

# *Vote Revenue*

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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 2026/27 financial year:

- a total of just over \$771 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 over \$26 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 \$5,668 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 \$12 million relating to interest payable on deposit schemes administered by Inland Revenue, and
- a total of just under \$14,587 million for non-departmental other expenses, including \$12,350 million for the on-payment of employee and employer KiwiSaver contributions collected by Inland Revenue to KiwiSaver providers, \$1,375 million for the impairment and write-off of debt, \$823 million for the initial fair value write-down of student loans, and \$33 million for final-year Fees Free payments.

The Minister of Revenue is also responsible for Crown revenue and receipts in the Vote for the 2026/27 financial year covering the following:

- a total forecast of \$126,825 million for tax revenue
- a total forecast of just under \$547 million for non-tax revenue, mainly related to interest unwind for student loans, and
- a total forecast of just over \$1,910 million for capital receipts.

The Minister of Revenue is also responsible for a departmental capital injection to Inland Revenue of just over \$4 million.

The Minister of Science, Innovation and Technology is responsible for a non-departmental other expenses appropriation in Vote Revenue of just under \$704 million for the 2026/27 financial year 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	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b>Services to Other Agencies RDA (M57) (A10)</b> 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
<b>Total Departmental Output Expenses</b>	1,464	1,464	1,464
<b>Departmental Capital Expenditure</b>			
<b>Inland Revenue Department - Capital Expenditure PLA (M57) (A10)</b> 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.	27,000	27,000	26,400
<b>Total Departmental Capital Expenditure</b>	27,000	27,000	26,400
<b>Benefits or Related Expenses</b>			
<b>Best Start Tax Credit PLA (M57) (A10)</b> This appropriation is limited to Best Start Tax Credit payments made to eligible recipients under section 185 of the Tax Administration Act 1994.	327,000	327,000	286,000
<b>Child Support Payments PLA (M57) (A10)</b> This appropriation is limited to Child Support payments made to eligible receiving carers incurred under section 140(2) of the Child Support Act 1991.	410,000	410,000	408,000
<b>Family Tax Credit PLA (M57) (A10)</b> 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.	2,449,000	2,449,000	2,585,000
<b>FamilyBoost Tax Credit PLA (M57) (A10)</b> This appropriation is limited to FamilyBoost payments made to eligible recipients under section 185 of the Tax Administration Act 1994.	140,000	140,000	168,000
<b>In-Work Tax Credit PLA (M57) (A10)</b> 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.	647,000	647,000	844,000
<b>KiwiSaver: Interest (M57) (A10)</b> This appropriation is limited to interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	4,500	4,000	<b>4,500</b>
<b>KiwiSaver: Tax Credit, Contribution and Residual Entitlement (M57) (A10)</b> 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.	580,800	555,800	<b>578,600</b>
<b>Minimum Family Tax Credit PLA (M57) (A10)</b> 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.	8,800	8,800	8,400
<b>Paid Parental Leave Payments (M57) (A10)</b> This appropriation is limited to Paid Parental Leave payments made to eligible parents under the Parental Leave and Employment Protection Act 1987.	770,000	745,000	<b>785,000</b>
<b>Total Benefits or Related Expenses</b>	5,337,100	5,286,600	5,667,500

Titles and Scopes of Appropriations by Appropriation Type	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Non-Departmental Borrowing Expenses</b>			
<b>Environmental Restoration Account Interest PLA (M57) (A10)</b> 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
<b>Income Equalisation Interest PLA (M57) (A10)</b> 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.	7,000	7,000	8,000
<b>Total Non-Departmental Borrowing Expenses</b>	11,200	11,200	12,200
<b>Non-Departmental Other Expenses</b>			
<b>Ex Gratia Payments (M57) (A10)</b> This appropriation is limited to ex gratia payments in relation to Vote Revenue non-departmental activities.	50	50	50
<b>Final-year Fees Free Payments (M57) (A10)</b> This appropriation is limited to final-year Fees Free payments made to eligible recipients.	13,000	8,000	33,394
<b>Impairment of Debt and Debt Write-Offs (M57) (A10)</b> This appropriation is limited to write-offs and remissions for Crown debt administered by Inland Revenue, excluding child support, the Small Business Cashflow Scheme and student loans, and to the impairment of this debt.	2,000,000	1,550,000	1,375,000
<b>Impairment of Debt and Debt Write-Offs Relating to Child Support (M57) (A10)</b> This appropriation is limited to write-offs and the impairment for child support and Crown entitlement debt.	50,000	-	5,000
<b>Initial Fair Value Write-Down Relating to Student Loans (M57) (A10)</b> This appropriation is limited to the initial fair value write-down of student loans.	825,112	775,112	823,385
<b>KiwiSaver: Employee and Employer Contributions PLA (M57) (A10)</b> 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.	10,680,000	10,680,000	12,350,000
<b>Science, Innovation and Technology: R&amp;D Tax Incentive (M84) (A10)</b> This appropriation is limited to providing R&D tax credit payments to eligible research and development performing businesses.	625,742	625,742	703,700
<b>Impairment of Debt Relating to Student Loans (M57) (A10)</b> This appropriation is limited to the impairment of student loan debt.	230,326	-	-
<b>Impairment of Debt Relating to the SBCS (M57) (A10)</b> This appropriation is limited to the impairment of the Small Business Cashflow Scheme.	40,000	-	-
<b>Payments to Settle Residual Claims (M57) (A10)</b> This appropriation is limited to payments made to eligible recipients to settle residual claims for products Inland Revenue has previously administered.	102	-	-
<b>Total Non-Departmental Other Expenses</b>	14,464,332	13,638,904	15,290,529

Titles and Scopes of Appropriations by Appropriation Type	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Services for Customers MCA (M57) (A10)</b> 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.	786,116	786,116	<b>771,388</b>
<b>Departmental Output Expenses</b>			
<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.	13,997	13,997	13,997
<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.	147,099	147,099	126,699
<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.	310,045	310,045	306,695
<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.	178,602	178,602	177,524
<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.	136,373	136,373	146,473
<b>Total Multi-Category Expenses and Capital Expenditure</b>	786,116	786,116	771,388
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	20,627,212	19,751,284	21,769,481

## Capital Injection Authorisations

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Inland Revenue Department - Capital Injection (M57) (A10)	7,700	7,700	4,300

# Supporting Information

## Part 1 - Vote as a Whole

### 1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
Baseline Savings - Inland Revenue	<b>Services for Customers MCA</b> Departmental Output Expense Services to manage debt and unfiled returns	-	(2,500)	(2,500)	(2,500)	(2,500)
	<b>Services for Customers MCA</b> Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	(6,500)	(6,500)	(6,500)	(6,500)
	<b>Services for Customers MCA</b> Departmental Output Expense Services to process obligations and entitlements	-	(3,700)	(3,700)	(3,700)	(3,700)
	<b>Services for Customers MCA</b> Departmental Output Expense Services to protect the integrity of the tax system and functions the Commissioner administers	-	(3,100)	(3,100)	(3,100)	(3,100)
Compliance Activities - Increased Investment	<b>Services for Customers MCA</b> Departmental Output Expense Services to manage debt and unfiled returns	-	15,000	15,000	15,000	15,000
Compliance Activities - Increased Investment - Non-departmental Impact	<b>Impairment of Debt and Debt Write-Offs</b> Non-Departmental Other Expenses	-	(45,000)	(45,000)	(45,000)	(45,000)
Company Loans to Shareholders - Taxation Rules	<b>Impairment of Debt and Debt Write-Offs</b> Non-Departmental Other Expenses	-	-	2,000	2,000	2,000
Ensuring FamilyBoost Reaches More Families	<b>FamilyBoost Tax Credit (PLA)</b> Non-Departmental Benefits or Related Expenses	(25,000)	1,000	1,000	-	-
Final-Year Fees Free - Ending the Scheme	<b>Final-year Fees Free Payments</b> Non-Departmental Other Expenses	-	(1,606)	(44,366)	(64,757)	(72,285)
	<b>Impairment of Debt Relating to Student Loans</b> Non-Departmental Other Expenses	(14,674)	-	-	-	-
	<b>Initial Fair Value Write-Down Relating to Student Loans</b> Non-Departmental Other Expenses	(888)	(85,615)	(127,835)	(150,772)	(165,632)

Policy Initiative	Appropriation	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
Increase to the In-work Tax Credit	<b>In-Work Tax Credit (PLA)</b> Non-Departmental Benefits or Related Expenses	79,000	259,000	29,000	-	-
	<b>Impairment of Debt and Debt Write-Offs</b> Non-Departmental Other Expenses	-	5,000	1,000	-	-
Increasing Tuition Fees - Impacts Related to Student Loans and Final-year Fees Free Payments	<b>Final-year Fees Free Payments</b> Non-Departmental Other Expenses	-	-	840	2,339	2,608
	<b>Initial Fair Value Write-Down Relating to Student Loans</b> Non-Departmental Other Expenses	-	20,050	25,530	26,660	27,645
Research and Development Tax Incentive Amendments - Reducing the Cap for Internal Non-Administrative Software Expenditure and Other Amendments	<b>Science, Innovation and Technology: R&amp;D Tax Incentive</b> Non-Departmental Other Expenses	-	(1,300)	(26,150)	(27,400)	(32,400)
Research and Development Tax Incentive Amendments - Departmental Impact	<b>Services for Customers MCA</b> Departmental Output Expense Services to manage debt and unfiled returns	-	-	150	150	100
	<b>Services for Customers MCA</b> Departmental Output Expense Services to Ministers and to assist and inform customers to get it right from the start	-	500	200	200	200
	<b>Services for Customers MCA</b> Departmental Output Expense Services to process obligations and entitlements	-	100	100	100	100
	<b>Services for Customers MCA</b> Departmental Output Expense Services to protect the integrity of the tax system and functions the Commissioner administers	-	-	200	400	200
	<b>Inland Revenue Department - Capital Expenditure PLA</b> Capital Injection	-	1,400	-	-	-
Working For Families - Family Scheme Income	<b>Best Start Tax Credit (PLA)</b> Non-Departmental Benefits or Related Expenses	-	-	100	100	100
	<b>Family Tax Credit (PLA)</b> Non-Departmental Benefits or Related Expenses	-	100	700	700	800
	<b>In-Work Tax Credit (PLA)</b> Non-Departmental Benefits or Related Expenses	-	-	100	100	200
<b>Total Initiatives</b>		<b>38,438</b>	<b>152,829</b>	<b>(183,231)</b>	<b>(255,980)</b>	<b>(282,164)</b>

## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27			2027/28	2028/29	2029/30
	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
<b>Appropriations</b>												
Output Expenses	14,714	1,520	1,293	1,244	1,464	1,464	1,464	-	1,464	1,464	1,464	1,464
Benefits or Related Expenses	4,706,647	4,847,424	5,156,015	5,546,637	5,337,100	5,286,600	N/A	5,667,500	5,667,500	5,526,000	5,653,900	5,639,800
Borrowing Expenses	9,954	10,315	12,787	10,748	11,200	11,200	-	12,200	12,200	12,200	12,200	12,200
Other Expenses	13,988,343	11,549,259	12,713,900	12,750,965	14,464,332	13,638,904	-	15,290,529	15,290,529	16,138,699	17,291,121	18,458,018
Capital Expenditure	573,124	140,311	32,420	28,657	27,000	27,000	26,400	-	26,400	30,000	50,000	45,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	573,364	660,493	706,538	751,023	786,116	786,116	771,388	-	771,388	783,447	799,447	786,697
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Appropriations</b>	19,866,146	17,209,322	18,622,953	19,089,274	20,627,212	19,751,284	799,252	20,970,229	21,769,481	22,491,810	23,808,132	24,943,179
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	100,599,128	104,484,494	115,407,600	116,589,089	119,273,000	119,273,000	N/A	126,825,000	126,825,000	135,096,000	143,842,000	151,401,000
Non-Tax Revenue	727,549	1,086,925	1,002,415	751,361	543,565	543,565	N/A	546,759	546,759	638,838	685,190	721,263
Capital Receipts	2,089,082	2,393,480	2,107,858	1,946,693	1,923,721	1,923,721	N/A	1,910,342	1,910,342	1,902,300	1,966,249	2,040,962
<b>Total Crown Revenue and Capital Receipts</b>	103,415,759	107,964,899	118,517,873	119,287,143	121,740,286	121,740,286	N/A	129,282,101	129,282,101	137,637,138	146,493,439	154,163,225

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 \$14.714 million in 2021/22 to an estimated \$1.464 million in 2025/26 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. The departmental output expenses remain unchanged in 2026/27 and outyears and solely relate to services provided to other agencies.

#### *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 paid to custodial persons.

Expenditure is forecast to increase from just under \$4,707 million in 2021/22 to an estimated \$5,640 million in 2029/30, reflecting population growth, indexation of entitlements and policy changes over the period.

Family Tax Credit payments have increased by just over \$636 million over the period, largely due to indexation adjustments which are triggered when inflation exceeds 5% since the previous adjustment.

In-work tax credit payments were increased from July 2024 and have temporarily increased from 1 April 2026 for up to one year in response to higher global fuel prices associated with the conflict in the Middle East but are forecast to drop after the expiry of this increase.

The FamilyBoost scheme was introduced from 1 July 2024. Changes announced in July 2025 have broadened access and increased quarterly claims from eligible families. Expenditure is expected to be relatively static over the remainder of the forecast period.

KiwiSaver tax credit expenditure generally grows with an increase in membership. However the maximum credit entitlement halved from July 2025, which has moderated overall growth.

Paid parental leave payments are expected to continue increasing over the forecast period, supported by growth in employment levels and growth in employee compensation.

Child support payments increased significantly in 2023/24 and increased again in 2024/25 following policy changes that pass-on the Crown entitlement portion of child support to custodial persons. Payments have since declined slightly as the number of arrangements managed through Inland Revenue has decreased and are now expected to remain broadly consistent throughout the forecast period.

The introduction of income testing for all families with newborns from 1 April 2026 is expected to reduce Best Start expenditure over the forecast period.

### *Non-Departmental Borrowing Expenses*

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

Expenditure has increased from just under \$10 million in 2021/22 to just over \$12 million in 2029/30. The interest payable varies with interest rates and the size of the deposits in these schemes, with larger deposits expected through to 2026/27, before remaining broadly consistent for the remainder of the forecast period.

### *Non-Departmental Other Expenses*

This appropriation type includes the on-payment of KiwiSaver contributions, the Research and Development Tax Incentive, final-year Fees Free payments, the initial fair value write-down on student loans, and bad debt write-offs 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 ex gratia and residual claims for products that Inland Revenue previously administered.

Expenditure is forecast to increase from just over \$13,891 million in 2021/22 to just over \$18,458 million in 2029/30. The primary reason for this increase is an increase in contributions from both contributing members and their employers as a result of growth in employee compensation and the Budget 2025 policy amendment which increased the contribution rate. The KiwiSaver: Employee and Employer Contributions appropriation has no impact on the Crown operating balance. This appropriation was just over \$7,928 million in 2021/22 and is forecast to increase to an estimated \$15,410 million in 2029/30.

The impairment of debt and debt write-offs expense peaked in 2023/24. Increased internal prioritisation and external funding for compliance activities undertaken by Inland Revenue have improved on-time payment performance, which is expected to support a slowing of the growth in the debt book over the forecast period and a flattening of the impairment expense.

The initial fair value write-down on student loans varies from year to year in line with lending forecasts and discount rates. The expense increased in 2025/26 following confirmation of the accounting treatment for the final-year Fees Free scheme, which required student loans lending associated with these payments to be written off immediately.

As part of Budget 2026, the final-year Fees Free scheme will cease for study completed after 31 December 2026. As a result, lending will revert to a reduced fair value write-down that reflects the portion of lending expected to be repaid.

From 2026/27, the initial fair value write-down on student loan lending is forecast to increase from just over \$823 million to just over \$885 million by 2029/30. This increase is driven by higher discount rates and increased new lending, partially offset by the ending of the final-year Fees Free scheme.

The Research and Development Tax Incentive expense is expected to increase from just under \$473 million in 2021/22 to just over \$853 million at the end of the forecast period as businesses and entities invest more in research and development.

The increases in other expenses above were partially offset by just over \$4,019 million of temporary funding provided for COVID-19 related payments in 2021/22. This funding was intended to provide temporary support for eligible people adversely impacted by the COVID-19 pandemic. In addition, just under \$600 million was funded in 2022/23 for low to middle income earners to provide short term support to help with the rising costs of inflation.

### *Departmental Other Expenses*

Departmental other expenses are included in years 2021/22 to 2023/24 for Inland Revenue's Transformation, and Residual activities following the transformation programme's substantive closure appropriations. No further departmental other expenses were incurred from 2024/25 and outyears.

### *Capital Expenditure*

Capital expenditure comprises departmental capital expenditure across all financial years and non-departmental capital expenditure covering the period 2021/22 to 2023/24.

Departmental capital expenditure is guided by Inland Revenue long-term asset management plans and has decreased from under \$36 million in 2021/22 to an estimated \$27 million in 2025/26 due to reduced capital expenditure post the closure of Inland Revenue's transformation programme. The decrease in capital expenditure to just over \$26 million in 2026/27 reflects a short-term lower spend on upgrades and enhancements to core systems and infrastructure.

Non-departmental capital expenditure from the Small Business Cashflow Scheme COVID-19 appropriation decreased from just under \$538 million in 2021/22 to \$65,000 in 2023/24 when lending and this appropriation ceased.

### *Multi-Category Expenses and Capital Expenditure (MCA)*

This appropriation (MCA) has increased from \$573.364 million in 2021/22 to an estimated \$786.116 million in 2025/26 and \$771.388 million in 2026/27. The increase from 2021/22 to 2025/26 reflects expenditure post the closure of Inland Revenue's transformation programme and funding for new initiatives such as additional compliance activities.

The reduction in expenditure in 2026/27 is mainly due to the cessation of funding for several initiatives as their activity declines. A Budget 2026 baseline reduction is offset by additional funding for compliance activities. The baseline reduction and cost pressures resulting from remuneration, inflation, increased contributions to employees' KiwiSaver, and self-funding of Budget 2026 initiatives will be managed through efficiency initiatives and operational savings.

### *Tax Revenue*

Non-departmental tax revenue incorporates 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. This forecast is prior to consolidation into the Government's accounts.

Tax revenue administered under Vote Revenue is forecast to increase from just over \$100,599 million in 2021/22 to an estimated \$151,401 million in 2029/30.

Following weak economic growth in 2024/25, tax revenue is expected to increase modestly by 2.3% in 2025/26. For the remainder of the forecast period to 2029/30, total tax revenue is forecast to grow by an average of 6.2% per annum, slightly above forecast nominal gross domestic product growth of 5% per annum.

Source deductions revenue grew by 0.4% in 2024/25, reflecting the impact of the Budget 2025 policy to adjust personal income tax thresholds. It is forecast to grow by just over 4% in 2025/26 but is forecast to have growth above 5% per annum for the remainder of the forecast period as a result of strengthening wage growth.

Net other persons tax revenue is forecast to decline by just under 2.2% in 2025/26. While taxable income is expected to grow by around 6.4%, this is largely offset by the effects of tax policy changes and a decline in terminal tax revenue for the 2025 year. The average forecast growth in net other persons tax revenue is 7.8% per annum over the four years to 2029/30, mainly as a result of forecast growth in taxable incomes.

Net companies income tax revenue rose by 5.6% in 2024/25 but is forecast to decline by 0.3% in 2025/26, with Budget 2025 tax policy changes more than offsetting expected taxable income growth of 6.4%. From 2026/27, revenue growth is forecast to resume, ranging between 4.9% and 12.5% per annum, driven by growth in taxable incomes.

Net Inland Revenue GST revenue was flat in 2024/25, as growth in domestic consumption and inbound tourism was offset by higher GST refunds on imported goods. Growth is forecast to rebound to 4.9% in 2025/26 and average around 5% per annum from 2026/27, driven by domestic consumption and residential investment.

Resident withholding tax on interest peaked in 2024/25. Revenue is forecast to fall sharply in 2025/26 as interest rates decline, before strengthening from 2027/28 as interest rates are forecast to rise.

Resident withholding tax on dividends peaked in 2023/24 as a result of a surge in dividend distributions that occurred just before the introduction of the 39% trustee tax rate. It declined sharply in 2024/25 as it came off its peak and is forecast to increase in 2025/26 as dividend distributions recover. Over the remainder of the forecast period, continued profit growth supports average forecast growth of 7.2% per annum.

### *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 fair value write-down over the life of the loan), child support penalty revenue, receipt of unclaimed monies, and interest and penalties on Working for Families Tax Credits debt.

Non-tax revenue is forecast to decrease from just under \$728 million in 2021/22 to just over \$721 million in 2029/30. Non-tax revenue peaked in 2022/23 and 2023/24, largely due to an increase in interest unwind of the fair value write-down on student loans, caused by high discount rates and large amounts of unclaimed monies transferred from financial institutions to Inland Revenue following amendments to the Unclaimed Money Act 1971, which brought forward transfers to Inland Revenue. The decrease from 2024/25 to 2026/27 is mainly due to the decrease in interest unwind of the fair value write-down on student loans as discount rates dropped, a trend which reverses from 2027/28 as discount rates are forecast to increase again.

### *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 are forecast to decrease from just over \$2,089 million in 2021/22 to just under \$2,041 million by 2029/30. This decline is mainly due to a small reduction in deposits to the Income Equalisation Reserve Scheme and decreasing Small Business Cashflow Scheme loan repayments as the Scheme winds down. These reductions are partially offset by growth in student loan repayments as a larger number of borrowers have taken out loans to support their studies as well as forecast wage growth.

## 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*

	2025/26		2026/27
	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 subleasing 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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	16,300	16,300	9,000
Intangibles	10,700	10,700	17,400
Other	-	-	-
<b>Total Appropriation</b>	<b>27,000</b>	<b>27,000</b>	<b>26,400</b>

#### *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*

Capital expenditure is guided by Inland Revenue's long-term asset management plans. This expenditure supports the delivery of the department's performance measures through the operation, and renewal of assets. It includes investment in assets required to:

- implement and support government policy initiatives
- upgrade and enhance the department's core systems and infrastructure, and
- maintain and improve 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.

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

Details of Net Asset Schedule	2025/26 Estimated Actual \$000	2026/27 Projected \$000	Explanation of Projected Movements in 2026/27
Opening Balance	443,974	451,674	
Capital Injections	7,700	4,300	Funding of \$2.900 million to implement the initiative: Income Charging Phase 2 - Using Inland Revenue Data to Improve the Accuracy of MSD payments, and funding of \$1.400 million to implement the In-year payments of the initiative: Research and Development Tax Incentive Amendments - Departmental Impact.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>451,674</b>	<b>455,974</b>	

## 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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	327,000	327,000	286,000

##### *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.

##### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
Working for Families - Family Scheme Income	2027/28	-	-	100	100	100
Working for Families - Best Start Tax Credit Changes	2025/26	(14,000)	(58,000)	(68,000)	(71,000)	(71,000)

##### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2026/27 is mainly due to the 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 to align with the settings for the second and third year.

##### *Conditions on Use of Appropriation*

Reference	Conditions
Subpart MG of the Income Tax Act 2007	Sets out the entitlement for 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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	410,000	410,000	408,000

### *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.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Previous Government</b>						
Passing on Child Support Payments to Sole Parent Beneficiaries	2023/24	154,733	154,733	154,733	154,733	154,733

### *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

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,449,000	2,449,000	2,585,000

### 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.

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
Working For Families - Family Scheme Income	2026/27	-	100	700	700	800
Working for Families - Abatement Changes	2025/26	12,000	50,000	51,000	50,000	50,000

### Reasons for Change in Appropriation

The increase in this appropriation for 2026/27 is due to the full year impact of:

- an indexation adjustment of 5.27% which applied to entitlements from 1 April 2026, and
- the Budget 2025 initiative to change abatement settings from 1 April 2026. This increased the abatement threshold from \$42,700 to \$44,900 and increased the rate of abatement from 27% to 27.5%.

### Conditions on Use of Appropriation

Reference	Conditions
Section MD3 of the Income Tax Act 2007	Sets out the 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

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	140,000	140,000	168,000

### 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.

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
Ensuring FamilyBoost Reaches More Families	2025/26	(25,000)	1,000	1,000	-	-
FamilyBoost	2024/25	171,000	167,000	165,000	165,000	165,000

### Reasons for Change in Appropriation

The increase in this appropriation for 2026/27 is due to the full year impact of the "Ensuring FamilyBoost Reaches More Families" policy change introduced on 1 July 2025 which increased the maximum rebate amount from 25% to 40%, increased the maximum quarterly rebate amount from \$975 to \$1,560, and reduced the abatement rate from 9.75% to 7%.

### Conditions on Use of Appropriation

Reference	Conditions
Subpart MH of the Income tax Act 2007	Sets out the 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

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	647,000	647,000	844,000

### 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.

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
Working For Families - Family Scheme Income	2027/28	-	-	100	100	200
Increase to the In-Work Tax Credit	2025/26	79,000	259,000	29,000	-	-
Working for Families - Abatement Changes	2025/26	3,000	11,000	11,000	11,000	11,000
In-Work Tax Credit - Rate increase	2024/25	160,000	153,000	150,000	150,000	150,000

### Reasons for Change in Appropriation

The increase in this appropriation for 2026/27 is mainly due to:

- an increase of \$180 million due to the Budget 2026 policy to provide a temporary increase of \$50 per week to the in-work tax credit entitlement from 1 April 2026 to assist families with inflationary impacts caused by the global fuel prices, and
- an increase of \$17 million, primarily due to abatement changes and the 5.27% indexation of the family tax credit from 1 April 2026 which has a flow-on impact to working family's entitlement to the in-work tax credit.

*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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,500	4,000	4,500

*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 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.

*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

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	580,800	555,800	578,600

### 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.

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
KiwiSaver Package	2025/26	(576,000)	(598,400)	(626,200)	(641,700)	(641,700)
<b>Previous Government</b>						
KiwiSaver - Government contribution to Paid Parental Leave recipients	2024/25	6,420	6,799	6,799	6,799	6,799

### 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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	8,800	8,800	8,400

### *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.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
Working for Families - Abatement Changes	2026/27	-	1,000	1,000	1,000	1,000
Minimum Family Tax Credit Threshold: Holding the Rate this Year	2024/25	(970)	(970)	(970)	(970)	(970)
In-Work Tax Credit - Rate Increase	2024/25	220	220	220	220	220
Main Benefit indexation to CPI	2024/25	(1,300)	(2,700)	(3,200)	(3,200)	(3,200)

### *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

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	770,000	745,000	785,000

### 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.

### Reasons for Change in Appropriation

The increase in this appropriation for 2026/27 is mainly due to an expected indexation adjustment of 2.8% from 1 July 2026 and an increase in employment increasing the likelihood of eligibility.

The increase is offset by the addition of an appropriation buffer of \$25 million in 2025/26 only. This buffer is to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting costs for demand driven appropriations.

### Conditions on Use of Appropriation

Reference	Conditions
Part 7A of the Parental Leave and Employment Protection Act 1987	Sets out 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*

	2025/26		2026/27
	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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	7,000	7,000	8,000

##### *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 increase in this appropriation for 2026/27 is due to a higher scheme balance following larger than usual deposits in the 2025/26 year. This will have a flow on impact of more interest payable in 2026/27.

## 3.4 - Non-Departmental Other Expenses

### Ex Gratia Payments (M57) (A10)

#### *Scope of Appropriation*

This appropriation is limited to ex gratia payments in relation to Vote Revenue non-departmental activities.

#### *Expenses*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	50	50	50

#### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to provide for any ex gratia payments made to customers in relation to non-departmental activities.

#### *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 we would not disclose individual ex gratia payments from a privacy or integrity of the tax system perspective.

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

#### *Scope of Appropriation*

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

#### *Expenses*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,000	8,000	33,394

#### *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.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
Delivering Quality and Timely Primary Care: Next Steps and Implementation	2027/28	-	-	(167)	(170)	(174)
Increasing Tuition Fees - Impacts Related to Student Loans and Final-year Fees Free Payments	2027/28	-	-	840	2,339	2,608
Final-Year Fees Free - Ending the Scheme	2026/27	-	(1,606)	(44,366)	(64,757)	(72,285)
Final-year Fees Free - Increased Cost	2025/26	6,312	35,684	61,676	75,159	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	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	161,855

### *Reasons for Change in Appropriation*

As a result of a technical accounting change in 2025/26, funding for eligible learners with a student loan was moved to the Initial Fair Value Write-Down Relating to Student Loans appropriation. Only funding for payments to eligible learners without a student loan remains in the Final-year Fees Free Payments appropriation.

The increase in this appropriation is mainly due to the expected increase in the number of learners reaching their final year of study and becoming eligible for payments following the phased introduction of the scheme from 1 January 2025, with first payments made from January 2026.

As part of Budget 2026, the scheme is to cease, with eligible learners having to complete study by December 2026 and submit a claim by December 2027 to receive payment.

### **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, the Small Business Cashflow Scheme and student loans, and to the impairment of this debt.

#### *Expenses*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,000,000	1,550,000	1,375,000

### *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 child support, the Small Business Cashflow Scheme and student 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.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
Company Loans to Shareholders - Taxation Rules	2027/28	-	-	2,000	2,000	2,000
Compliance Activities - Increased Investment - Non-departmental Impact	2026/27	-	(45,000)	(45,000)	(45,000)	(45,000)
Increase to the In-Work Tax Credit	2026/27	-	5,000	1,000	-	-
Working for Families - Abatement Changes	2026/27	-	1,000	1,000	1,000	1,000
Compliance Activities - Continuation of Funding	2025/26	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)
Compliance Activities - Increased Investment	2025/26	(34,000)	(68,000)	(68,000)	(68,000)	(68,000)
Investment in Compliance Activities - Return on Investment	2024/25	(54,000)	(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
<b>Previous Government</b>						
Global Anti-Base Erosion Tax Rules for New Zealand	2026/27	-	140	140	140	140
Trustee tax rate increase	2024/25	2,900	1,300	1,300	1,300	1,300

### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2026/27 is mainly due to:

- a \$450 million appropriation buffer in 2025/26 only, to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting debt levels, which are sensitive to economic conditions, and
- the remaining difference is due to the anticipated slowdown in tax debt growth, mainly due to increased investment in compliance activities by Inland Revenue, resulting in lower impairment.

## Impairment of Debt and Debt Write-Offs Relating to Child Support (M57) (A10)

### *Scope of Appropriation*

This appropriation is limited to write-offs and the impairment for child support and Crown entitlement debt.

### *Expenses*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	50,000	-	5,000

### *What is Intended to be Achieved with this Appropriation*

This appropriation is intended to provide for impairment losses which result from a reduction in the recoverable value of the total child support debt.

### *How Performance will be Assessed and End of Year Reporting Requirements*

An exemption was granted 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 and write-off of child support debt.

### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2026/27 is mainly due to a buffer of \$50 million in 2025/26 only, to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting Child Support debt, which is sensitive to economic conditions.

This is offset by a \$5 million forecast impairment in 2026/27.

## 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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	825,112	775,112	823,385

### *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	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
Increasing Tuition Fees - Impacts Related to Student Loans and Final-year Fees Free Payments	2026/27	-	20,050	25,530	26,660	27,645
Delivering Quality and Timely Primary Care: Next Steps and Implementation	2025/26	96	192	268	501	645
Final-Year Fees Free - Ending the Scheme	2025/26	(888)	(85,615)	(127,835)	(150,722)	(165,632)
Increased Tuition Fees - Impacts Related to Student Loans and Final-year Fees Free Payments	2025/26	13,889	16,889	17,220	17,923	17,923
Final-year Fees Free - Impacts Related to Student Loans	2024/25	90,000	76,000	60,000	52,000	50,000
Increasing Student Loan Scheme Overseas Interest Formula - Impacts Related to Student Loans	2024/25	(195)	(133)	(76)	(33)	(6)
Increasing Tuition Fees - Impacts Related to Student Loans	2024/25	13,857	14,110	14,361	15,160	15,740
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	(9,000)	(11,000)	(14,000)	(16,000)	(16,000)
Training 25 More Doctors - Impact on Student Loans	2024/25	284	436	744	936	1,033
<b>Previous Government</b>						
Training Incentive Allowance - Supporting eligible Ministry of Social Development clients to study	2024/25	3,443	3,512	3,580	3,649	3,719
Waiving Student Support Residency Rules for Families of Those Directly Affected by the Christchurch Mosques Attack, and Other Minor Technical Changes	2024/25	(6)	(17)	(5)	(1)	-
Increasing Medical School Enrolments for the 2024 Intake	2023/24	1,034	1,726	2,584	2,871	2,938

### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2026/27 is mainly due to:

- a decrease of \$66 million from lower lending related to final-year Fees Free, mainly due to the scheme ceasing for those students who haven't completed their study by 31 December 2026, and
- a decrease of \$50 million due to a buffer added in 2025/26 only, to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting costs for demand driven appropriations.

This is partially offset by:

- an increase of \$89 million from higher lending not including final-year Fees Free, and
- an increase of \$25 million from an increase in discount rates.

### **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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	10,680,000	10,680,000	12,350,000

#### *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.

#### *Reasons for Change in Appropriation*

The increase in this appropriation for 2026/27 reflects forecast growth in collections from both contributing members and their employers, driven by higher nominal wage growth and the full-year impact of the 1 April 2026 increase in the default contribution rate from 3% to 3.5%, with matching contributions from 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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	625,742	625,742	703,700

### *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*

Assessment of Performance	2025/26		2026/27
	Final Budgeted Standard	Estimated Actual	Budget Standard
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	N/A

Reporting on performance is commissioned and reported through the Ministry of Business, Innovation and Employment through a five-yearly evaluation. The last evaluation was published in October 2025. An update will be provided in Inland Revenue's Annual Report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Current Government</b>						
Research and Development Tax Incentive Amendments - Reducing the Cap for Internal Non-Administrative Software Expenditure and Other Amendments	2026/27	-	(1,300)	(26,150)	(27,400)	(32,400)

### *Reasons for Change in Appropriation*

The increase in this appropriation for 2026/27 is due to higher expected claims. The claims for the 31 March 2025 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*

	2025/26		2026/27
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Total Appropriation</b>	<b>786,116</b>	<b>786,116</b>	<b>771,388</b>
<b>Departmental Output Expenses</b>			
Policy advice	13,997	13,997	13,997
Services to manage debt and unfiled returns	147,099	147,099	126,699
Services to Ministers and to assist and inform customers to get it right from the start	310,045	310,045	306,695
Services to process obligations and entitlements	178,602	178,602	177,524
Services to protect the integrity of the tax system and functions the Commissioner administers	136,373	136,373	146,473
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>780,028</b>	<b>780,028</b>	<b>765,300</b>
Policy advice	13,996	13,996	13,996
Services to manage debt and unfiled returns	145,827	145,827	125,427
Services to Ministers and to assist and inform customers to get it right from the start	309,000	309,000	305,650
Services to process obligations and entitlements	174,981	174,981	173,903
Services to protect the integrity of the tax system and functions the Commissioner administers	136,224	136,224	146,324
<b>Revenue from Others</b>	<b>6,088</b>	<b>6,088</b>	<b>6,088</b>
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	3,621	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 unfiled returns.

*How Performance will be Assessed for this Appropriation*

Assessment of Performance	2025/26		2026/27
	Final Budgeted Standard	Estimated Actual	Budget Standard
Percentage of returns filed by customers on time (see Note 1)	Improve on previous year (85.4%)	85.5%	85%
Percentage of tax payments made by customers on time	84%	84.5%	84%
Percentage of tax payments made by customers on time by value	92%	93.5%	92%

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

Assessment of Performance	2025/26		2026/27
	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Departmental Output Expenses</b>			
<b>Policy advice</b>			
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 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 2)	4 or more out of 5	Not available	4 or more out of 5
<b>Services to manage debt and unfiled returns</b>			
This category is intended to achieve the timely and efficient collection of revenue owed.			
Cash from debt collection for every debt dollar spent	\$40.00	\$35.48	\$40.00
Percentage of child support assessments paid on time	70%	76.3%	70%
Percentage of New Zealand-based student loan customers who meet their obligations	95%	94.3%	95%
Percentage of overseas-based student loan customers who meet their obligations	31-35%	31.6%	31-35%
Percentage of returns filed within six months of the due date (see Note 3)	Improve on previous year	91.0%	91%
Percentage of collectable debt value over two years old	40% or less	42.0%	40% or less
Percentage of tax payments made by customers within six months of the due date	95%	95.1%	95%
Percentage of tax payments made by customers within six months of the due date by value	98%	97.7%	98%
Percentage of collectable tax debt value under an active repayment plan (see Note 4)	Improving value over baseline	21.6%	22%
Percentage of New Zealand liable parent child support debt cases resolved within 12 months	80%	85.3%	80%

	2025/26		2026/27
	Final Budgeted Standard	Estimated Actual	Budget Standard
<b>Assessment of Performance</b>			
<b>Services to Ministers and to assist and inform customers to get it right from the start</b>			
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%	72%	70%
Average speed to answer telephone calls	4 minutes 30 seconds or less	3 minutes 17 seconds	4 minutes 30 seconds or less
Percentage of calls answered	60%	68.8%	60%
Percentage of correspondence completed within 10 working days	70%	70.7%	70%
Percentage of rulings reports, adjudication reports and public items that meet the applicable purpose, logic, alternatives, consultation, and practicality standards (see Note 5)	100%	100%	100%
Percentage of public items, adjudication cases, taxpayer rulings and short process rulings completed within agreed timeframes	90%	96.2%	90%
<b>Services to process obligations and entitlements</b>			
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%	85.8%	85%
Percentage of income tax refund disbursements resulting from a return issued within five weeks	85%	91.6%	85%
Percentage of GST refund disbursements issued within four weeks (see Note 6)	95%	97.9%	95%
Percentage of income tax returns finalised within three weeks	95%	99.3%	95%
Percentage of GST returns finalised within three weeks	98%	99.95%	98%
Percentage of KiwiSaver contributions passed to scheme providers within 2 days	98%	98.7%	98%
Percentage of child support assessments issued within two weeks	80%	88.8%	80%
<b>Services to protect the integrity of the tax system and functions the Commissioner administers</b>			
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.			
Improved compliance following an audit intervention	Evaluative assessment	Not available	Evaluative assessment
The identified value of compliance activities over associated costs	\$10.00	\$12.00	\$10.00
Percentage of litigation judgments found in favour of the Commissioner	75%	Achieved	75%

Note 1 - The 2026-27 target of 85% has been set based on historical results and trend analysis.

Note 2 - 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 3 - The 2026-27 target of 91% has been set based on historical results and trend analysis.

Note 4 - The 2026-27 target of 22% has been set based on historical results and trend analysis.

Note 5 - Performance will be measured by review of a sample of reports.

Note 6 - 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.

### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by Inland Revenue in the department's Annual Report. Information on major spending decisions will be available on Inland Revenue's website.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Services to protect the integrity of the tax system and functions the Commissioner administers</b>						
<b>Current Government</b>						
Baseline Savings - Inland Revenue	2026/27	-	(3,100)	(3,100)	(3,100)	(3,100)
Research and Development Tax Incentive Amendments - Departmental Impact	2026/27	-	-	200	400	200
Compliance Activities - Continuation of Funding	2025/26	6,100	6,100	6,100	6,100	6,100
Compliance Activities - Increased Investment	2025/26	26,250	26,250	26,250	26,250	26,250
Crypto-asset Regulatory Framework	2024/25	-	-	1,700	1,700	1,700
FamilyBoost - Operating Costs	2024/25	2,200	1,800	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	-	-	-
<b>Previous Government</b>						
Inland Revenue - Technology Cost Pressure	2023/24	1,368	1,368	1,368	1,368	1,368
Taxation of the Platform Economy	2023/24	260	260	260	260	260
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	5,500	5,500	5,500	5,500	5,500

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Services to manage debt and unfiled returns</b>						
<b>Current Government</b>						
Compliance Activities - Increased Investment	2026/27	-	15,000	15,000	15,000	15,000
Baseline Savings - Inland Revenue	2026/27	-	(2,500)	(2,500)	(2,500)	(2,500)
Research and Development Tax Incentive Amendments - Departmental Impact	2026/27	-	-	150	150	100
Compliance Activities - Continuation of Funding	2025/26	4,500	4,500	4,500	4,500	4,500
Compliance Activities - Increased Investment	2025/26	8,750	8,750	8,750	8,750	8,750
FamilyBoost - Operating Costs	2024/25	600	500	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)
<b>Previous Government</b>						
Inland Revenue - Technology Cost Pressure	2023/24	1,140	1,140	1,140	1,140	1,140
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	4,000	4,000	4,000	4,000	4,000
Taxation of the Platform Economy	2023/24	650	650	650	650	650
<b>Services to Ministers and to assist and inform customers to get it right from the start</b>						
<b>Current Government</b>						
Baseline Savings - Inland Revenue	2026/27	-	(6,500)	(6,500)	(6,500)	(6,500)
Research and Development Tax Incentive Amendments - Departmental Impact	2026/27	-	500	200	200	200
Compliance Activities - Continuation of Funding	2025/26	10,600	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	160	120	200	940	940
Transfer funding for final-year Fees Free - Operating costs from MSD	2024/25	2,495	1,285	785	785	785
Crypto-asset Regulatory Framework	2024/25	1,100	2,200	1,500	1,500	1,500
Final-year Fees Free	2024/25	435	735	1,035	1,035	1,035
Personal Income Tax and Independent Earner Tax Credit Threshold Changes	2024/25	4,200	-	-	-	-
FamilyBoost - Operating Costs	2024/25	7,700	6,300	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

Policy Initiative	Year of First Impact	2025/26 Final Budgeted \$000	2026/27 Budget \$000	2027/28 Estimated \$000	2028/29 Estimated \$000	2029/30 Estimated \$000
<b>Previous Government</b>						
KiwiSaver - Administrative Costs for the Government Contribution for Paid Parental Leave Recipients	2024/25	72	72	72	72	72
Inland Revenue - Technology Cost Pressure	2023/24	3,648	3,648	3,648	3,648	3,648
Taxation of the Platform Economy	2023/24	800	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	11,300	11,300	11,300	11,300	11,300
<b>Services to process obligations and entitlements</b>						
<b>Current Government</b>						
Baseline Savings - Inland Revenue	2026/27	-	(3,700)	(3,700)	(3,700)	(3,700)
Research and Development Tax Incentive Amendments - Departmental Impact	2026/27	-	100	100	100	100
Compliance Activities - Continuation of Funding	2025/26	5,300	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	640	480	480	1,520	1,520
Crypto-asset Regulatory Framework	2024/25	900	800	500	500	500
FamilyBoost - Operating Costs	2024/25	600	500	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
<b>Previous Government</b>						
KiwiSaver - Administrative Costs for the Government Contribution for Paid Parental Leave Recipients	2024/25	108	108	108	108	108
Inland Revenue - Technology Cost Pressure	2023/24	1,444	1,444	1,444	1,444	1,444
Taxation of the Platform Economy	2023/24	780	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	5,100	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
<b>Policy advice</b>						
<b>Previous Government</b>						
Responding to COVID-19 Demand and Maintaining Capability and Integrity	2022/23	700	700	700	700	700

### *Reasons for Change in Appropriation*

The decrease in this appropriation for 2026/27 is due to:

- reduced baseline funding of \$15.800 million to be achieved from ongoing efficiency efforts in the back-office
- reduced funding of \$7.500 million available in 2026/27 from a transfer of a retention of underspend into 2025/26 only from administrative savings to manage remuneration and price cost pressures
- reduced funding of \$4.200 million for the Budget 2024 personal income tax and independent earner tax credit threshold changes operating cost initiative in 2026/27 compared to the previous year
- reduced funding of \$2 million for the FamilyBoost operating costs initiative in 2026/27 compared to the previous year
- reduced funding of \$910,000 for the Final-year Fees Free operating costs initiative in 2026/27 compared to the previous year
- reduced funding of \$718,000 in 2026/27 compared to the previous year, for the return of depreciation from the change in Software as a service accounting treatment, and
- reduced funding of \$200,000 for the Income Charging Phase 2 - Using Inland Revenue Data to Improve the Accuracy of MSD payments initiative in 2026/27 compared to the previous year.

This is offset by:

- additional funding of \$15 million for the Compliance Activities - Increased Investment initiative in Budget 2026
- additional funding of \$1 million for the Crypto-asset Regulatory Framework - Implementation and Operating Costs initiative compared to previous year, and
- additional funding of \$600,000 for the implementation of the Research and Development Tax Incentive - Departmental Impact initiative.