

Vote Revenue

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

APPROPRIATION ADMINISTRATOR: Inland Revenue Department

RESPONSIBLE MINISTER FOR INLAND REVENUE DEPARTMENT: Minister of Revenue

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2019/20				Total Budget \$000
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Addition to the Supplementary Estimates Budget \$000	Cumulative Supplementary Estimates Budget \$000	
Departmental Output Expenses					
Policy Advice (M57) This appropriation is limited to the provision of advice, including second opinion advice and contributions to policy advice led by other agencies, to support decision-making by Ministers on government policy matters.	10,564	635	-	635	11,199
Services to Other Agencies RDA (M57) 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.	3,962	1,700	-	1,700	5,662
Total Departmental Output Expenses	14,526	2,335	-	2,335	16,861
Departmental Capital Expenditure					
Inland Revenue Department - Capital Expenditure PLA (M57) 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.	150,000	(35,392)	-	(35,392)	114,608
Total Departmental Capital Expenditure	150,000	(35,392)	-	(35,392)	114,608
Benefits or Related Expenses					
Best Start Tax Credit PLA (M57) This appropriation is limited to Best Start Tax Credits made to eligible recipients in accordance with section 185 of the Tax Administration Act 1994.	231,000	(43,000)	-	(43,000)	188,000
Child Support Payments PLA (M57) Child support payments to custodial persons who are not dependent on the state for financial support (expenses incurred pursuant to section 141 of the Child Support Act 1991).	317,000	(22,000)	-	(22,000)	295,000
Child Tax Credit PLA (M57) Extra assistance for low to middle income families who are not dependent on the state for financial support (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	400	(300)	-	(300)	100

	2019/20				
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Addition to the Supplementary Estimates Budget \$000	Cumulative Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type					
Family Tax Credit PLA (M57)	2,195,000	(51,000)	-	(51,000)	2,144,000
Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).					
In-Work Tax Credit PLA (M57)	521,000	82,000	-	82,000	603,000
Extra assistance for low to middle income families where the person works a minimum of 20 hours per week and does not have a partner, or a person and their partner work a minimum of 30 hours per week (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).					
KiwiSaver: Interest (M57)	9,000	-	-	-	9,000
To enable the payment of interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.					
KiwiSaver: Tax Credit (M57)	906,000	6,000	-	6,000	912,000
To enable the payment of a tax credit to KiwiSaver members and the payment of residual tax credits to employers as set out in the Income Tax Act 2007.					
Minimum Family Tax Credit PLA (M57)	15,000	5,000	-	5,000	20,000
Extra payment made to families where at least one parent is working for salary or wages (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).					
Paid Parental Leave Payments (M57)	400,000	30,000	-	30,000	430,000
This appropriation is limited to Paid Parental Leave Payments made to parents in accordance with the Parental Leave and Employment Protection Act 1987.					
Parental Tax Credit PLA (M57)	-	1,000	-	1,000	1,000
This appropriation is limited to expenses incurred on parental tax credit as provided for in subpart MD of the Income Tax Act 2007 and as authorised by section 185 of the Tax Administration Act 1994.					
Payroll Subsidy PLA (M57)	3,900	100	-	100	4,000
This appropriation is limited to the payment of a subsidy to a payroll agent undertaking employers' payroll-related tax compliance activities on their behalf, section 185 of the Tax Administration Act 1994.					
Research, Science and Innovation: R&D Tax Incentive (M84)	158,000	67,000	-	67,000	225,000
This appropriation is limited to providing an R&D tax credit to eligible R&D performing businesses.					
Total Benefits or Related Expenses	4,756,300	74,800	-	74,800	4,831,100

Titles and Scopes of Appropriations by Appropriation Type	2019/20				
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Addition to the Supplementary Estimates Budget \$000	Cumulative Supplementary Estimates Budget \$000	Total Budget \$000
Non-Departmental Borrowing Expenses					
Adverse Event Interest PLA (M57) This appropriation is limited to interest on Adverse Event Income Equalisation Reserve accounts held by taxpayers in the farming and agriculture business, authorised by section 65ZH(1) of the Public Finance Act 1989.	10	-	-	-	10
Environmental Restoration Account Interest PLA (M57) This appropriation is limited to interest on Environmental Restoration accounts, authorised by section 65ZH(1) of the Public Finance Act 1989.	1,500	-	-	-	1,500
Income Equalisation Interest PLA (M57) 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.	6,000	-	-	-	6,000
Total Non-Departmental Borrowing Expenses	7,510	-	-	-	7,510
Non-Departmental Other Expenses					
Impairment of Debt and Debt Write-Offs (M57) This appropriation is limited to bad debt write-offs for Crown debt administered by Inland Revenue, excluding child support and student loans and to amounts relating to the impairment of this debt.	680,000	590,000	-	590,000	1,270,000
Impairment of Debt Relating to Child Support (M57) This appropriation is limited to the impairment of child support debt.	-	5,000	-	5,000	5,000
Initial Fair Value Write-Down Relating to Student Loans (M57) This appropriation is limited to the initial fair value write-down of student loans.	576,000	(66,000)	-	(66,000)	510,000
KiwiSaver: Employee and Employer Contributions PLA (M57) To enable the on-payment of employee and employer KiwiSaver contributions collected by Inland Revenue to KiwiSaver Scheme providers in accordance with section 73 of the KiwiSaver Act 2006.	-	1,856,000	-	1,856,000	1,856,000
Initial Fair Value Write-Down Relating to the Small Business Cashflow Scheme COVID-19 (M57) This appropriation is limited to the initial fair value write-down of the small business cashflow scheme COVID-19.	-	-	3,444,000	3,444,000	3,444,000
Total Non-Departmental Other Expenses	1,256,000	2,385,000	3,444,000	5,829,000	7,085,000
Non-Departmental Capital Expenditure					
Small Business Cashflow Scheme COVID-19 (M57) This appropriation is limited to providing a loan to eligible businesses to manage the economic impacts of COVID-19.	-	-	5,200,000	5,200,000	5,200,000
Total Non-Departmental Capital Expenditure	-	-	5,200,000	5,200,000	5,200,000

Titles and Scopes of Appropriations by Appropriation Type	2019/20				Total Budget \$000
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Addition to the Supplementary Estimates Budget \$000	Cumulative Supplementary Estimates Budget \$000	
Multi-Category Expenses and Capital Expenditure					
Services for Customers MCA (M57)	623,201	29,655	3,500	33,155	656,356
The single overarching purpose of this appropriation is to deliver a customer-centric, integrated tax and entitlement service experience for New Zealanders that is agile and intelligence-led.					
Departmental Output Expense					
Investigations	144,017	(20,907)	-	(20,907)	123,110
This category is limited to undertaking investigation, audit and litigation activities administered by Inland Revenue.					
Management of Debt and Outstanding Returns	131,271	(38,091)	-	(38,091)	93,180
This category is limited to activities to prevent returns becoming outstanding and debt becoming overdue, and to collect outstanding returns and overdue payments, whether for the Crown, other agencies or external parties.					
Services to Inform the Public About Entitlements and Meeting Obligations	233,272	43,230	1,500	44,730	278,002
This category is limited to providing information and assistance to the public to make them aware of their obligations and entitlements. This also includes the provision of services to help Ministers fulfil their responsibilities to Parliament and the New Zealand public, other than policy decision-making responsibilities.					
Services to Process Obligations and Entitlements	114,641	45,423	2,000	47,423	162,064
This category is limited to both 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.					
Total Multi-Category Expenses and Capital Expenditure	623,201	29,655	3,500	33,155	656,356
Total Annual Appropriations and Forecast Permanent Appropriations	6,807,537	2,456,398	8,647,500	11,103,898	17,911,435

Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Departmental Other Expenses		
Transformation (M57)	Original Appropriation	1,112,607
This appropriation is limited to the design and implementation of a modern system for tax revenue and social policy administered by Inland Revenue.	Net adjustments to 2018/19	10,154
	Adjustment for 2019/20	(46,946)
Commences: 01 July 2017	Adjusted Appropriation	1,075,815
Expires: 30 June 2022	Actual to end of 2018/19	400,132
	Estimated Actual for 2019/20	205,893
	Estimate for 2020/21	326,464
	Estimated Appropriation Remaining	143,326

Total Annual Appropriations and Forecast Permanent and Multi-Year Appropriations

	2019/20				
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Addition to the Supplementary Estimates Budget \$000	Cumulative Supplementary Estimates Budget \$000	Total Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	6,807,537	2,456,398	8,647,500	11,103,898	17,911,435
Total Forecast MYA Departmental Other Expenses	239,086	(33,193)	-	(33,193)	205,893
Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations	7,046,623	2,423,205	8,647,500	11,070,705	18,117,328

Capital Injection Authorisations

	2019/20				
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Addition to the Supplementary Estimates Budget \$000	Cumulative Supplementary Estimates Budget \$000	Total Budget \$000
Inland Revenue Department - Capital Injection (M57)	103,000	-	-	-	103,000

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2019/20				
	Estimates \$000	Cumulative Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	14,526	2,335	-	2,335	16,861
Benefits or Related Expenses	4,756,300	N/A	74,800	74,800	4,831,100
Borrowing Expenses	7,510	-	-	-	7,510
Other Expenses	1,495,086	(33,193)	5,829,000	5,795,807	7,290,893
Capital Expenditure	150,000	(35,392)	5,200,000	5,164,608	5,314,608
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	623,201	33,155	-	33,155	656,356
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	7,046,623	(33,095)	11,103,800	11,070,705	18,117,328
Crown Revenue and Capital Receipts					
Tax Revenue	80,767,000	N/A	(4,664,000)	(4,664,000)	76,103,000
Non-Tax Revenue	990,500	N/A	(82,000)	(82,000)	908,500
Capital Receipts	1,545,000	N/A	(90,000)	(90,000)	1,455,000
Total Crown Revenue and Capital Receipts	83,302,500	N/A	(4,836,000)	(4,836,000)	78,466,500

Part 3 - Details of Non-Departmental Appropriations

3.4 - Non-Departmental Other Expenses

Initial Fair Value Write-Down Relating to the Small Business Cashflow Scheme COVID-19 (M57)

Scope of Appropriation

This appropriation is limited to the initial fair value write-down of the Small Business Cashflow Scheme COVID-19.

What is Intended to be Achieved with this Appropriation

This appropriation provides for incurring the expense relating to reductions in the nominal value of the Small Business Cashflow (Loan) Scheme lending to reflect the present value of that lending.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under section 15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for expenses relating to reductions in the nominal value of small business cash flow scheme lending. Performance information relating to the administration of the scheme is provided under the Services for Customers Multi-Category Appropriation.

Reasons for Change in Appropriation

This appropriation is new from 12 May 2020. This appropriation was established in May 2020 as part of the COVID-19 response to record expenses related to the reduction in the nominal value of small business cashflow scheme lending.

3.5 - Non-Departmental Capital Expenditure

Small Business Cashflow Scheme COVID-19 (M57)

Scope of Appropriation

This appropriation is limited to providing a loan to eligible businesses to manage the economic impacts of COVID-19.

What is Intended to be Achieved with this Appropriation

This appropriation provides cashflow support to viable small to medium businesses impacted by COVID-19.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under section 15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this appropriation is solely for cashflow support to viable small to medium businesses impacted by COVID-19. Performance information relating to the administration of the scheme is provided under the Services for Customers Multi-Category Appropriation.

Reasons for Change in Appropriation

This appropriation was established in May 2020 as part of the COVID-19 response. Inland Revenue started processing applications for loans to small to medium businesses eligible for the scheme on 12 May 2020.

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

4 - Multi-Category Expenses and Capital Expenditure

Services for Customers (M57)

Overarching Purpose Statement

The single overarching purpose of this appropriation is to deliver a customer-centric, integrated tax and entitlement service experience for New Zealanders that is agile and intelligence-led.

Scope of Appropriation

Departmental Output Expense

Investigations

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

Management of Debt and Outstanding Returns

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

Services to Inform the Public About Entitlements and Meeting Obligations

This category is limited to providing information and assistance to the public to make them aware of their obligations and entitlements. This also includes the provision of services to help Ministers fulfil their responsibilities to Parliament and the New Zealand public, other than policy decision-making responsibilities.

Services to Process Obligations and Entitlements

This category is limited to both 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.

Expenses, Revenue and Capital Expenditure

	2019/20			Total \$000
	Estimates \$000	Supplementary Estimates \$000	Addition to the Supplementary Estimates \$000	
Total Appropriation	623,201	29,655	3,500	656,356
Departmental Output Expenses				
Investigations	144,017	(20,907)	-	123,110
Management of Debt and Outstanding Returns	131,271	(38,091)	-	93,180
Services to Inform the Public About Entitlements and Meeting Obligations	233,272	43,230	1,500	278,002
Services to Process Obligations and Entitlements	114,641	45,423	2,000	162,064

	2019/20			
	Estimates \$000	Supplementary Estimates \$000	Addition to the Supplementary Estimates \$000	Total \$000
Funding for Departmental Output Expenses				
Revenue from the Crown	598,562	32,905	3,500	634,967
Investigations	143,661	(20,907)	-	122,754
Management of Debt and Outstanding Returns	129,197	(38,091)	-	91,106
Services to Inform the Public About Entitlements and Meeting Obligations	231,909	43,230	1,500	276,639
Services to Process Obligations and Entitlements	93,795	48,673	2,000	144,468
Revenue from Others	24,639	(3,250)	-	21,389
Investigations	356	-	-	356
Management of Debt and Outstanding Returns	2,074	-	-	2,074
Services to Inform the Public About Entitlements and Meeting Obligations	1,363	-	-	1,363
Services to Process Obligations and Entitlements	20,846	(3,250)	-	17,596

Reasons for Change in Appropriation

This appropriation increased by a \$3.500 million to \$656.356 million in 2019/20 with the addition of:

- \$2 million to administer the Small Business Cashflow (Loan) Scheme, and
- \$1.500 million to support the Ministry of Social Development administer the Wage Subsidy Scheme.