



**BUDGET
2025**

THE GROWTH BUDGET Frontline Services

Hon Simon Watts Minister of Revenue

22 May 2025

Tackling New Zealand's rising tax debt

The Government will boost its investment in chasing tax evaders, Revenue Minister Simon Watts says.

“Hard-working Kiwis who pay their taxes are being ripped off by tax cheats who deliberately evade their obligations,” he says.

“New Zealand's tax debt rose to \$8.5 billion by the end of 2024. At a time when the Government is carefully managing every dollar to fund the essential frontline services Kiwis rely on, it's essential we crack down on those who are not paying their share of tax.

“Every dollar we recover is another dollar we can devote to funding schools, hospitals, and law and order. Investment in tax compliance delivers real results for Kiwis.”

Budget 2025 provides new funding of \$35 million a year for Inland Revenue to carry out tax compliance and collection activities. It also continues funding of \$27 million a year provided in Budget 2022 that was due to cease in June 2025.

“We are already seeing returns from the compliance funding in Budget 2024. This increased investment will accelerate that,” Mr Watts says.

“In the year to March 2025, Inland Revenue collected almost \$3 billion of overdue debt and is on track to collect more than \$4 billion by 30 June.

“The return on investment from compliance activities is increasing. The Budget's compliance investment has an expected return of four dollars for every dollar spent in 2025/26, rising to eight dollars per dollar spent in 2026/27 and beyond.

“We want to know that the funds we allocate are a prudent use of taxpayer dollars. That’s why a small portion of the funding will be used to develop internal capability to assess the indirect effects of audit activity, based on international best practice,” Mr Watts says.

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