kickstart Payment (M57)</i> 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.	226,000	226,000	177,000
<i>KiwiSaver: Tax Credit (M57)</i> To enable the payment of a tax credit to KiwiSaver members and the payment of residual tax credits to employers as set out in the Income Tax Act 2007.	475,000	475,000	504,000
<i>Minimum Family Tax Credit PLA (M57)</i> 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).	11,000	11,000	11,000
<i>Paid Parental Leave Payments PLA (M57)</i> Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.	156,000	156,000	163,000
<i>Parental Tax Credit PLA (M57)</i> 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).	18,000	18,000	17,000
<i>Payroll Subsidy (M57)</i> To enable the payment of a subsidy to a payroll agent undertaking employers' payroll-related tax compliance activities on their behalf.	2,000	2,000	3,000
Total Benefits and Other Unrequited Expenses	3,796,000	3,796,000	3,788,600
Non-Departmental Borrowing Expenses			
<i>Adverse Event Interest PLA (M57)</i> 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
<i>Environmental Restoration Account Interest PLA (M57)</i> 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
<i>Income Equalisation Interest PLA (M57)</i> 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
Departmental Other Expenses			
<i>Recovery from February 2011 Christchurch Earthquake (M57)</i> This appropriation is limited to writing off, or making good, damage to, departmental assets, maintaining output delivery and re-establishing departmental operations following the Canterbury earthquakes.	6,500	6,500	-
Total Departmental Other Expenses	6,500	6,500	-

Titles and Scopes of Appropriations by Appropriation Type	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Other Expenses			
<i>Bad Debt Write-Offs (M57)</i> This appropriation is limited to bad debt write-offs for Crown debt administered by Inland Revenue.	857,000	857,000	894,000
<i>Impairment of Debt (M57)</i> 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.	347,000	247,000	246,522
<i>Impairment of Debt Relating to Child Support (M57)</i> 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.	112,000	112,000	422,000
<i>Impairment of Debt Relating to Student Loans (M57)</i> 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.	(134,404)	(194,404)	110,000
<i>Initial Fair Value Write-Down - Student Loans (M57)</i> This appropriation is limited to the initial fair value write-down of student loans.	126,511	115,511	651,242
Total Non-Departmental Other Expenses	1,308,107	1,137,107	2,323,764
Departmental Capital Expenditure			
<i>Inland Revenue Department - Capital Expenditure PLA (M57)</i> 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.	98,000	65,000	104,000
Total Departmental Capital Expenditure	98,000	65,000	104,000
Total Annual and Permanent Appropriations	5,889,688	5,676,188	6,917,287

Details of Projected Movements in Departmental Net Assets

Inland Revenue Department

Details of Net Asset Schedule	2011/12 Estimated Actual \$000	2012/13 Projected \$000	Explanation of Projected Movements in 2012/13
Opening Balance	261,737	266,606	
Capital Injections	4,869	6,476	This amount includes capital injections for child support reform, Budget 2010 tax policy initiatives, and leasehold improvements.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	266,606	273,082	