

Vote Revenue

APPROPRIATION MINISTER(S): Minister of Revenue (M57), Minister of Science, Innovation and Technology (M84)

DEPARTMENT ADMINISTERING THE VOTE: Inland Revenue Department (A10)

RESPONSIBLE MINISTER FOR INLAND REVENUE DEPARTMENT: Minister of Revenue

Overview of the Vote

The Minister of Revenue is responsible for appropriations in the Vote covering the following for the 2024/25 financial year:

- a total of just under \$755 million for services for customers, including policy advice, services to manage debt and unfiled returns, services to Ministers and to assist and inform customers to get it right from the start, services to process obligations and entitlements, services to protect the integrity of the tax system and functions the Commissioner administers
- a total of just under \$2 million for services to other agencies
- a total of \$60 million for departmental capital expenditure for the purchase or development of assets by and for the use of Inland Revenue
- a total of just under \$5,665 million for benefits or related expenses, mainly for KiwiSaver, Best Start tax credit, FamilyBoost tax credit and Working for Families Tax Credits, and benefit payments such as child support and paid parental leave
- a total of just over \$11 million relating to interest payable on deposit schemes administered by Inland Revenue, and
- a total of \$12,529 million for other expenses, including \$10,220 million for the on-payment of employee and employer KiwiSaver contributions collected by Inland Revenue to KiwiSaver providers, \$1,676 million for the impairment and write-off of debt, and \$633 million for the initial fair value write-down on student loans.

The Minister of Revenue is also responsible for Crown revenue and receipts in the Vote for the 2024/25 financial year covering the following:

- a total forecast of \$116,427 million for tax revenue
- a total forecast of \$812 million for non-tax revenue, and
- a total forecast of just under \$2,164 million for capital receipts.

The Minister of Science, Innovation and Technology is responsible for an appropriation in Vote Revenue for the 2024/25 financial year of around \$556 million for the Research and Development Tax Incentive.

Details of these appropriations are set out in Parts 2-4.

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Services to Other Agencies RDA (M57) (A10) This appropriation is limited to the provision of services by Inland Revenue to other agencies, where those services are not within the scope of another departmental output expense appropriation in Vote Revenue.	1,824	1,824	1,764
Total Departmental Output Expenses	1,824	1,824	1,764
Departmental Other Expenses			
Residual activities following the transformation programme's substantive closure (M57) (A10) This appropriation is limited to residual activities consistent with Inland Revenue's transformation programme that still need to be completed following its substantive closure.	16,912	16,912	-
Total Departmental Other Expenses	16,912	16,912	-
Departmental Capital Expenditure			
Inland Revenue Department - Capital Expenditure PLA (M57) (A10) 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.	65,000	65,000	60,000
Total Departmental Capital Expenditure	65,000	65,000	60,000
Benefits or Related Expenses			
Best Start Tax Credit PLA (M57) (A10) This appropriation is limited to Best Start Tax Credit payments made to eligible recipients under section 185 of the Tax Administration Act 1994.	340,000	340,000	339,000
Child Support Payments PLA (M57) (A10) This appropriation is limited to Child Support payments made to eligible receiving carers incurred under section 140(2) of the Child Support Act 1991.	432,000	432,000	453,000
Family Tax Credit PLA (M57) (A10) This appropriation is limited to Family Tax Credit payments made to eligible beneficiaries and non-beneficiaries during the year under section 185 of the Tax Administration Act 1994.	2,281,000	2,281,000	2,316,000
FamilyBoost Tax Credit PLA (M57) (A10) This appropriation is limited to FamilyBoost payments made to eligible recipients under section 185 of the Tax Administration Act 1994.	-	-	174,000
In-Work Tax Credit PLA (M57) (A10) This appropriation is limited to In-Work Tax Credit payments made to eligible low to middle income families under section 185 of the Tax Administration Act 1994.	449,000	449,000	582,000
KiwiSaver: Interest (M57) (A10) This appropriation is limited to interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	3,000	3,000	2,500
KiwiSaver: Tax Credit, Contribution and Residual Entitlement (M57) (A10) This appropriation is limited to tax credits, contributions and residual KiwiSaver entitlements paid to KiwiSaver members in accordance with the Income Tax Act 2007, KiwiSaver Act 2006 and Parental Leave and Employment Protection Act 1987.	1,068,000	1,058,000	1,101,000

Titles and Scopes of Appropriations by Appropriation Type	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Minimum Family Tax Credit PLA (M57) (A10) This appropriation is limited to Minimum Family Tax Credit payments made to eligible families where at least one parent is working for salary or wages, under section 185 of the Tax Administration Act 1994.	12,000	12,000	12,000
Paid Parental Leave Payments (M57) (A10) This appropriation is limited to Paid Parental Leave payments made to eligible parents under the Parental Leave and Employment Protection Act 1987.	655,000	650,000	685,000
Total Benefits or Related Expenses	5,240,000	5,225,000	5,664,500
Non-Departmental Borrowing Expenses			
Environmental Restoration Account Interest PLA (M57) (A10) This appropriation is limited to interest on Environmental Restoration accounts, authorised by section 65ZH(1) of the Public Finance Act 1989.	4,300	4,300	4,300
Income Equalisation Interest PLA (M57) (A10) This appropriation is limited to interest on Income Equalisation Reserve Scheme accounts held by taxpayers in the farming, fishing or forestry industries, authorised by section 65ZH(1) of the Public Finance Act 1989.	10,000	10,000	7,000
Total Non-Departmental Borrowing Expenses	14,300	14,300	11,300
Non-Departmental Other Expenses			
Impairment of Debt and Debt Write-Offs (M57) (A10) This appropriation is limited to write-offs and remissions for Crown debt administered by Inland Revenue, excluding child support and student loans, and to the impairment of this debt.	1,900,000	1,900,000	1,676,000
Initial Fair Value Write-Down Relating to Student Loans (M57) (A10) This appropriation is limited to the initial fair value write-down of student loans.	559,000	539,000	633,000
KiwiSaver: Employee and Employer Contributions PLA (M57) (A10) This appropriation is limited to the payment of employee and employer contributions to KiwiSaver Scheme providers under section 73(3) of the KiwiSaver Act 2006.	9,470,000	9,470,000	10,220,000
Science, Innovation and Technology: R&D Tax Incentive (M84) (A10) This appropriation is limited to providing R&D tax credit payments to eligible research and development performing businesses.	461,334	461,334	556,168
COVID-19 Resurgence Support Payment (M57) (A10) This appropriation is limited to providing payments to eligible firms to manage the economic impacts of COVID-19 following a shift to higher Alert Levels.	50	50	-
COVID-19 Support Payment (M57) (A10) This appropriation is limited to providing support to eligible firms adversely financially affected as a result of COVID-19 by a public health measure, business circumstance, or other related matter.	160	160	-
Impairment of Debt and Debt Write-Offs Relating to Child Support (M57) (A10) This appropriation is limited to write-offs and the impairment for child support and Crown entitlement debt.	20,000	-	-
Impairment of debt relating to the SBCS (M57) (A10) This appropriation is limited to the impairment of the Small Business Cashflow Scheme.	50,000	10,000	-
Initial Fair Value Write-Down Relating to the Small Business Cashflow Scheme COVID-19 (M57) (A10) This appropriation is limited to the initial fair value write-down of the Small Business Cashflow Scheme.	2,000	2,000	-
Total Non-Departmental Other Expenses	12,462,544	12,382,544	13,085,168

Titles and Scopes of Appropriations by Appropriation Type	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Capital Expenditure			
Small Business Cashflow Scheme COVID-19 (M57) (A10) This appropriation is limited to providing a loan to eligible businesses to manage the economic impacts of COVID-19.	5,000	5,000	-
Total Non-Departmental Capital Expenditure	5,000	5,000	-
Multi-Category Expenses and Capital Expenditure			
Services for Customers MCA (M57) (A10) The overarching purpose of this appropriation is to deliver services for customers effectively and efficiently, enabling them to meet their obligations and receive their entitlements easily.	732,446	717,446	754,526
<i>Departmental Output Expenses</i>			
<i>Policy advice</i> This category 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, including international engagement and advice.	13,786	13,786	13,912
<i>Services to manage debt and unfiled returns</i> This category is limited to activities to prevent returns and debt becoming overdue, and to collect unfiled returns and overdue payments, whether for the Crown, other agencies or external parties.	85,824	83,750	105,677
<i>Services to Ministers and to assist and inform customers to get it right from the start</i> This category is limited to the provision of services to help Ministers fulfil their responsibilities (other than policy decision making) to Parliament and the New Zealand public, to provide information and assistance to customers about their obligations and entitlements, and to engage, advise and support other international tax agencies.	336,679	329,270	315,642
<i>Services to process obligations and entitlements</i> This category is limited to the registration, assessment and processing of tax obligations and other entitlements, including associated review and Crown accounting activities, and the collection and sharing of related information with other agencies.	187,455	184,472	153,905
<i>Services to protect the integrity of the tax system and functions the Commissioner administers</i> This category is limited to Inland Revenue undertaking investigation, audit and litigation activities.	108,702	106,168	165,390
Total Multi-Category Expenses and Capital Expenditure	732,446	717,446	754,526
Total Annual Appropriations and Forecast Permanent Appropriations	18,538,026	18,428,026	19,577,258

Capital Injection Authorisations

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Inland Revenue Department - Capital Injection (M57) (A10)	-	-	800

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Crypto-asset Regulatory Framework - Implementation and Operating Costs	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	800	1,100	2,200	1,500
	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	-	600	900	800	500
	Services for Customers MCA Departmental Output Expense Services to protect the integrity of the tax system and functions the Commissioner administers	-	-	-	-	1,700
	Capital Injection	-	-	6,700	-	-
FamilyBoost	FamilyBoost Tax Credit PLA Non-Departmental Benefits or Related Expenses	-	174,000	171,000	167,000	165,000
FamilyBoost - Operating Costs - Inland Revenue	Services for Customers MCA Departmental Output Expense Services to protect the integrity of the tax system and functions the Commissioner administers	-	2,800	2,200	1,800	1,800
	Services for Customers MCA Departmental Output Expense Services to manage debt and unfiled returns	-	700	600	500	500
	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	9,700	7,700	6,300	6,300
	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	-	700	600	500	500
Final-year Fees Free - Impacts Related to Student Loans	Initial Fair Value Write-Down Relating to Student Loans Non-Departmental Other Expense	-	79,000	90,000	76,000	60,000

Policy Initiative	Appropriation	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Final-year Fees Free - Implementation and Operating Costs	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	80	435	735	1,035
	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	-	240	-	-	-
	Capital Injection	-	700	-	-	-
In-Work Tax Credit - Rate Increase	In-Work Tax Credit PLA Non-Departmental Benefits or Related Expenses	-	148,000	160,000	153,000	150,000
	Impairment of Debt and Debt Write-Off Non-Departmental Other Expense	-	2,000	2,000	2,000	2,000
	Minimum Family Tax Credit PLA Non-Departmental Benefits or Related Expenses	-	220	220	220	220
Increasing Medical School Enrolments for the 2024 Intake	Initial Fair Value Write-Down Relating to Student Loans Non-Departmental Other Expense	320	669	1,034	1,726	2,584
Increasing Student Loan Scheme Overseas Interest Formula - Impacts Related to Student Loans	Initial Fair Value Write-Down Relating to Student Loans Non-Departmental Other Expense	-	(247)	(195)	(133)	(76)
Increasing Tuition Fees - Impacts Related to Student Loans	Initial Fair Value Write-Down Relating to Student Loans Non-Departmental Other Expense	-	12,224	13,857	14,110	14,361
Investment in Compliance Activities - Return on Investment	Impairment of Debt and Debt Write-Offs Non-Departmental Other Expense	-	(26,000)	(54,000)	(54,000)	(54,000)
	Initial Fair Value Write-Down Relating to Student Loans Non-Departmental Other Expense	-	(3,000)	(3,000)	(3,000)	(3,000)
Investment in Compliance Activities - Operating Costs	Services for Customers MCA Departmental Output Expense Services to protect the integrity of the tax system and functions the Commissioner administer	-	26,100	26,100	26,100	26,100
	Services for Customers MCA Departmental Output Expense Services to manage debt and unfiled returns	-	2,900	2,900	2,900	2,900
Main Benefit Indexation based on CPI	Minimum Family Tax Credit PLA Non-Departmental Benefits or Related Expenses	-	300	(1,300)	(2,700)	(3,200)

Policy Initiative	Appropriation	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Online Casino Gambling Tax Changes	Services for Customers MCA Departmental Output Expense Services to protect the integrity of the tax system and functions the Commissioner administers	-	500	500	500	-
	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	50	50	50	50
	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	-	250	250	250	250
	Services for Customers MCA Departmental Output Expense Services to Ministers and to inform the public about entitlements and meeting obligations	100	-	-	-	-
	Services for Customers MCA Departmental Output Expense Services to Process Obligations and Entitlements	400	-	-	-	-
Personal Income Tax and Independent Earner Tax Credit Threshold Changes - Operating Costs	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	8,300	4,200	-	-
	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	-	1,150	-	-	-
Reduction in Operating Expenditure - Inland Revenue	Services for Customers MCA Departmental Output Expense Services to protect the integrity of the tax system and functions the Commissioner administers	-	(2,300)	(2,300)	(2,300)	(2,300)
	Services for Customers MCA Departmental Output Expense Services to manage debt and unfiled returns	-	(1,800)	(1,800)	(1,800)	(1,800)
	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	(6,700)	(6,700)	(6,700)	(6,700)
	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	-	(3,800)	(3,800)	(3,800)	(3,800)

Policy Initiative	Appropriation	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Reduction in Systems Maintenance and Change Capacity - Inland Revenue	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	(4,500)	(4,500)	(4,500)	(4,500)
	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	-	(10,500)	(10,500)	(10,500)	(10,500)
Return of Funding for Agricultural Emissions Pricing Scheme - Implementation and Operating Costs	Services for Customers MCA Departmental Output Expense Services to Ministers and to inform the public about entitlements and meeting obligations	(60)	-	-	-	-
	Services for Customers MCA Departmental Output Expense Services to Process Obligations and Entitlement	(240)	-	-	-	-
Shared Approach to Back-office Transformation	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	-	(200)	(200)	(200)	(200)
Training 25 More Doctors - Impact on Student Loans	Initial Fair Value Write-Down Relating to Student Loans Non-Departmental Other Expense	-	139	284	436	744
Total initiatives		520	413,075	404,335	367,494	347,968

1.2 - Trends in the Vote

Summary of Financial Activity

	2019/20	2020/21	2021/22	2022/23	2023/24		2024/25			2025/26	2026/27	2027/28
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	15,806	15,989	14,714	1,520	1,824	1,824	1,764	-	1,764	1,764	1,764	1,764
Benefits or Related Expenses	4,819,697	4,909,303	4,706,647	4,847,424	5,240,000	5,225,000	N/A	5,664,500	5,664,500	5,715,500	5,796,500	6,041,500
Borrowing Expenses	7,891	7,894	9,954	10,315	14,300	14,300	-	11,300	11,300	11,300	11,300	11,300
Other Expenses	4,863,243	8,934,216	13,988,343	11,549,259	12,479,456	12,399,456	-	13,085,168	13,085,168	13,269,742	14,231,000	15,237,000
Capital Expenditure	1,531,839	362,722	573,124	140,311	70,000	70,000	60,000	-	60,000	55,000	40,000	40,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	640,765	581,175	573,364	660,493	732,446	717,446	754,526	-	754,526	714,075	708,457	720,966
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	11,879,241	14,811,299	19,866,146	17,209,322	18,538,026	18,428,026	816,290	18,760,968	19,577,258	19,767,381	20,789,021	22,052,530
Crown Revenue and Capital Receipts												
Tax Revenue	77,520,351	93,791,771	100,599,128	104,484,494	113,773,000	113,773,000	N/A	116,427,000	116,427,000	124,113,000	131,803,000	138,951,000
Non-Tax Revenue	620,531	773,591	727,549	1,086,925	1,006,000	1,006,000	N/A	812,000	812,000	711,000	685,000	683,000
Capital Receipts	1,515,804	1,737,915	2,089,082	2,393,480	2,163,500	2,163,500	N/A	2,163,800	2,163,800	2,047,700	2,079,600	2,095,900
Total Crown Revenue and Capital Receipts	79,656,686	96,303,277	103,415,759	107,964,899	116,942,500	116,942,500	N/A	119,402,800	119,402,800	126,871,700	134,567,600	141,729,900

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.

Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

1.3 - Analysis of Significant Trends

Departmental Output Expenses

Inland Revenue's Departmental output expenses have decreased from \$15.806 million in 2019/20 to an estimated \$1.824 million in 2023/24. This is mainly due to the cessation of the Policy advice appropriation and the transfer of funds to the new Policy advice category in the Services for customers multi-category appropriation and a reduction of funding for support services provided to the Department of Internal Affairs. Departmental output expenses decrease to \$1.764 million in 2024/25 due to the cessation of support services provided to the disestablished New Zealand Productivity Commission.

Benefits or Related Expenses

Non-Departmental benefits or related expenses include appropriations for Working for Families Tax Credits, Best Start tax credit, paid parental leave payments, KiwiSaver, FamilyBoost tax credits and child support payments to custodial persons. It also included payroll subsidy and parental tax credit, which both ceased in 2019/20, and the Research and Development Tax Incentive from April 2019 to April 2021.

Expenditure increased from \$4,820 million in 2019/20 to an estimated \$6,042 million in 2027/28 due to growth, indexation changes and policy changes.

A new appropriation was created for the FamilyBoost tax credit in 2024/25.

The Best Start tax credit commenced from 1 July 2018 and was phased in over three years. After the indexation in April 2024, further indexation is expected in April 2025 for both Working for Families Tax Credits and the Best Start tax credit.

Paid parental leave payments and KiwiSaver tax credits increase over the period as a result of increased employment and employee compensation from economic growth.

Child support payments substantially increased from 2023/24 due to policy changes which pass-on the Crown entitlement portion of child support which was previously retained by the Crown to custodial persons.

Non-Departmental Borrowing Expenses

Non-Departmental borrowing expenses include interest payments for the income equalisation and environmental restoration account schemes.

Expenditure has increased from \$7.891 million in 2019/20 to an estimated \$11.300 million in 2027/28. The interest payable varies with the size of the deposits in these schemes, with deposits forecast to grow over time.

Non-Departmental Other Expenses

Non-Departmental other expenses include the on-payment of KiwiSaver contributions, Research and Development Tax Incentive, bad debt write-offs, the initial fair value write-down on student loans, the initial fair value write-down on Small Business Cashflow Scheme lending and impairments (student loans, Small Business Cashflow Scheme loans, and debt relating to child support, general tax, KiwiSaver and Working for Families Tax Credits).

Expenditure increased from \$4,696 million in 2019/20 to an estimated \$15,237 million in 2027/28. The primary reason for this increase is the inclusion of a new appropriation from April 2020 to enable the on-payment of employee and employer KiwiSaver contributions collected by Inland Revenue to KiwiSaver providers. Prior to April 2020 this on-payment was not recorded as an appropriation. This appropriation was \$2,148 million in 2019/20 and is estimated at \$12,800 million in 2027/28.

The KiwiSaver: Employer and Employee Contributions appropriation represents the on-payment of KiwiSaver amounts collected and has no impact on the Crown operating balance. It is a large appropriation and a dominant factor in the growth trend from 2020/21 is the growth in employee compensation and consequentially in KiwiSaver contributions. In 2023/24 this appropriation accounts for 76% of other expenses and it grows to 84% in 2027/28.

Expenditure in 2019/20 included higher levels of impairment of debt and debt write-offs due to an increase in the level of overdue debt and the changes in the impairment of this debt due to the economic impacts of COVID-19. For 2023/24, the impairment forecasts have increased again in line with growing debt as a result of current economic conditions but are forecast to reduce in out-years as the economy is forecast to recover.

The initial fair value write-down of Small Business Cashflow Scheme loans reduced significantly in 2023/24. This is in line with decreased demand for loans and cessation of new lending from 1 January 2024.

The initial fair value write-down of student loans increases each year in line with lending forecasts.

Departmental Other Expenses

Departmental other expenses include Inland Revenue's residual activities following the transformation programme's substantive closure appropriation covering 2022/23 to 2023/24. The funding of \$16.912 million in 2023/24 was the last year of funding. An amount of \$1.100 million was already returned to the Crown as underspending. There are no further Departmental other expenses in 2024/25 with this appropriation ceasing on 30 June 2024.

Departmental Capital Expenditure

Inland Revenue's Departmental capital expenditure has decreased from just under \$104 million in 2019/20 to an estimated \$65 million in 2023/24 and decreases to an estimated \$60 million in 2024/25. This reduction in expenditure reflects reduced capital expenditure post the closure of Inland Revenue's transformation programme.

Multi-Category Expenses and Capital Expenditure (MCA)

Inland Revenue's services for customers multi-category expenses and capital expenditure appropriation (MCA) has increased from \$640.765 million in 2019/20 to an estimated \$717.446 million in 2023/24 and \$754.526 million in 2024/25. The increase to 2023/24 reflects expenditure post the closure of Inland Revenue's transformation programme and time-limited funding for COVID-19 related activities and maintaining capability.

The growth in expenditure in 2024/25 is mostly attributable to the funding to administer new initiatives such as investment in compliance activities, FamilyBoost operating costs, personal income tax and independent earner tax credit threshold changes, the in-work tax credit rate increase, crypto-asset regulatory framework, final-year fees free, and the online casino gambling changes. The increase is net of ongoing reductions of operating expenditure returned to the Crown.

Inland Revenue's primary cost pressures over the forecast period will arise from remuneration, inflation, and the implementation and administration cost of self-funded new initiatives.

Tax Revenue

Non-Departmental tax revenue incorporates unconsolidated source deductions (PAYE), other persons' tax, fringe benefit tax, corporate tax including company tax, other direct income tax, GST and other indirect taxes administered by Inland Revenue.

Tax revenue has increased from \$77,520 million in 2019/20 to an estimated \$138,951 million in 2027/28.

Total tax revenue is forecast to grow by 9% in 2023/24 due to strength across a number of different tax types (notably source deductions, net Inland Revenue GST and withholding taxes on interest and dividends), before softening to 2% growth in 2024/25 as a result of the introduction of several key government initiatives to deliver tax relief to New Zealanders including personal income tax threshold changes and reinstating interest deductibility for residential rental property. Total tax revenue from 2025/26 is forecast to grow on average 6% per annum, mainly due to average growth in forecast nominal GDP of 5% per annum.

Source deduction revenue is forecast to increase by 11% in 2023/24, supported by growth in salary and wages of employees (a measure which combines the impact of income and employment growth) of 7%. Annual growth in source deductions is forecast to slow to 2% in 2024/25, with changes to the personal income tax threshold dampening the impact of growth in salary and wages of employees. Growth in source deductions is expected to settle to around 5% in each of the following three years to 2027/28.

Net other persons tax revenue fell by nearly 18% in the 2022/23 year and is expected to fall by a further 8% in the 2023/24 year. These falls follow growth above 30% in the prior two years, and reflect shifts in profitability following the COVID-19 pandemic. From 2024/25 onwards, profits are forecast to increase each year, leading to growth in net other persons tax averaging just over 10% on average over those years. Policy changes, such as the reinstatement of deductibility of interest expenses for residential property and personal income tax threshold changes dampen other persons tax revenue growth over the forecast period.

Net companies income tax revenue is forecast to decrease by just over 3% in the 2023/24 year despite a forecast for broadly unchanged taxable profits and expectations of stronger profitability in the investment sector. Weaker than estimated tax from the 2022/23 income tax year has placed downward pressure on tax revenue in the 2023/24 year. Growth in net companies income tax revenue is expected to be between 8% to 14% over the forecast period, reflecting forecast growth in taxable profits.

Net Inland Revenue GST revenue is forecast to increase by 13% in 2023/24, supported by growth in private consumption. Growth in 2024/25 is forecast to ease to 1%, in line with softening of consumption growth and residential investment, before rebounding to an average growth rate of just under 4% between 2025/26 to 2027/28.

Withholding taxes are expected to grow by 55% in 2023/24. The increases reflect significant increases in deposit interest rates since 2022. Interest rates are forecast to have reached their peak by 2024/25 and fall from these peaks over the remainder of the forecast period.

Resident Withholding Tax (RWT) on dividends is forecast to grow strongly in 2023/24, reflecting an increase in dividend payments. Beyond this year, RWT on dividends is expected to return to historical trend levels and grow broadly in line with corporate profitability.

Non-Tax Revenue

Non-Departmental non-tax revenue incorporates interest unwind for student loans and Small Business Cashflow Scheme loans (interest income due to reversing the initial fair value write-down over the life of the loan), child support penalty revenue, unclaimed monies, and interest and penalties on Working for Families Tax Credits debt.

Non-tax revenue has increased from \$621 million in 2019/20 to an estimated \$1,006 million in 2023/24 and decreases to an estimated \$683 million in 2027/28. The increase from 2021/22 to 2022/23 is mainly due to an increase in interest unwind of the initial fair value write-down on student loans and large amounts of unclaimed monies transferred from financial institutions. The decrease from 2023/24 to 2027/28 is mainly due to the new pass-on of child support payments to beneficiaries from 1 July 2023 and a decrease in interest unwind of the initial fair value write-down on Small Business Cashflow Scheme loans.

Capital Receipts

Non-Departmental capital receipts include student loan repayments, Small Business Cashflow Scheme loan repayments and deposits into the income equalisation and environmental restoration account schemes. The final year for the adverse event income equalisation scheme was 2019/20.

Capital receipts have increased from \$1,516 million in 2019/20 to an estimated \$2,096 million by 2027/28. Growth is due to forecast increases in student loan repayments, deposits into income equalisation account schemes and Small Business Cashflow Scheme loan repayments.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Services to Other Agencies RDA (M57) (A10)

Scope of Appropriation

This appropriation is limited to the provision of services by Inland Revenue to other agencies, where those services are not within the scope of another departmental output expense appropriation in Vote Revenue.

Expenses and Revenue

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,824	1,824	1,764
Revenue from the Crown	-	-	-
Revenue from Others	1,824	1,824	1,764

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide hosted back-office system support services to the Department of Internal Affairs, and accommodation recoveries from other government agencies.

How Performance will be Assessed and End of Year Reporting Requirements

	2023/24		2024/25
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Primary measures			
Percentage of satisfaction of the New Zealand Productivity Commission for services provided (see Notes 1 and 2)	90%	N/A	Remove measure

End of Year Performance Reporting

Performance information for this appropriation will be reported by Inland Revenue in the department's Annual Report 2025.

Note 1 - The measure for 2024/25 will be removed as the New Zealand Productivity Commission has been disestablished.

Note 2 - The disestablishment of the New Zealand Productivity Commission on 29 February meant the end-of-year survey was not completed.

2.3 - Departmental Capital Expenditure and Capital Injections

Inland Revenue Department - Capital Expenditure PLA (M57) (A10)

Scope of Appropriation

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.

Capital Expenditure

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	36,769	36,769	22,900
Intangibles	28,231	28,231	37,100
Other	-	-	-
Total Appropriation	65,000	65,000	60,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to invest in the renewal, upgrade and redesign of assets that support the delivery of the department's services.

How Performance will be Assessed and End of Year Reporting Requirements

This expenditure supports the delivery of the department's performance measures in accordance with the department's capital asset management priorities for 2024/25 which are the:

- implementation of government policy initiatives
- upgrades and enhancements to the department's core systems and infrastructure, and
- maintenance and improvement of business infrastructure including technology and equipment replacements and accommodation fitouts.

End of Year Performance Reporting

Performance information for this appropriation will be reported by Inland Revenue in the department's Annual Report 2025.

Reasons for Change in Appropriation

The decrease in this appropriation for 2024/25 is due to a reduction of capital expenditure spend on accommodation fitouts compared to 2023/24.

*Capital Injections and Movements in Departmental Net Assets***Inland Revenue Department**

Details of Net Asset Schedule	2023/24 Estimated Actual \$000	2024/25 Projected \$000	Explanation of Projected Movements in 2024/25
Opening Balance	449,297	443,797	
Capital Injections	-	800	Funding to implement the Final-year Fees Free initiative, and the KiwiSaver - administrative costs for the Government contribution for paid parental leave recipients initiative.
Capital Withdrawals	(5,500)	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	443,797	444,597	

Part 3 - Details of Non-Departmental Appropriations

3.2 - Non-Departmental Benefits or Related Expenses

Best Start Tax Credit PLA (M57) (A10)

Scope of Appropriation

This appropriation is limited to Best Start Tax Credit payments made to eligible recipients under section 185 of the Tax Administration Act 1994.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	340,000	340,000	339,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for payments to all families with a dependent child in the first year of the child's life to help with day-to-day living costs. Payments continue for low and middle income families until the dependent child turns three years old.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the Public Finance Act 1989 (PFA), as additional performance information is unlikely to be informative because this appropriation is solely for Best Start tax credit payments under the Income Tax Act 2007. Performance information relating to the administration of the payment is provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Conditions on Use of Appropriation

Reference	Conditions
Subpart MG of the Income Tax Act 2007	Sets out the entitlement and calculation of the Best Start tax credit.

Child Support Payments PLA (M57) (A10)

Scope of Appropriation

This appropriation is limited to Child Support payments made to eligible receiving carers incurred under section 140(2) of the Child Support Act 1991.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	432,000	432,000	453,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for the transfer of child support payments from non-custodial parents to custodial persons to help with the cost of raising a child.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the Public Finance Act, as additional performance information is unlikely to be informative because this appropriation is solely for child support payments to custodial persons under the Child Support Act 1991. Performance information relating to the administration of the payment is provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Previous Government						
Passing on Child Support Payments to Sole Parent Beneficiaries	2023/24	149,163	154,733	154,733	154,733	154,733

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is due to forecast growth in the child support collected from non-custodial parents, reflecting income growth of non-custodial persons.

Conditions on Use of Appropriation

Reference	Conditions
Section 141 of the Child Support Act 1991	On payment of money received by the Commissioner by way of child support to qualifying custodians.

Family Tax Credit PLA (M57) (A10)

Scope of Appropriation

This appropriation is limited to Family Tax Credit payments made to eligible beneficiaries and non-beneficiaries during the year under section 185 of the Tax Administration Act 1994.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,281,000	2,281,000	2,316,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for payments to low to middle income families with dependent children aged 18 or younger to help with day-to-day living costs.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the Public Finance Act, as additional performance information is unlikely to be informative because this appropriation is solely for family tax credit payments under the Income Tax Act 2007. Performance information relating to the administration of the payment is provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is due to the full-year impact of the indexation adjustment of 5.65% in April 2024. The indexation increase is partially offset by increased abatement of entitlements arising from family income growth.

Conditions on Use of Appropriation

Reference	Conditions
Section MD 3 of the Income Tax Act 2007	Sets out entitlement for and calculation of the family tax credit.

FamilyBoost Tax Credit PLA (M57) (A10)

Scope of Appropriation

This appropriation is limited to FamilyBoost payments made to eligible recipients under section 185 of the Tax Administration Act 1994.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	174,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide tax credit payments to families of pre-school children to partially offset the cost of early childhood education.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative because this appropriation is solely for FamilyBoost tax credit payments under the Income Tax Act 2007. Performance information relating to the administration of the payment will be provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Current Government						
FamilyBoost	2024/25	-	174,000	171,000	167,000	165,000

Reasons for Change in Appropriation

This is a new appropriation. The \$174 million appropriated for 2024/25 for FamilyBoost tax credit payments is based on assumed early childhood education fees, with entitlements abating with family incomes.

Conditions on Use of Appropriation

Reference	Conditions
Section 185 of the Tax Administration Act 1994	Sets out entitlement for and calculation of the FamilyBoost tax credit payment.

In-Work Tax Credit PLA (M57) (A10)

Scope of Appropriation

This appropriation is limited to In-Work Tax Credit payments made to eligible low to middle income families under section 185 of the Tax Administration Act 1994.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	449,000	449,000	582,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for payments to working families who have dependent children aged 18 or younger to help with day-to-day living costs.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the Public Finance Act, as additional performance information is unlikely to be informative because this appropriation is solely for in-work tax credit payments under the Income Tax Act 2007. Performance information relating to the administration of the payment is provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Current Government						
In-Work Tax Credit - Rate increase	2024/25	-	148,000	160,000	153,000	150,000
Previous Government						
In-Work Tax Credit removing the hours test	2020/21	32,000	32,000	32,000	32,000	32,000

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is mainly due to the \$25 per week increase in entitlements from 31 July 2024 introduced as part of Budget 2024. There is additional growth in 2024/25 from the full-year impact of indexation to the family tax credit in April 2024. The higher family tax credit reduces the likelihood that the in-work tax credit is abated because the Working for Families Tax Credits are abated in a defined order.

Conditions on Use of Appropriation

Reference	Conditions
Sections MD 4-10 of the Income Tax Act 2007	Sets out the entitlement for and calculation of the in-work tax credit.

KiwiSaver: Interest (M57) (A10)*Scope of Appropriation*

This appropriation is limited to interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	3,000	3,000	2,500

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for interest payments to members on KiwiSaver contributions while they are held with Inland Revenue. Inland Revenue is required to hold members' contributions for 62 days from the date of the first contribution before transferring it to their KiwiSaver providers.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative because this appropriation is solely for KiwiSaver interest payments under the KiwiSaver Act 2006. Performance information relating to the administration of the payment is provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Reasons for Change in Appropriation

The decrease in this appropriation for 2024/25 is due to a softening of forecast interest rates.

Conditions on Use of Appropriation

Reference	Conditions
Section 84-91 of the KiwiSaver Act 2006	Interest payable by Inland Revenue on KiwiSaver member contributions while they are being held by Inland Revenue prior to being forwarded to KiwiSaver scheme providers.

KiwiSaver: Tax Credit, Contribution and Residual Entitlement (M57) (A10)*Scope of Appropriation*

This appropriation is limited to tax credits, contributions and residual KiwiSaver entitlements paid to KiwiSaver members in accordance with the Income Tax Act 2007, KiwiSaver Act 2006 and Parental Leave and Employment Protection Act 1987.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,068,000	1,058,000	1,101,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to encourage participation in the KiwiSaver scheme by providing for an annual payment to contributing members aged 18 or over who meet the eligibility criteria.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the Public Finance Act, as additional performance information is unlikely to be informative because this appropriation is solely for KiwiSaver tax credit payments, contributions and residual entitlements in accordance with the Income Tax Act 2007, KiwiSaver Act 2006 and Parental Leave and Employment Protection Act 1987. Performance information relating to the administration of the payment is provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Previous Government						
KiwiSaver - Government contribution to Paid Parental Leave recipients	2024/25	-	6,000	6,420	6,799	6,799

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is mainly due to the continued increase in the number of contributing KiwiSaver members. It also reflects increased entitlement through contribution growth from members previously qualifying for less than the full entitlement, and the commencement of the Government contribution to paid parental leave recipients.

Conditions on Use of Appropriation

Reference	Conditions
Subpart MK of the Income Tax Act 2007; Part 7A of the Parental Leave and Employment Protection Act 1987 and Subpart 3A of the KiwiSaver Act 2006; Sections 225 and 226 of the KiwiSaver Act 2006.	Provides a tax credit for members up to a cap of \$521.43; Provides a payment of a 3 percent KiwiSaver contribution for eligible paid parental leave recipients; Provides payment of the member fee subsidy and kick-start payment.

Minimum Family Tax Credit PLA (M57) (A10)

Scope of Appropriation

This appropriation is limited to Minimum Family Tax Credit payments made to eligible families where at least one parent is working for salary or wages, under section 185 of the Tax Administration Act 1994.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	12,000	12,000	12,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for payments to families with dependent children aged 18 or younger to ensure that the annual income after tax of a family does not fall below a guaranteed amount, where at least one parent is working. The guaranteed amount was set at \$34,216 from 1 April 2023, \$35,204 from 1 April 2024, and will be \$35,316 from 31 July 2024.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative because this appropriation is solely for minimum family tax credit payments under the Income Tax Act 2007. Performance information relating to the administration of the payment is provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Current Government						
In-Work Tax Credit - Rate Increase	2024/25	-	220	220	220	220
Main Benefit indexation based on CPI	2024/25	-	300	(1,300)	(2,700)	(3,200)
Previous Government						
Main Benefit Rate Increase and Complementary Changes to Student Support (1 April 2022)	2020/21	4,000	3,000	3,000	3,000	3,000

Conditions on Use of Appropriation

Reference	Conditions
Subpart ME of the Income Tax Act 2007	Sets out the entitlement for and calculation of the minimum family tax credit.

Paid Parental Leave Payments (M57) (A10)

Scope of Appropriation

This appropriation is limited to Paid Parental Leave payments made to eligible parents under the Parental Leave and Employment Protection Act 1987.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	655,000	650,000	685,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for payments to eligible parents and adoptive parents when they take parental leave from their employment to care for their new-born or adopted child (under the age of six). These payments provide employment protected leave and compensate for the loss of income.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the Public Finance Act, as additional performance information is unlikely to be informative because this appropriation is solely for paid parental leave payments under the Income Tax Act 2007. Performance information relating to the administration of the payment is provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is mainly due to July 2024 indexation, together with ongoing labour market strength which increases the likelihood of eligibility. Paid parental leave entitlements are increased each July with reference to wage growth.

Conditions on Use of Appropriation

Reference	Conditions
Part 7A of the Parental Leave and Employment Protection Act 1987	Establishes the entitlement to the payments of paid parental leave.

3.3 - Non-Departmental Borrowing Expenses

Environmental Restoration Account Interest PLA (M57) (A10)

Scope of Appropriation

This appropriation is limited to interest on Environmental Restoration accounts, authorised by section 65ZH(1) of the Public Finance Act 1989.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,300	4,300	4,300

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide interest payments on deposits held in the environmental restoration account. The environmental restoration account allows businesses to set aside money to cover restoration costs for monitoring, avoiding, remedying or mitigating the detrimental environmental effects which may occur in later years.

Income Equalisation Interest PLA (M57) (A10)

Scope of Appropriation

This appropriation is limited to interest on Income Equalisation Reserve Scheme accounts held by taxpayers in the farming, fishing or forestry industries, authorised by section 65ZH(1) of the Public Finance Act 1989.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	10,000	10,000	7,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide interest payments on deposits held in the income equalisation scheme. This scheme allows taxpayers in the farming, fishing, and forestry industries to make payments during the year to equalise income between different income years.

Reasons for Change in Appropriation

The decrease in this appropriation for 2024/25 is due to an assumed reduction in the scheme balance following larger than usual deposit activity in recent years. The scheme balance is expected to return to historical averages with bigger withdrawals in the coming year.

3.4 - Non-Departmental Other Expenses

Impairment of Debt and Debt Write-Offs (M57) (A10)

Scope of Appropriation

This appropriation is limited to write-offs and remissions for Crown debt administered by Inland Revenue, excluding child support and student loans, and to the impairment of this debt.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,900,000	1,900,000	1,676,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for the write-off of Crown debt and for recognising an impairment to reflect the recoverable value of the Crown debt as at the end of a financial year, relating to general tax, KiwiSaver, Working for Families Tax Credits and COVID-19 products excluding Small Business Cashflow loans.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative because this appropriation is solely for the impairment of debt and debt write-offs. Performance information relating to this expenditure is provided under the Services for customers multi-category appropriation under the Management of debt and unfiled returns category.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Current Government						
Investment in Compliance Activities - Return on Investment	2024/25	-	(26,000)	(54,000)	(54,000)	(54,000)
In-Work Tax Credit - Rate increase	2024/25	-	2,000	2,000	2,000	2,000
Previous Government						
Global anti-base erosion tax rules for New Zealand	2026/27	-	-	-	140	140
Trustee tax rate increase	2024/25	-	100	2,900	1,300	1,300
Increasing the threshold for provisional tax	2020/21	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)

Reasons for Change in Appropriation

The decrease in this appropriation for 2024/25 is mainly due to a small reduction in the forecast growth rate for overdue debt, driven in part by a reduction in the growth rate for tax revenue compared to 2023/24.

Initial Fair Value Write-Down Relating to Student Loans (M57) (A10)

Scope of Appropriation

This appropriation is limited to the initial fair value write-down of student loans.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	559,000	539,000	633,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for incurring the expense relating to reductions in the nominal value of new student loan lending to reflect the fair value of that lending.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative because this appropriation is solely for the initial fair value write-down of student loans. Performance information relating to this expenditure is available to the House of Representatives in the Student Loan Scheme Annual Report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Current Government						
Final-year Fees Free - Impacts Related to Student Loans	2024/25	-	79,000	90,000	76,000	60,000
Increasing Student Loan Scheme Overseas Interest Formula - Impacts Related to Student Loans	2024/25	-	(247)	(195)	(133)	(76)
Increasing Tuition Fees - Impacts Related to Student Loans	2024/25	-	12,224	13,857	14,110	14,361
Investment in Compliance Activities - Return on Investment	2024/25	-	(3,000)	(3,000)	(3,000)	(3,000)
Training 25 More Doctors - Impact on Student Loans	2024/25	-	139	284	436	744
Previous Government						
Training Incentive Allowance - Supporting eligible Ministry of Social Development clients to study	2024/25	-	2,824	3,443	3,512	3,580
Waiving student support residency rules for families of those directly affected by the Christchurch mosques attack, and other minor technical changes	2024/25	-	68	(6)	(17)	(5)
Increasing Medical School Enrolments for the 2024 Intake	2023/24	320	669	1,034	1,726	2,584
Main benefit rate increase and complementary changes to student support (1 April 2022)	2020/21	27,141	28,993	30,295	30,295	30,295
Reinstating the Training Incentive Allowance for Levels 4 to 7 on the New Zealand Qualifications Framework	2020/21	1,715	351	-	-	-

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is mainly due to higher lending forecasts largely offset by a decrease in the discount rate. The final 2023/24 budget includes a \$20 million buffer to prevent any unauthorised expenditure, as this appropriation does not have a permanent legislative authority.

KiwiSaver: Employee and Employer Contributions PLA (M57) (A10)*Scope of Appropriation*

This appropriation is limited to the payment of employee and employer contributions to KiwiSaver Scheme providers under section 73(3) of the KiwiSaver Act 2006.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	9,470,000	9,470,000	10,220,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for the on-payment of employee and employer KiwiSaver contributions collected by Inland Revenue to KiwiSaver Scheme providers.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted, as the appropriation is one from which resources will be provided to a person or entity other than a department under s15D(2)(b)(ii) of the Public Finance Act, as additional performance information is unlikely to be informative because this appropriation is solely for the on-payment of employee and employer KiwiSaver contributions collected by Inland Revenue to KiwiSaver Scheme providers. Performance information relating to the administration of the payment is provided under the Services for customers multi-category appropriation under the Services to process obligations and entitlements category.

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is due to forecast growth in collections from contributing members.

Science, Innovation and Technology: R&D Tax Incentive (M84) (A10)*Scope of Appropriation*

This appropriation is limited to providing R&D tax credit payments to eligible research and development performing businesses.

Expenses

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	461,334	461,334	556,168

What is Intended to be Achieved with this Appropriation

This appropriation is intended to incentivise businesses to increase their spending on research and development through the provision of a tax credit.

How Performance will be Assessed and End of Year Reporting Requirements

	2023/24		2024/25
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Positive progress is being made on the criteria for evaluation specified in section LY 10 of the Taxation (Research and Development Tax Credit) Act 2019	Achieved	Achieved	Achieved

Performance information for this appropriation will be reported in Inland Revenue's Annual Report 2025.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Previous Government						
Research and Development Tax Incentive In-year Payments	2021/22	(38,666)	(39,832)	(29,258)	-	-
Providing Transitional Support to R&D Performing Businesses	2020/21	565,000	611,000	611,000	611,000	611,000

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is due to higher expected claims. The claims for the 31 March 2023 tax year are still being processed and any differences between the claims and the estimate are currently unknown.

Conditions on Use of Appropriation

Reference	Conditions
Subpart LY of the Income Tax Act 2007	Sets out the entitlement for and calculation of the R&D tax credit.

Part 4 - Details of Multi-Category Expenses and Capital Expenditure

4 - Multi-Category Expenses and Capital Expenditure

Services for Customers (M57) (A10)

Overarching Purpose Statement

The overarching purpose of this appropriation is to deliver services for customers effectively and efficiently, enabling them to meet their obligations and receive their entitlements easily.

Scope of Appropriation

Departmental Output Expenses

Policy advice

This category 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, including international engagement and advice.

Services to manage debt and unfiled returns

This category is limited to activities to prevent returns and debt becoming overdue, and to collect unfiled returns and overdue payments, whether for the Crown, other agencies or external parties.

Services to Ministers and to assist and inform customers to get it right from the start

This category is limited to the provision of services to help Ministers fulfil their responsibilities (other than policy decision making) to Parliament and the New Zealand public, to provide information and assistance to customers about their obligations and entitlements, and to engage, advise and support other international tax agencies.

Services to process obligations and entitlements

This category is limited to the registration, assessment and processing of tax obligations and other entitlements, including associated review and Crown accounting activities, and the collection and sharing of related information with other agencies.

Services to protect the integrity of the tax system and functions the Commissioner administers

This category is limited to Inland Revenue undertaking investigation, audit and litigation activities.

Expenses, Revenue and Capital Expenditure

	2023/24		2024/25
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	732,446	717,446	754,526
Departmental Output Expenses			
Policy advice	13,786	13,786	13,912
Services to manage debt and unfiled returns	85,824	83,750	105,677
Services to Ministers and to assist and inform customers to get it right from the start	336,679	329,270	315,642
Services to process obligations and entitlements	187,455	184,472	153,905
Services to protect the integrity of the tax system and functions the Commissioner administers	108,702	106,168	165,390
Funding for Departmental Output Expenses			
Revenue from the Crown	726,345	726,345	748,425
Policy advice	13,785	13,785	13,911
Services to manage debt and unfiled returns	84,552	84,552	104,405
Services to Ministers and to assist and inform customers to get it right from the start	335,634	335,634	314,597
Services to process obligations and entitlements	183,821	183,821	150,271
Services to protect the integrity of the tax system and functions the Commissioner administers	108,553	108,553	165,241
Revenue from Others	6,101	6,101	6,101
Policy advice	1	1	1
Services to manage debt and unfiled returns	1,272	1,272	1,272
Services to Ministers and to assist and inform customers to get it right from the start	1,045	1,045	1,045
Services to process obligations and entitlements	3,634	3,634	3,634
Services to protect the integrity of the tax system and functions the Commissioner administers	149	149	149

What is Intended to be Achieved with this Appropriation

This appropriation is intended to ensure customers find it easy to meet their tax and social policy obligations and receive the payments they are entitled to. Inland Revenue does this through the provision of policy advice, and by delivering services that assist and inform customers about entitlements and obligations, process entitlements and obligations, undertake compliance activities and manage debt and unfiled returns.

How Performance will be Assessed for this Appropriation

	2023/24		2024/25
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Primary measures			
Percentage of returns filed by customers on time	95%	96.2%	95%
Percentage of tax payments made by customers on time	90%	87.6%	90%
Percentage of tax payments made by customers on time by value (see Note 1)	N/A	N/A	94%

What is Intended to be Achieved with each Category and How Performance will be Assessed

Assessment of Performance	2023/24		2024/25
	Final Budgeted Standard	Estimated Actual	Budget Standard
Departmental Output Expenses			
Policy advice			
This category is intended to provide policy advice to support decision-making by Ministers on tax and social policy matters, to protect and maintain the integrity of the tax system while ensuring that our tax system is as simple as possible and is internationally competitive.			
Primary measures			
The average quality score of papers assessed using the Policy Quality Framework (see Note 2)	3.5 or more out of 5	Not available	3.5 or more out of 5
The Minister's satisfaction with the policy advice services received (see Note 3)	4 or more out of 5	Not available	4 or more out of 5
Services to manage debt and unfiled returns			
This category is intended to achieve the timely and efficient collection of revenue owed.			
Primary measures			
Value of assessed revenue for every unfiled return dollar spent	\$45.00	\$65.06	\$45.00
Cash collected for every debt dollar spent	\$40.00	\$56.29	\$40.00
Percentage of child support assessments paid on time	70%	71.3%	70%
Percentage of student loan customers that meet their obligations	85%	84.2%	85%
Supporting measures			
Percentage of unfiled returns that are finalised within six months	60%	41.6%	60%
Percentage of collectable debt value less than two years old	40% or less	30.2%	40% or less
Percentage of tax debt value under an active repayment plan (see Note 4)	N/A	N/A	Improving the value over baseline
Percentage of new customer debt resolved within six months	50%	58.1%	50%
Percentage of New Zealand liable parent child support debt cases resolved within 12 months (see Note 5)	75%	83.8%	80%
Services to Ministers and to assist and inform customers to get it right from the start			
This category is intended to provide services and information to help taxpayers and other customers meet their filing and payment obligations and receive payments they are entitled to, and help Ministers fulfil their responsibilities to Parliament and the New Zealand public.			
Primary measures			
Percentage of customers who agree they found it easy to get the information they needed	70%	70%	70%

Assessment of Performance	2023/24		2024/25
	Final Budgeted Standard	Estimated Actual	Budget Standard
Supporting measures			
Average speed to answer telephone calls	4 minutes 30 seconds or less	Not achieved	4 minutes 30 seconds or less
Percentage of calls answered (see Note 6)	N/A	N/A	60%
Percentage of correspondence completed within 10 working days	70%	64.3%	70%
Percentage of rulings reports, adjudication reports and public items that meet the applicable purpose, logic, alternatives, consultation, and practicality standards (see Note 7)	100%	100%	100%
Percentage of public items, adjudication cases, taxpayer rulings and short process rulings completed within agreed timeframes	90%	96.5%	90%
Services to process obligations and entitlements			
This category is intended to deliver efficient and effective registration of customers, and assessment and processing of tax obligations and other entitlements. This contributes to the availability of revenue to fund government programmes as well as ensuring that taxpayers and other customers receive payments they are entitled to.			
Primary measures			
Percentage of social policy and tax registrations processed within five working days	85%	85.6%	85%
Percentage of income tax refund disbursements resulting from a return issued within five weeks	85%	86.5%	85%
Percentage of GST refund disbursements issued within four weeks (see Note 8)	95%	96.9%	95%
Supporting measures			
Percentage of income tax returns finalised within three weeks	95%	99.1%	95%
Percentage of GST returns finalised within three weeks	98%	99.95%	98%
Percentage of KiwiSaver contributions passed to scheme providers within 3 days (see Note 9)	95%	99.86%	98%
Average cost of processing income tax returns, GST returns and employment information	\$1.75 or less	\$2.30	\$1.75 or less
Percentage of child support assessments issued within two weeks	80%	82.5%	80%
Services to protect the integrity of the tax system and functions the Commissioner administers			
This category is intended to protect the integrity of the tax system and functions the Commissioner administers through early interventions, investigation, audit and litigation activities.			
Primary measures			
Percentage of customers whose compliance behaviour improves after receiving an audit intervention (see Note 10)	85%	Not available	85%
The identified value of compliance activities over associated costs	\$10.00	\$9.00	\$10.00
Percentage of litigation judgments found in favour of the Commissioner	75%	82.6%	75%

Note 1 - This new value-based measure together with the existing on-time payments measure helps demonstrate the robustness of the tax system, with tax administration processes and activity helping ensure most tax is received in full and on time. The target of 94% was set based on past year's results and the economic forecast for 2025.

Note 2 - Inland Revenue uses the refreshed Policy Quality framework from the Department of the Prime Minister and Cabinet-led Policy project as the basis for assessing the quality of its policy advice papers.

Note 3 - Inland Revenue uses the refreshed Policy Quality framework from the Department of the Prime Minister and Cabinet-led Policy project to assess ministers' satisfaction with the policy service.

Note 4 - This new measure reflects Inland Revenue's payment strategy, where if customers are in debt, Inland Revenue wants them to pay their debt off quickly. Repayment plans help customers get back on track and minimise the costs incurred by paying late.

Note 5 - The target for 2024/25 has been increased to 80% to reflect the performance levels that have been consistently achieved.

Note 6 - This new voice measure will give Inland Revenue an improved customer perspective on their ability to contact Inland Revenue. This also provides a broader reference when making resourcing decisions across all channels. The measure will be calculated as 'total calls answered/total calls attempted'. Calls that are not answered will include abandoned calls. Customers may abandon a call due to wait times not meeting their needs or because Inland Revenue's automated messaging has given them the answer they need.

Note 7 - Performance will be measured using a sample of reports.

Note 8 - Section 46 of the Goods and Services Tax Act 1985 requires refunds to be issued within 15 working days unless selected for a screening or investigation. The four-week target includes additional time for screening or investigation.

Note 9 - The target for 2024/25 has been increased to 98% to reflect the performance levels that have been consistently achieved.

Note 10 - Performance will be measured using a sample of audit cases.

End of Year Performance Reporting

Performance information for this appropriation will be reported by Inland Revenue in the department's Annual Report 2025.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Services to protect the integrity of the tax system and functions the Commissioner administers						
Current Government						
Crypto-asset Regulatory Framework	2024/25	-	-	-	-	1,700
FamilyBoost - Operating Costs	2024/25	-	2,800	2,200	1,800	1,800
Investment in Compliance Activities - Operating Costs	2024/25	-	26,100	26,100	26,100	26,100
Reduction in Operating Expenditure - Inland Revenue	2024/25	-	(2,300)	(2,300)	(2,300)	(2,300)
Online Casino Gambling Tax Changes	2024/25	-	500	500	500	-

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Previous Government						
Inland Revenue - Technology Cost Pressure	2023/24	2,700	1,188	1,368	1,368	1,368
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	11,600	11,600	5,500	5,500	5,500
Taxation of the Platform Economy	2023/24	190	230	260	260	260
Closure of Inland Revenue's Transformation Programme	2021/22	3,225	3,265	3,265	3,265	3,265
Resurgence Support Payment - Administration Costs	2021/22	600	-	-	-	-
Taxation of Housing	2021/22	2,000	2,000	-	-	-
Small Business Cashflow (Loan) Scheme	2020/21	-	1,000	-	-	-
Services to manage debt and unfiled returns						
Current Government						
FamilyBoost - Operating Costs	2024/25	-	700	600	500	500
Investment in Compliance Activities - Operating Costs	2024/25	-	2,900	2,900	2,900	2,900
Reduction in Operating Expenditure - Inland Revenue	2024/25	-	(1,800)	(1,800)	(1,800)	(1,800)
Previous Government						
Inland Revenue - Technology Cost Pressure	2023/24	2,250	990	1,140	1,140	1,140
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	8,400	8,500	4,000	4,000	4,000
Taxation of the Platform Economy	2023/24	30	470	650	650	650
Closure of Inland Revenue's Transformation Programme	2021/22	3,225	3,265	3,265	3,265	3,265
Taxation of Housing	2021/22	380	380	-	-	-
Small Business Cashflow (Loan) Scheme	2020/21	250	2,200	-	-	-
Services to Ministers and to assist and inform customers to get it right from the start						
Current Government						
Crypto-asset Regulatory Framework	2024/25	-	800	1,100	2,200	1,500
Final-year Fees Free	2024/25	-	80	435	735	1,035
Personal Income Tax and Independent Earner Tax Credit Threshold Changes	2024/25	-	8,300	4,200	-	-
FamilyBoost - Operating Costs	2024/25	-	9,700	7,700	6,300	6,300
Reduction in Systems Maintenance and Change Capacity	2024/25	-	(4,500)	(4,500)	(4,500)	(4,500)
Reduction in Operating Expenditure - Inland Revenue	2024/25	-	(6,700)	(6,700)	(6,700)	(6,700)
Online Casino Gambling Tax Changes	2023/24	100	50	50	50	50
Return of funding for Agricultural Emissions Pricing Scheme - Implementation and Operation Costs	2023/24	(240)	-	-	-	-

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Previous Government						
KiwiSaver - Administrative Costs for the Government Contribution for Paid Parental Leave Recipients	2024/25	-	20	72	72	72
Agricultural Emissions Pricing Scheme - Set-up and Operation Costs	2023/24	240	-	-	-	-
Inland Revenue - Technology Cost Pressure	2023/24	7,200	3,168	3,648	3,648	3,648
Taxation of the Platform Economy	2023/24	890	600	800	800	800
Cost of Living Payment	2022/23	3,500	-	-	-	-
Research & Development Tax Incentive Administration Costs	2022/23	1,500	1,500	1,500	1,500	1,500
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	22,100	22,000	11,300	11,300	11,300
Taxation of Housing	2022/23	2,020	1,590	-	-	-
Passing on Child Support Payments to Sole Parent Beneficiaries	2021/22	3,000	2,000	2,000	2,000	2,000
Closure of Inland Revenue's Transformation Programme	2021/22	22,580	22,840	22,840	22,840	22,840
Resurgence Support Payment - Administration Costs	2021/22	200	-	-	-	-
Economic Response to Future Resurgences of COVID-19	2021/22	1,500	1,500	-	-	-
Small Business Cashflow (Loan) Scheme	2020/21	2,500	-	-	-	-
Services to process obligations and entitlements						
Current Government						
Crypto-asset Regulatory Framework	2024/25	-	600	900	800	500
Final-year Fees Free	2024/25	-	240	-	-	-
Personal Income Tax and Independent Earner Tax Credit Threshold Changes	2024/25	-	1,150	-	-	-
FamilyBoost - Operating Costs	2024/25	-	700	600	500	500
Reduction in Systems Maintenance and Change Capacity	2024/25	-	(10,500)	(10,500)	(10,500)	(10,500)
Reduction in Operating Expenditure - Inland Revenue	2024/25	-	(3,800)	(3,800)	(3,800)	(3,800)
Shared Approach to Back-office Transformation	2024/25	-	(200)	(200)	(200)	(200)
Online Casino Gambling Tax Changes	2023/24	400	250	250	250	250
Return of funding for Agricultural Emissions Pricing Scheme - Implementation and Operation Costs	2023/24	(60)	-	-	-	-
Previous Government						
KiwiSaver - Administrative Costs for the Government Contribution for Paid Parental Leave Recipients	2024/25	-	30	108	108	108
Agricultural Emissions Pricing Scheme - Set-up and Operation Costs	2023/24	60	-	-	-	-
Inland Revenue - Technology Cost Pressure	2023/24	2,850	1,254	1,444	1,444	1,444
Taxation of the Platform Economy	2023/24	1,950	1,260	780	780	780
Research & Development Tax Incentive Administration Costs	2022/23	2,350	2,350	2,350	2,350	2,350

Policy Initiative	Year of First Impact	2023/24 Final Budgeted \$000	2024/25 Budget \$000	2025/26 Estimated \$000	2026/27 Estimated \$000	2027/28 Estimated \$000
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	10,400	10,400	5,100	5,100	5,100
Passing on Child Support Payments to Sole Parent Beneficiaries	2022/23	3,600	2,400	2,400	2,400	2,400
Reduction in Revenue from ACC	2022/23	10,600	10,600	10,600	10,600	10,600
Closure of Inland Revenue's Transformation Programme	2021/22	21,230	21,480	21,480	21,480	21,480
Taxation of Housing	2021/22	860	650	-	-	-
Policy advice						
Previous Government						
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	600	600	700	700	700

Reasons for Change in Appropriation

The increase in this appropriation for 2024/25 is mainly due to:

- a reversal of the one-off return to the Crown of transformation depreciation funding in 2023/24 of \$30 million to reflect Inland Revenue's long-term capital plan
- additional funding of \$29 million in 2024/25 for the investment in compliance activities initiative
- a reversal of the one-off return of savings of \$15 million in 2023/24 due to managing down operating costs such as contractors, consultants, training and travel
- additional funding of \$13.900 million in 2024/25 for the implementation and administrative cost of the FamilyBoost - Operating Costs initiative
- additional funding of \$9.450 million in 2024/25 for the implementation and administrative cost of the personal income tax and the Independent Earner Tax Credit threshold changes initiative, and the In-Work Tax Credit rate increase initiative
- additional Budget 2023 funding for remuneration cost pressures of \$8.400 million due to the financial impact of the Public Sector Pay Adjustment (PSPA)
- an increase of \$2.730 million due to the change in Crown accounting policy for software as a service arrangements
- additional funding of \$1.400 million for the implementation of the crypto-asset regulatory framework initiative, and
- additional funding of \$320,000 and \$300,000 respectively for the implementation of the final-year fees free initiative, and the online casino gambling tax changes initiative.

This is offset by:

- an expense transfer of \$20 million from 2022/23 to 2023/24 from administrative savings and timing of expenditure not available in 2024/25
- a reduction of funding of \$15 million and \$14.600 million respectively for a reduction in system maintenance and change capacity and a reduction in operating expenditure

- prior year's retention of underspend from savings for managing cost pressures of \$9 million from Budget 2022/23 not available in 2023/24
- a decrease of \$8.400 million for the prior year technology cost pressure initiative
- an expense transfer of \$5.790 million from 2022/23 to 2023/24 not available in 2024/25 for deferred system maintenance and enhancements
- an expense transfer of \$5.748 million from 2022/23 to 2023/24 not available in 2024/25 for timing of investment expenditure
- a reduced amount of \$3.500 million for the Cost of Living initiative administrative work in 2024/25 compared to the previous year
- a reduced amount of \$3.142 million in 2024/25 compared to the previous year from the capital to operating swap and capital charge and depreciation return
- reduced amount of \$2.200 million for the passing on child support payments to sole parent beneficiaries initiative in 2024/25 compared to the previous year, and
- reduced total amount of \$2.140 million in 2024/25 compared to the previous year for various initiatives such as the administration of the Resurgence Support payment, the taxation of housing, and the taxation of the platform economy.