

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 2025/26 financial year:

- a total of just over \$786 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 over \$1 million for services to other agencies
- a total of just under \$48 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 \$5,199 million for benefits or related expenses, mainly for KiwiSaver, Best Start, FamilyBoost 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 \$12,881 million for other expenses, including \$10,670 million for the on-payment of employee and employer KiwiSaver contributions collected by Inland Revenue to KiwiSaver providers, \$1,520 million for the impairment and write-off of debt, \$636 million for the initial fair value write-down of student loans, and \$55 million for final-year Fees Free payments.

The Minister of Revenue is also responsible for Crown revenue and receipts in the Vote for the 2025/26 financial year covering the following:

- a total forecast of \$119,281 million for tax revenue
- a total forecast of \$637 million for non-tax revenue, and
- a total forecast of \$1,850 million for capital receipts.

The Minister of Revenue is also responsible for a capital injection to Inland Revenue of just under \$8 million.

The Minister of Science, Innovation and Technology is responsible for an appropriation in Vote Revenue for the 2025/26 financial year of around \$651 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	2024/25		2025/26
	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.	1,464	1,464	1,464
Total Departmental Output Expenses	1,464	1,464	1,464
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.	32,000	32,000	47,700
Total Departmental Capital Expenditure	32,000	32,000	47,700
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.	348,000	348,000	326,000
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.	434,000	434,000	442,000
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.	2,435,000	2,435,000	2,374,000
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.	131,000	131,000	171,000
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.	554,000	554,000	588,000
KiwiSaver: Interest (M57) (A10) This appropriation is limited to interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	4,200	3,700	4,000
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.	1,109,000	1,056,000	541,000
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.	10,300	10,300	7,900
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.	756,000	720,000	745,000
Total Benefits or Related Expenses	5,781,500	5,692,000	5,198,900

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
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.	4,200	4,200	4,200
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.	8,000	8,000	7,000
Total Non-Departmental Borrowing Expenses	12,200	12,200	11,200
Non-Departmental Other Expenses			
Final-year Fees Free Payments (M57) (A10) This appropriation is limited to final-year Fees Free payments and loan offsets made to eligible recipients.	-	-	55,000
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.	2,293,900	1,993,900	1,520,000
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.	590,000	560,000	636,000
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.	9,870,000	9,870,000	10,670,000
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.	592,968	592,968	650,742
Cost of Living payment (M57) (A10) This appropriation is limited to payments to individuals to address the cost of living in accordance with Cabinet decisions.	10	10	-
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.	40	40	-
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.	80	80	-
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.	65,000	15,000	-
Impairment of Debt Relating to Student Loans (M57) (A10) This appropriation is limited to the impairment of student loan debt.	62,000	12,000	-
Impairment of debt relating to the SBCS (M57) (A10) This appropriation is limited to the impairment of the Small Business Cashflow Scheme.	40,000	-	-
Total Non-Departmental Other Expenses	13,513,998	13,043,998	13,531,742

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Multi-Category Expenses and Capital Expenditure			
Services for Customers MCA (M57) (A10)	757,417	754,417	786,166
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.			
Departmental Output Expenses			
<i>Policy advice</i>	13,912	13,912	13,997
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.			
<i>Services to manage debt and unfilled returns</i>	107,345	106,845	116,099
This category is limited to activities to prevent returns and debt becoming overdue, and to collect unfilled returns and overdue payments, whether for the Crown, other agencies or external parties.			
<i>Services to Ministers and to assist and inform customers to get it right from the start</i>	321,770	320,470	320,095
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.			
<i>Services to process obligations and entitlements</i>	188,436	187,836	184,602
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.			
<i>Services to protect the integrity of the tax system and functions the Commissioner administers</i>	125,954	125,354	151,373
This category is limited to Inland Revenue undertaking investigation, audit and litigation activities.			
Total Multi-Category Expenses and Capital Expenditure	757,417	754,417	786,166
Total Annual Appropriations and Forecast Permanent Appropriations	20,098,579	19,536,079	19,577,172

Capital Injection Authorisations

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Inland Revenue Department - Capital Injection (M57) (A10)	1,900	1,900	7,700

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Compliance Activities - Continuation of Funding	Impairment of Debt and Debt Write-Offs Non-Departmental Other Expenses	-	(54,000)	(54,000)	(54,000)	(54,000)
	Services for Customers MCA Departmental Output Expense Services to manage debt and unfiled returns	-	4,500	4,500	4,500	4,500
	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	10,600	10,600	10,600	10,600
	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	-	5,300	5,300	5,300	5,300
	Services for Customers MCA Departmental Output Expense Services to protect the integrity of the tax system and functions the Commissioner administers	-	6,100	6,100	6,100	6,100
Compliance Activities - Increased Investment	Impairment of Debt and Debt Write-Offs Non-Departmental Other Expenses	-	(34,000)	(68,000)	(68,000)	(68,000)
	Services for Customers MCA Departmental Output Expense Services to manage debt and unfiled returns	-	8,750	8,750	8,750	8,750
	Services for Customers MCA Departmental Output Expense Services to protect the integrity of the tax system and functions the Commissioner administers	-	26,250	26,250	26,250	26,250
Delivering Quality and Timely Primary Care: Next Steps and Implementation	Final-year Fees Free Payments Non-Departmental Other Expenses	-	-	-	(167)	(170)
	Initial Fair Value Write-Down Relating to Student Loans Non-Departmental Other Expenses	-	96	192	268	501

Policy Initiative	Appropriation	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Final-year Fees Free - Increased Cost	Final-year Fees Free Payments Non-Departmental Other Expenses	-	6,312	35,684	61,676	75,159
Income Charging Phase 2 - Using Inland Revenue Data to Improve the Accuracy of MSD payments	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	20	160	120	120	380
	Services for Customers MCA Departmental Output Expense Services to process obligations and entitlements	80	640	480	480	1,520
	Capital injection	-	-	2,900	400	-
Increased Tuition Fees - Impacts Related to Student Loans and Final-year Fees Free Payments	Final-year Fees Free Payments Non-Departmental Other Expenses	-	238	3,927	6,737	8,903
	Initial Fair Value Write-Down Relating to Student Loans Non-Departmental Other Expenses	-	13,889	16,889	17,220	17,923
KiwiSaver Package	KiwiSaver: Tax Credit, Contribution and Residual Entitlement Non-Departmental Benefits or Related Expenses	-	(576,000)	(598,400)	(626,200)	(641,700)
Minimum Family Tax Credit Threshold: Holding the Rate this Year	Minimum Family Tax Credit Non-Departmental Benefits or Related Expenses	(243)	(970)	(970)	(970)	(970)
Student Loans - Indefinite Freeze of the Repayment Threshold	Impairment of Debt Relating to Student Loans Non-Departmental Other Expenses	(76,000)	-	-	-	-
	Initial Fair Value Write-Down Relating to Student Loans Non-Departmental Other Expenses	(5,000)	(9,000)	(11,000)	(14,000)	(16,000)
Transfer funding for final-year Fees Free - operational costs from MSD	Services for Customers MCA Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	520	2,495	1,285	785	785
	Capital injection	1,100	1,000	-	-	-
Transfer funding for Fees Free Payments from Vote Tertiary Education to Vote Revenue	Final-year Fees Free Payments Non-Departmental Other Expenses	-	52,244	68,846	117,666	161,855

Policy Initiative	Appropriation	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Working for Families - Abatement Changes	Family Tax Credit (PLA) Non-Departmental Benefits or Related Expenses	-	12,000	50,000	51,000	50,000
	Impairment of Debt and Debt Write-Offs Non-Departmental Other Expenses	-	-	1,000	1,000	1,000
	In-Work Tax Credit (PLA) Non-Departmental Benefits or Related Expenses	-	3,000	11,000	11,000	11,000
	Minimum Family Tax Credit (PLA) Non-Departmental Benefits or Related Expenses	-	-	1,000	1,000	1,000
Working for Families - Best Start Tax Credit Changes	Best Start Tax Credit PLA Non-Departmental Benefits or Related Expenses	-	(14,000)	(58,000)	(68,000)	(71,000)
Total initiatives		(79,523)	(534,396)	(535,547)	(500,485)	(460,314)

1.2 - Trends in the Vote

Summary of Financial Activity

	2020/21	2021/22	2022/23	2023/24	2024/25		2025/26			2026/27	2027/28	2028/29
	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	15,989	14,714	1,520	1,293	1,464	1,464	1,464	-	1,464	1,464	1,464	1,464
Benefits or Related Expenses	4,909,303	4,706,647	4,847,424	5,156,015	5,781,500	5,692,000	N/A	5,198,900	5,198,900	5,292,500	5,538,000	5,517,000
Borrowing Expenses	7,894	9,954	10,315	12,787	12,200	12,200	-	11,200	11,200	10,200	10,200	10,200
Other Expenses	8,934,216	13,988,343	11,549,259	12,713,900	13,513,998	13,043,198	-	13,531,742	13,531,742	15,114,000	15,731,900	16,952,900
Capital Expenditure	362,722	573,124	140,311	32,420	32,000	32,000	47,700	-	47,700	42,900	40,400	40,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	581,175	573,364	660,493	706,538	757,417	754,417	786,166	-	786,166	771,638	783,647	799,447
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	14,811,299	19,866,146	17,209,322	18,622,953	20,098,579	19,535,279	835,330	18,741,842	19,577,172	21,232,702	22,105,611	23,321,011
Crown Revenue and Capital Receipts												
Tax Revenue	93,791,771	100,599,128	104,484,494	115,407,600	115,407,000	115,407,000	N/A	119,281,000	119,281,000	126,302,000	132,705,000	139,833,000
Non-Tax Revenue	773,591	727,549	1,086,925	1,002,415	732,000	732,000	N/A	637,000	637,000	660,000	704,000	745,000
Capital Receipts	1,737,915	2,089,082	2,393,480	2,107,858	1,973,000	1,973,000	N/A	1,850,000	1,850,000	1,886,000	1,850,000	1,898,000
Total Crown Revenue and Capital Receipts	96,303,277	103,415,759	107,964,899	118,517,873	118,112,000	118,112,000	N/A	121,768,000	121,768,000	128,848,000	135,259,000	142,476,000

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

The decrease from \$15.989 million in 2020/21 to an estimated \$1.464 million in 2024/25 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 remain at \$1.464 million in 2025/26 due to no expected changes in the next financial year.

Benefits or Related Expenses

This appropriation type includes payments for Working for Families Tax Credits, Best Start, paid parental leave, KiwiSaver, FamilyBoost and child support to custodial persons. It also included the Research and Development Tax Incentive from April 2019 to April 2021.

Expenditure increased from \$4,909 million in 2020/21 to an estimated \$5,517 million in 2028/29 due to growth, indexation changes and policy changes.

Indexation and other adjustments preserve the real value of a transfer by allowing for inflation or to maintain relativities to other settings such as wages or other benchmarked transfers. Indexation was applied to the Family Tax Credit and Best Start each April between April 2022 and April 2025 and is expected again in April 2027.

Best Start commenced from 1 July 2018 and was phased in over three years. Income testing for eligibility currently applies to families with children aged one or two but from April 2026, income testing will apply for all eligible families with children under the age of three, reducing expenditure from 2025/26 onwards. Abatement through income growth of affected families will decrease expenditure over time, particularly in years with no indexation adjustments.

Abatement through income growth is also a factor decreasing other Working for Families payments. Additionally, there was an increase in the abatement rate from 25% to 27% from 1 April 2022. Other policy changes have boosted entitlements, including indexation, a \$25 per week increase in the in-work tax credit from 31 July 2024, and an increase in the abatement threshold from April 2026. The latter change is combined with another increase in the abatement rate to 27.5%, but the combined effect of these two changes increases expenditure from 2025/26 onwards.

The uplift in paid parental leave payments over the period is a result of increased employment and employee compensation from economic growth. The maximum amount of paid parental leave is adjusted annually to reflect wage growth.

The KiwiSaver tax credit generally grows with an increase in membership, however a halving of the maximum credit entitlement will apply from 1 July 2025 which leads to a decrease in this appropriation.

The new FamilyBoost tax credit created in 2024/25 will have a full year impact on expenditure from 2025/26 onwards.

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

Non-Departmental Borrowing Expenses

This appropriation type includes interest payments for the income equalisation and environmental restoration account schemes.

Expenditure has increased from \$7.894 million in 2020/21 to an estimated \$10.200 million in 2028/29. The interest payable varies with interest rates and the size of the deposits in these schemes, with deposits forecast to grow over time.

Non-Departmental Other Expenses

This appropriation type includes the on-payment of KiwiSaver contributions, the Research and Development Tax Incentive, bad debt write-offs, the initial fair value write-down on student loans and impairments (student loans, Small Business Cashflow Scheme loans, and debt relating to child support, general tax, KiwiSaver and Working for Families Tax Credits). From 2025/26, it also includes payments for final-year Fees Free.

Expenditure increased from \$8,934 million in 2020/21 to an estimated \$16,953 million in 2028/29. 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. It has no impact on the Crown operating balance. This appropriation was \$7,042 million in 2020/21 and is estimated at \$14,000 million in 2028/29 due to the growth in employee compensation and consequentially in KiwiSaver contributions.

The impairment of debt and debt write-offs has been increasing since 2020/21 due to an increase in the level of overdue debt as a result of current economic conditions. The forecast from 2025/26 is expected to start to reduce as a result of increasing compliance activity and the economy starting to recover.

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

Payments for final-year Fees Free commence in 2025/26 and increase to \$223 million by 2028/29 as more students complete their studies and become eligible for payments.

Departmental Other Expenses

There are no Departmental other expenses in 2024/25 and outyears.

Departmental Capital Expenditure

Capital expenditure has decreased from just under \$65 million in 2020/21 to an estimated \$32 million in 2024/25 due to reduced capital expenditure post the closure of Inland Revenue's transformation programme. The overall increase in capital expenditure to an estimated \$47.700 million in 2025/26 reflects a higher spend on funded and self-funded Budget initiatives and upgrades and enhancements to core systems and infrastructure.

Multi-Category Expenses and Capital Expenditure (MCA)

This appropriation (MCA) has increased from \$581.175 million in 2020/21 to an estimated \$757.417 million in 2024/25 and \$786.166 million in 2025/26. The increase from 2020/21 to 2024/25 reflects expenditure post the closure of Inland Revenue's transformation programme and funding for COVID-19 related activities and maintaining capability.

The growth in expenditure in 2025/26 is mostly attributable to the funding of operating costs for administering new initiatives such as compliance activities - continuation of funding, compliance activities - increased investment, and income charging phase 2 (using Inland Revenue data to improve the accuracy of MSD payments). The increase is net of ongoing reductions of operating expenditure returned to the Crown as part of Budget 2024.

Inland Revenue's primary cost pressures over the forecast period will arise from remuneration, inflation, and the estimated implementation and delivery cost of nearly \$18 million from self-funded new Budget 2025 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 administered under Vote Revenue has increased from \$93,792 million in 2020/21 to an estimated \$139,833 million in 2028/29.

After growing by 10% in 2023/24, tax revenue is expected to remain unchanged in 2024/25. Weakness in companies income tax and total withholding tax offset modest growth in other tax types. On average, over the five years to 2028/29, total tax revenue is forecast to grow at 4% per annum, largely reflecting average growth in forecast nominal GDP of just under 5% per annum.

Growth in source deduction revenue is forecast to ease to 1% in 2024/25, as changes to the personal income tax rate threshold continue to dampen the impact of growth in salary and wages of employees. Beyond 2024/25 growth in source deductions is forecast to return to around 5% per year.

Net other persons tax revenue is forecast to grow by just over 10% in 2024/25 following several years of contraction. Growth in the outyears peaks at just over 8% in 2027/28, due to a return to growth in forecasts for net operating surplus.

Net companies income tax revenue is forecast to decrease by just under 3% in 2024/25, reflecting a forecast decrease in net operating surplus and relatively weak return filing for the 2023/24 tax year. Growth in net companies income tax revenue is expected to be between 3% and 17% each year from 2025/26 to 2028/29, reflecting strong growth in taxable profits during this period.

Net Inland Revenue GST revenue increased by 13% in 2023/24, supported by growth in private consumption and a decline in goods imports. Growth in 2024/25 is forecast to ease to 1% due to a softening of consumption growth and declining residential investment, before rebounding to an average growth rate of just under 4% between 2025/26 and 2028/29.

Resident withholding tax (RWT) on interest grew by just under 150% and 70% in 2022/23 and 2023/24, respectively. The growth reflected significant increases in deposit interest rates since 2022 but recent falls in interest rates see RWT growth slowing to an increase of just over 9% in 2025/26. Interest rates are forecast to continue to fall over the remainder of the forecast period. RWT forecasts largely mirror those forecasts, declining by an average of just over 13% per year over the forecast period from 2025/26 to 2028/29.

RWT on dividends grew by over 123% in 2023/24, reflecting a surge in dividend payments ahead of the introduction of the 39% trustee tax rate. For 2024/25, RWT on dividends is expected to fall by just over 62% as dividend payments return to more 'normal' levels. Beyond 2024/25, RWT on dividends is forecast to grow by an average of just over 9%, 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 increased from \$774 million in 2020/21 to just over \$1,002 million in 2023/24 but is expected to fall to \$732 million in 2024/25 with small increases to \$745 million by 2028/29. The increase from 2020/21 to 2023/24 was 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 but this is offset by the decrease in interest unwind of the initial fair value write-down on Small Business Cashflow Scheme loans and the new pass-on of child support payments to beneficiaries from 1 July 2023. The decline in 2024/25 is due to a reduction in the interest unwind on student loans due to a decrease in the discount rate, a reduction in forecast receipts of unclaimed monies and a decrease in interest unwind on the Small Business Cashflow Scheme as the loan balance reduces.

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.

Capital receipts have increased from \$1,738 million in 2020/21 to an estimated \$1,898 million by 2028/29. Growth is mainly due to forecast increases in student loan repayments while Small Business Cashflow Scheme loan repayments is expected to decrease as the loans mature at the end of the five-year loan period.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,464	1,464	1,464
Revenue from the Crown	-	-	-
Revenue from Others	1,464	1,464	1,464

What is Intended to be Achieved with this Appropriation

This appropriation is intended to account for accommodation recoveries from other government agencies and archiving services to the Department of Internal Affairs.

End of Year Performance Reporting

An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as additional performance information is unlikely to be informative in light of the nature of the services.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	22,000	22,000	14,000
Intangibles	10,000	10,000	33,700
Other	-	-	-
Total Appropriation	32,000	32,000	47,700

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 2025/26 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 2026.

Reasons for Change in Appropriation

The increase in this appropriation for 2025/26 to an estimated \$47.700 million compared to 2024/25 is due to a higher spend on funded and self-funded Budget initiatives and upgrades and enhancements to core systems and infrastructure.

Capital Injections and Movements in Departmental Net Assets

Inland Revenue Department

Details of Net Asset Schedule	2024/25 Estimated Actual \$000	2025/26 Projected \$000	Explanation of Projected Movements in 2025/26
Opening Balance	443,772	443,922	
Capital Injections	1,900	7,700	Funding to implement the Crypto-asset Regulatory Framework initiative (\$6.700 million), and funding to implement the final-year Fees Free initiative (\$1.000 million).
Capital Withdrawals	(1,750)	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	443,922	451,622	

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	348,000	348,000	326,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for payments to eligible families with a dependent child in the first three years of the child's life 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 1989, 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.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
Working for Families - Best Start Tax Credit Changes	2025/26	-	(14,000)	(58,000)	(68,000)	(71,000)

Reasons for Change in Appropriation

The decrease in this appropriation for 2025/26 is mainly due to a new Budget 2025 initiative to apply an income-test to determine whether a family is eligible for the first year of the Best Start Tax Credit. This test is in line with the current settings for second and third year Best Start payments.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	434,000	434,000	442,000

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 1989, 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	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Previous Government						
Passing on Child Support Payments to Sole Parent Beneficiaries	2023/24	154,733	154,733	154,733	154,733	154,733

Reasons for Change in Appropriation

The increase in this appropriation for 2025/26 is due to an increase in non-custodial receipts in line with income growth. This growth is partially offset by a continued decline in the number of child support arrangements managed by Inland Revenue, as child support arrangements administered by Inland Revenue are no longer a requirement for those in receipt of welfare benefits.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,435,000	2,435,000	2,374,000

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 1989, 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.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
Working for Families - Abatement Changes	2025/26	-	12,000	50,000	51,000	50,000

Reasons for Change in Appropriation

The decrease in this appropriation for 2025/26 is due to the growth in family incomes increasing abatement to entitlements. There is no CPI indexation of family tax credit entitlements in 2025/26. The final three months of the 2025/26 year are boosted as a result of the Budget 2025 initiative to change abatement settings from 1 April 2026, with the abatement threshold increasing from \$42,700 to \$44,900, albeit with a steeper abatement rate of 27.5% also applying.

Conditions on Use of Appropriation

Reference	Conditions
Section MD3 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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	131,000	131,000	171,000

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 Public Finance Act 1989, 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	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
FamilyBoost	2024/25	174,000	171,000	167,000	165,000	165,000

Reasons for Change in Appropriation

The increase in this appropriation for 2025/26 is due to the accounting approach for when claims are recognised as an expense. 2024/25 was the first year of FamilyBoost and only three quarterly payments were recognised in the year. From 2025/26 onwards, four payments will be recognised.

Conditions on Use of Appropriation

Reference	Conditions
Subpart MH of the Income Tax Act 2007	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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	554,000	554,000	588,000

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 1989, 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	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
Working for Families - Abatement Changes	2025/26	-	3,000	11,000	11,000	11,000
In-Work Tax Credit - Rate increase	2024/25	148,000	160,000	153,000	150,000	150,000

Reasons for Change in Appropriation

The increase in this appropriation for 2025/26 is mainly due to the full year impact of the \$25 per week increase in entitlements from 31 July 2024 and is further boosted by changes to the Working for Families abatement settings from April 2026. These increases are partially offset from the abatement of entitlements arising from income growth.

Conditions on Use of Appropriation

Reference	Conditions
Sections MD4-10 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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,200	3,700	4,000

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 Public Finance Act 1989, 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 2025/26 is mainly due to a technical initiative to provide for an appropriation buffer of \$500,000 in 2024/25. This buffer is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure.

Conditions on Use of Appropriation

Reference	Conditions
Sections 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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,109,000	1,056,000	541,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to encourage participation in the KiwiSaver scheme by providing for payments to contributing KiwiSaver members 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 1989, 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	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
KiwiSaver Package	2025/26	-	(576,000)	(598,400)	(626,200)	(641,700)
Previous Government						
KiwiSaver - Government contribution to Paid Parental Leave recipients	2024/25	6,000	6,420	6,799	6,799	6,799

Reasons for Change in Appropriation

The decrease in this appropriation for 2025/26 is due to the Budget 2025 KiwiSaver package which results in:

- the maximum KiwiSaver tax credit being halved from 1 July 2025, with an estimated reduction in the appropriation of \$547 million in 2025/26
- KiwiSaver members with incomes exceeding \$180,000 no longer being eligible for the KiwiSaver tax credit, resulting in a further reduction in the appropriation of \$33 million in 2025/26, and

- eligibility for KiwiSaver tax credits being extended to contributing members aged 16 or 17, increasing the appropriation by \$4 million in 2025/26.

This is offset by a small underlying growth in the tax credit due to the continued increase in the number of contributing KiwiSaver members, and any increased entitlement through contribution growth from members who previously qualified for less than the maximum entitlement.

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 the current cap; Provides a payment of KiwiSaver contribution for eligible paid parental leave recipients in line with the minimum employer contribution; 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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	10,300	10,300	7,900

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, when at least one parent is working.

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, 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	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
Working for Families - Abatement Changes	2026/27	-	-	1,000	1,000	1,000
Minimum Family Tax Credit Threshold: Holding the Rate this Year	2024/25	(243)	(970)	(970)	(970)	(970)
In-Work Tax Credit - Rate Increase	2024/25	220	220	220	220	220
Main Benefit indexation to CPI	2024/25	300	(1,300)	(2,700)	(3,200)	(3,200)
Previous Government						
Main Benefit Rate Increase and Complementary Changes to Student Support (1 April 2022)	2020/21	3,000	3,000	3,000	3,000	3,000

Reasons for Change in Appropriation

The decrease in this appropriation for 2025/26 is due to growth in family incomes reducing the requirement for a top up to the amount guaranteed.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	756,000	720,000	745,000

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 1989, 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 and the 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.

Reasons for Change in Appropriation

The decrease in this appropriation for 2025/26 is mainly due a technical initiative to provide for an appropriation buffer of \$36 million in 2024/25. This buffer is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure.

This decrease is offset by a 3.9% indexation adjustment to the maximum payment, with no significant forecast change in the volume of claims.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,200	4,200	4,200

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	8,000	8,000	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 2025/26 is due to the reduction in the scheme balance following larger than usual withdrawals in the current year. This will have a flow on impact of less interest payable in 2025/26.

3.4 - Non-Departmental Other Expenses

Final-year Fees Free Payments (M57) (A10)

Scope of Appropriation

This appropriation is limited to final-year Fees Free payments and loan offsets made to eligible recipients.

Expenses

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	55,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to support learners entering their final year of study from 1 January 2025 who have not already benefitted from first-year fees free, by reducing the cost of study for those who complete their qualifications.

End of Year Performance Reporting

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, as additional performance information is unlikely to be informative because this appropriation is solely to support learners entering their final year of study from 1 January 2025. 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	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
Delivering Quality and Timely Primary Care: Next Steps and Implementation	2027/28	-	-	-	(167)	(170)
Final-year Fees Free - Increased Cost	2025/26	-	6,312	35,684	61,676	75,159
Increased Tuition Fees - Impacts Related to Student Loans and Final-year Fees Free Payments	2025/26	-	238	3,927	6,737	8,903
Transfer funding for Fees Free Payments from Vote Tertiary Education to Vote Revenue	2025/26	-	52,244	68,846	117,666	161,855

Reasons for Change in Appropriation

The increase in this appropriation is due to a transfer of the funding for Fees Free payments from Vote Tertiary Education as a result of finalising the roles and responsibilities to deliver the Budget 2024 initiative to move to final-year Fees Free. Payments to eligible learners will commence from 1 January 2026.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,293,900	1,993,900	1,520,000

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 Public Finance Act 1989, 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 Services to manage debt and unfiled returns category.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
Working for Families - Abatement Changes	2026/27	-	-	1,000	1,000	1,000
Compliance Activities - Continuation of Funding	2025/26	-	(54,000)	(54,000)	(54,000)	(54,000)
Compliance Activities - Increased Investment	2025/26	-	(34,000)	(68,000)	(68,000)	(68,000)
Investment in Compliance Activities - Return on Investment	2024/25	(26,000)	(54,000)	(54,000)	(54,000)	(54,000)
In-Work Tax Credit - Rate increase	2024/25	2,000	2,000	2,000	2,000	2,000
Previous Government						
Global Anti-Base Erosion Tax Rules for New Zealand	2026/27	-	-	140	140	140
Trustee tax rate increase	2024/25	100	2,900	1,300	1,300	1,300

Reasons for Change in Appropriation

The decrease in this appropriation for 2025/26 is mainly due to a technical initiative for 2024/25 to provide for an appropriation buffer of \$300 million. This buffer is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure. In addition, increased funding to boost compliance activities and an expectation of a slow recovery in the economy lead to a slowdown in debt growth, which consequently reduces impairment.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	590,000	560,000	636,000

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 Public Finance Act 1989, 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	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Current Government						
Delivering Quality and Timely Primary Care: Next Steps and Implementation	2025/26	-	96	192	268	501
Increased Tuition Fees - Impacts Related to Student Loans and Final-year Fees Free Payments	2025/26	-	13,889	16,889	17,220	17,923
Final-year Fees Free - Impacts Related to Student Loans	2024/25	79,000	90,000	76,000	60,000	52,000
Increasing Student Loan Scheme Overseas Interest Formula - Impacts Related to Student Loans	2024/25	(247)	(195)	(133)	(76)	(33)
Increasing Tuition Fees - Impacts Related to Student Loans	2024/25	12,224	13,857	14,110	14,361	15,160

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Investment in Compliance Activities - Return on Investment	2024/25	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Student Loans - Indefinite Freeze of the Repayment Threshold	2024/25	(5,000)	(9,000)	(11,000)	(14,000)	(16,000)
Training 25 More Doctors - Impact on Student Loans	2024/25	139	284	436	744	936
Previous Government						
Training Incentive Allowance - Supporting eligible Ministry of Social Development clients to study	2024/25	2,824	3,443	3,512	3,580	3,649
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)	(1)
Increasing Medical School Enrolments for the 2024 Intake	2023/24	669	1,034	1,726	2,584	2,871
Main benefit rate increase and complementary changes to student support (1 April 2022)	2021/22	28,993	30,295	30,295	30,295	30,295
Reinstating the Training Incentive Allowance for Levels 4 to 7 on the New Zealand Qualifications Framework	2021/22	774	-	-	-	-

Reasons for Change in Appropriation

The increase in this appropriation for 2025/26 is mainly due to higher lending forecasts largely offset by a decrease in the discount rate.

In addition, the increase is offset by a technical initiative to provide for an appropriation buffer of \$30 million in 2024/25. This buffer is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	9,870,000	9,870,000	10,670,000

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 1989, 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 2025/26 is due to forecast growth in collections from both contributing members and their employers, reflecting increases in the number of members as well as employment, wage and savings growth. From April 2026, the default contribution rate for employees will increase from 3% to 3.5% of their wages or salaries, with matching contributions from their employers also increasing.

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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	592,968	592,968	650,742

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

	2024/25		2025/26
	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	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Previous Government						
Research and Development Tax Incentive In-year Payments	2021/22	(39,832)	(29,258)	-	-	-

Reasons for Change in Appropriation

The increase in this appropriation for 2025/26 is due to higher expected claims. The claims for the 31 March 2024 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 unfilled returns

This category is limited to activities to prevent returns and debt becoming overdue, and to collect unfilled 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

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	757,417	754,417	786,166
Departmental Output Expenses			
Policy advice	13,912	13,912	13,997
Services to manage debt and unfilled returns	107,345	106,845	116,099
Services to Ministers and to assist and inform customers to get it right from the start	321,770	320,470	320,095

	2024/25		2025/26
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Services to process obligations and entitlements	188,436	187,836	184,602
Services to protect the integrity of the tax system and functions the Commissioner administers	125,954	125,354	151,373
Funding for Departmental Output Expenses			
Revenue from the Crown	751,329	751,329	780,078
Policy advice	13,911	13,911	13,996
Services to manage debt and unfilled returns	106,073	106,073	114,827
Services to Ministers and to assist and inform customers to get it right from the start	320,725	320,725	319,050
Services to process obligations and entitlements	184,815	184,815	180,981
Services to protect the integrity of the tax system and functions the Commissioner administers	125,805	125,805	151,224
Revenue from Others	6,088	6,088	6,088
Policy advice	1	1	1
Services to manage debt and unfilled 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	3,621	3,621	3,621
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 unfilled returns.

How Performance will be Assessed for this Appropriation

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Percentage of returns filed by customers on time (see Note 1)	95%	96.0%	Improve on previous year
Percentage of tax payments made by customers on time (see Note 2)	90%	88%	84%
Percentage of tax payments made by customers on time by value (see Note 2)	94%	94%	92%

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

	2024/25		2025/26
Assessment of Performance	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.			
The average quality score of papers assessed using the Policy Quality Framework (see Note 3)	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.			
Value of assessed revenue for every unfiled return dollar spent (see Note 4)	\$45.00	\$49.20	Measure retired
Cash from debt collection for every debt dollar spent	\$40.00	\$52.42	\$40.00
Percentage of child support assessments paid on time	70%	75.6%	70%
Percentage of student loan customers that meet their obligations (see Note 5)	85%	82.5%	Measure replaced
Percentage of New Zealand-based student loan customers who meet their obligations (see Note 5)	N/A	N/A	95%
Percentage of overseas-based student loan customers who meet their obligations (see Note 5)	N/A	N/A	31-35%
Percentage of unfiled returns that are finalised within six months (see Note 6)	60%	44.9%	Measure retired
Percentage of returns filed within six months of the due date (see Note 6)	N/A	N/A	Improve on previous year
Percentage of collectable debt value over two years old	40% or less	35.3%	40% or less
Percentage of new customer debt resolved within six months (see Note 7)	50%	64.8%	Measured retired
Percentage of tax payments made by customers within six months of the due date (see Note 8)	N/A	N/A	95%
Percentage of tax payments made by customers within six months of the due date by value (see Note 8)	N/A	N/A	98%
Percentage of collectable tax debt value under an active repayment plan (see Note 9)	Improving the value over baseline	14.1% (see Note 9)	Improving the value over baseline
Percentage of New Zealand liable parent child support debt cases resolved within 12 months	80%	84.0%	80%

	2024/25		2025/26
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
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.			
Percentage of customers who agree they found it easy to get the information they needed	70%	70%	70%
Average speed to answer telephone calls	4 minutes 30 seconds or less	3 minutes 8 seconds or less	4 minutes 30 seconds or less
Percentage of calls answered	60%	73.2%	60%
Percentage of correspondence completed within 10 working days	70%	71.1%	70%
Percentage of rulings reports, adjudication reports and public items that meet the applicable purpose, logic, alternatives, consultation, and practicality standards (see Note 10)	100%	100%	100%
Percentage of public items, adjudication cases, taxpayer rulings and short process rulings completed within agreed timeframes	90%	96.1%	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.			
Percentage of social policy and tax registrations processed within five working days	85%	90.1%	85%
Percentage of income tax refund disbursements resulting from a return issued within five weeks	85%	91.4%	85%
Percentage of GST refund disbursements issued within four weeks (see Note 11)	95%	97.3%	95%
Percentage of income tax returns finalised within three weeks	95%	99.7%	95%
Percentage of GST returns finalised within three weeks	98%	99.95%	98%
Percentage of KiwiSaver contributions passed to scheme providers within 2 days (see Note 12)	98%	99.4%	98%
Average cost of processing income tax returns, GST returns and employment information (see Note 13)	\$1.75 or less	\$1.88	Measure retired
Percentage of child support assessments issued within two weeks	80%	88.0%	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.			
Percentage of customers whose compliance behaviour improves after receiving an audit intervention (see Note 14)	85%	Not available	Measure replaced
Improved compliance following an audit intervention (see Note 14)	N/A	N/A	Evaluative assessment
The identified value of compliance activities over associated costs	\$10.00	\$10.40	\$10.00
Percentage of litigation judgments found in favour of the Commissioner	75%	90%	75%

Note 1 - The methodology and target for the measure covering returns filed has been updated for 2025/26. The definition of 'on time' has been updated from 'within 7 days' to 'by the due date'. The seven-day timeframe was set prior to Inland Revenue's business transformation programme to allow time for processing activities to be completed. Modernised systems and processes and high levels of digital interactions with customers means this longer timeframe is no longer necessary. The methodology has also been adjusted to one that is based on return expectations for GST and Income tax returns. As the due dates for Employer Information returns (EIs) are based on customers' pay day conditions, return expectations are unable to be determined prior to filing, and therefore will not be included. The timeliness of EIs will continue to be monitored once they are filed.

Note 2 - The methodology and target for the two measures covering tax payments have been updated for 2025/26. The definition of 'on time' has been updated from 'within 7 days' to 'by the due date'. The seven-day timeframe was set prior to Inland Revenue's business transformation programme to allow time for processing activities to be completed. Modernised systems and processes and high levels of digital interactions with customers means this is no longer necessary. The adjusted targets for 2025/26 reflect the impact of changing the definition to 'by the due date' without a further seven days for customers to make payments. The adjusted targets were set following analysis of payment timeliness using the new definition for the past three years and the year-to-date 2024/25.

Note 3 - Inland Revenue uses the 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 and ministers' satisfaction with its policy service.

Note 4 - The measure has been retired because it competes with Inland Revenue's measurement of, and focus on, improving on-time filing of returns. The result for this measure improves when more returns are filed late. Inland Revenue will continue to report on the value assessed from late-filed returns within its broader performance measurement framework.

Note 5 - Separate targets have been set for the compliance of New Zealand-based and overseas-based student loan borrowers to provide better visibility of their different compliance levels and of Inland Revenue's efforts to maintain and improve results. The targets have been set based on historical performance, with a stretch target for overseas-based borrowers.

Note 6 - This measure is replaced by the new measure 'percentage of returns filed within six months of the due date', which better reflects Inland Revenue's focus on improving the overall timeliness of filing returns.

Note 7 - The measure has been retired as the intent (dealing with debt early, preventing it from ageing and becoming less recoverable) is adequately covered by other measures (new measures for 'percentage of tax payments made by customers within six months of the due date' - volume and value, 'percentage of collectable debt over two years old' and 'percentage of collectable tax debt value under an active repayment plan').

Note 8 - These new measures provide additional focus on the work Inland Revenue's people and systems do to help get customers back on track when they miss payment due dates.

Note 9 - The wording and methodology have been updated to reflect the measurement of collectable debt that is under an active repayment plan rather than total debt, which includes non-collectable debt. Non-collectable debt is no longer included because the actions that Inland Revenue takes to address debt at this stage mean repayment plans are not relevant or appropriate. The estimated result for 2024/25 is based on the 2024/25 measure for total tax debt under an active repayment plan.

Note 10 - Performance will be measured by review of a sample of reports.

Note 11 - 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 12 - The timeframe for 2025/26 has been reduced from 3 days to 2 days to reflect performance levels that Inland Revenue has consistently achieved in recent years.

Note 13 - The measure has been retired. The main cost drivers for the measure are the predominately fixed costs to run and maintain Inland Revenue's systems, and the department uses other existing measures in its broader performance measurement framework to measure its efficiency.

Note 14 - The measure of 'percentage of customers whose compliance behaviour improves after receiving an audit intervention' has been retired and replaced by a new measure, 'improved compliance following an audit intervention', which takes a more evaluative approach to determine changes in the behaviour and actions of non-compliant customers.

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	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Services to protect the integrity of the tax system and functions the Commissioner administers						
Current Government						
Compliance Activities - Continuation of Funding	2025/26	-	6,100	6,100	6,100	6,100
Compliance Activities - Increased Investment	2025/26	-	26,250	26,250	26,250	26,250
Crypto-asset Regulatory Framework	2024/25	-	-	-	1,700	1,700
FamilyBoost - Operating Costs	2024/25	2,800	2,200	1,800	1,800	1,800
Investment in Compliance Activities - Operating Costs	2024/25	26,100	26,100	26,100	26,100	26,100
Reduction in Operating Expenditure - Inland Revenue	2024/25	(2,300)	(2,300)	(2,300)	(2,300)	(2,300)
Online Casino Gambling Tax Changes	2024/25	500	500	500	-	-
Previous Government						
Inland Revenue - Technology Cost Pressure	2023/24	1,188	1,368	1,368	1,368	1,368
Taxation of the Platform Economy	2023/24	230	260	260	260	260
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	11,600	5,500	5,500	5,500	5,500
Closure of Inland Revenue's Transformation Programme	2021/22	3,265	3,265	3,265	3,265	3,265
Taxation of Housing	2021/22	2,000	-	-	-	-

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Services to manage debt and unfilled returns						
Current Government						
Compliance Activities - Continuation of Funding	2025/26	-	4,500	4,500	4,500	4,500
Compliance Activities - Increased Investment	2025/26	-	8,750	8,750	8,750	8,750
FamilyBoost - Operating Costs	2024/25	700	600	500	500	500
Investment in Compliance Activities - Operating Costs	2024/25	2,900	2,900	2,900	2,900	2,900
Reduction in Operating Expenditure - Inland Revenue	2024/25	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)
Previous Government						
Inland Revenue - Technology Cost Pressure	2023/24	990	1,140	1,140	1,140	1,140
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	8,500	4,000	4,000	4,000	4,000
Taxation of the Platform Economy	2023/24	470	650	650	650	650
Closure of Inland Revenue's Transformation Programme	2021/22	3,265	3,265	3,265	3,265	3,265
Taxation of Housing	2021/22	380	-	-	-	-
Services to Ministers and to assist and inform customers to get it right from the start						
Current Government						
Compliance Activities - Continuation of Funding	2025/26	-	10,600	10,600	10,600	10,600
Income Charging Phase 2 - Using Inland Revenue Data to Improve the Accuracy of MSD payments	2024/25	20	160	120	200	940
Transfer funding for final-year Fees Free - Operating costs from MSD	2024/25	520	2,495	1,285	785	785
Crypto-asset Regulatory Framework	2024/25	800	1,100	2,200	1,500	1,500
Final-year Fees Free	2024/25	80	435	735	1,035	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	6,300
Reduction in Systems Maintenance and Change Capacity	2024/25	(4,500)	(4,500)	(4,500)	(4,500)	(4,500)
Reduction in Operating Expenditure - Inland Revenue	2024/25	(6,700)	(6,700)	(6,700)	(6,700)	(6,700)
Online Casino Gambling Tax Changes	2023/24	50	50	50	50	50
Previous Government						
KiwiSaver - Administrative Costs for the Government Contribution for Paid Parental Leave Recipients	2024/25	20	72	72	72	72
Inland Revenue - Technology Cost Pressure	2023/24	3,168	3,648	3,648	3,648	3,648
Taxation of the Platform Economy	2023/24	600	800	800	800	800
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	22,000	11,300	11,300	11,300	11,300

Policy Initiative	Year of First Impact	2024/25 Final Budgeted \$000	2025/26 Budget \$000	2026/27 Estimated \$000	2027/28 Estimated \$000	2028/29 Estimated \$000
Taxation of Housing	2022/23	1,590	-	-	-	-
Passing on Child Support Payments to Sole Parent Beneficiaries	2021/22	2,000	2,000	2,000	2,000	2,000
Closure of Inland Revenue's Transformation Programme	2021/22	22,840	22,840	22,840	22,840	22,840
Economic Response to Future Resurgences of COVID-19	2021/22	1,500	-	-	-	-
Services to process obligations and entitlements						
Current Government						
Compliance Activities - Continuation of Funding	2025/26	-	5,300	5,300	5,300	5,300
Income Charging Phase 2 - Using Inland Revenue Data to Improve the Accuracy of MSD payments	2024/25	80	640	480	400	960
Crypto-asset Regulatory Framework	2024/25	600	900	800	500	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	500
Reduction in Systems Maintenance and Change Capacity	2024/25	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)
Reduction in Operating Expenditure - Inland Revenue	2024/25	(3,800)	(3,800)	(3,800)	(3,800)	(3,800)
Shared Approach to Back-office Transformation	2024/25	(200)	(200)	(200)	(200)	(200)
Online Casino Gambling Tax Changes	2023/24	250	250	250	250	250
Previous Government						
KiwiSaver - Administrative Costs for the Government Contribution for Paid Parental Leave Recipients	2024/25	30	108	108	108	108
Inland Revenue - Technology Cost Pressure	2023/24	1,254	1,444	1,444	1,444	1,444
Taxation of the Platform Economy	2023/24	1,260	780	780	780	780
Research & Development Tax Incentive Administration Costs	2022/23	2,350	2,350	2,350	2,350	2,350
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	10,400	5,100	5,100	5,100	5,100
Passing on Child Support Payments to Sole Parent Beneficiaries	2022/23	2,400	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	21,480	21,480	21,480	21,480	21,480
Taxation of Housing	2021/22	650	-	-	-	-
Policy advice						
Previous Government						
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	600	700	700	700	700

Reasons for Change in Appropriation

The increase in this appropriation for 2025/26 is due to:

- additional funding of \$35 million for increasing the investment in tax compliance activities
- additional funding of \$26.500 million for continuing the funding for compliance activities
- an increase of \$7.500 million in 2025/26 from an equivalent decrease in 2024/25 from a retention of underspend from administrative savings to manage remuneration and price cost pressures
- additional transferred funding of \$1.970 million from the Ministry of Social Development for the final-year Fees Free implementation and operating cost
- a prior year one-off return of \$1.400 million, and additional funding of \$600,000 for the crypto-asset regulatory framework initiative
- additional funding of \$1 million for technology cost pressure
- additional funding of \$700,000 for the operating cost for the income charging phase 2 (using Inland Revenue data to improve the accuracy of MSD payments) initiative
- additional funding of \$130,000 for KiwiSaver administration costs for the Government contribution for paid parental leave recipients
- additional funding of \$130,000 for the transfer from departmental to non-departmental to cover late claims for COVID-19 related payments and Cost of Living payments, and
- additional funding of \$115,000 for the final-year Fees Free implementation and operating cost.

This is offset by:

- the cessation of time-limited funding of \$26.500 million in 2024/25 for the response to COVID-19 demand and the maintenance of capability and integrity
- a prior year expense transfer of \$11.500 million from 2023/24 to 2024/25 not available in 2025/26 for deferred work for work on hand and delays in initiatives outside of Inland Revenue's control
- reduced funding of \$5.250 million for the Budget 2024 personal income tax and independent earner tax credit threshold changes operating cost initiative in 2025/26 compared to the previous year
- the cessation of time-limited funding of \$4.620 million in 2024/25 for the Taxation of Housing operating cost initiative
- reduced funding of \$2.800 million for the FamilyBoost operating costs initiative in 2025/26 compared to the previous year
- the cessation of time-limited funding of \$1.500 million in 2024/25 for the response for future resurgences of COVID-19 initiative
- reduced funding of \$1 million for the remuneration funding from Budget 2023 Public Sector Pay Adjustment initiative in 2024/25 compared to the previous year
- reduced funding of \$306,000 in 2025/26 compared to the previous year, for the depreciation and capital charge impacts from a capital to operating swap

- reduced funding of \$250,000 for the Small Business Cashflow (Loan) Scheme in 2025/26 compared to the previous year, and
- reduced funding of \$70,000 for the taxation of the platform economy initiative in 2025/26 compared to the previous year.