

# *Vote Revenue*

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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		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Departmental Output Expenses</b>			
<b>Policy Advice (M57)</b> 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	11,199
<b>Services to Other Agencies RDA (M57)</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.	3,962	1,700	5,662
<b>Total Departmental Output Expenses</b>	14,526	2,335	16,861
<b>Departmental Capital Expenditure</b>			
<b>Inland Revenue Department - Capital Expenditure PLA (M57)</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.	150,000	(35,392)	114,608
<b>Total Departmental Capital Expenditure</b>	150,000	(35,392)	114,608
<b>Benefits or Related Expenses</b>			
<b>Best Start Tax Credit PLA (M57)</b> 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)	188,000
<b>Child Support Payments PLA (M57)</b> 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)	295,000
<b>Child Tax Credit PLA (M57)</b> 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)	100
<b>Family Tax Credit PLA (M57)</b> Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	2,195,000	(51,000)	2,144,000
<b>In-Work Tax Credit PLA (M57)</b> 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).	521,000	82,000	603,000
<b>KiwiSaver: Interest (M57)</b> To enable the payment of interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	9,000	-	9,000
<b>KiwiSaver: Tax Credit (M57)</b> 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.	906,000	6,000	912,000

	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b>Minimum Family Tax Credit PLA (M57)</b> 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).	15,000	5,000	20,000
<b>Paid Parental Leave Payments (M57)</b> This appropriation is limited to Paid Parental Leave Payments made to parents in accordance with the Parental Leave and Employment Protection Act 1987.	400,000	<b>30,000</b>	430,000
<b>Parental Tax Credit PLA (M57)</b> 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.	-	1,000	1,000
<b>Payroll Subsidy PLA (M57)</b> 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.	3,900	100	4,000
<b>Research, Science and Innovation: R&amp;D Tax Incentive (M84)</b> This appropriation is limited to providing an R&D tax credit to eligible R&D performing businesses.	158,000	<b>67,000</b>	225,000
<b>Total Benefits or Related Expenses</b>	4,756,300	74,800	4,831,100
<b>Non-Departmental Borrowing Expenses</b>			
<b>Adverse Event Interest PLA (M57)</b> 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
<b>Environmental Restoration Account Interest PLA (M57)</b> 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
<b>Income Equalisation Interest PLA (M57)</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.	6,000	-	6,000
<b>Total Non-Departmental Borrowing Expenses</b>	7,510	-	7,510
<b>Non-Departmental Other Expenses</b>			
<b>Impairment of Debt and Debt Write-Offs (M57)</b> 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	<b>590,000</b>	1,270,000
<b>Impairment of Debt Relating to Child Support (M57)</b> This appropriation is limited to the impairment of child support debt.	-	<b>5,000</b>	5,000
<b>Initial Fair Value Write-Down Relating to Student Loans (M57)</b> This appropriation is limited to the initial fair value write-down of student loans.	576,000	<b>(66,000)</b>	510,000
<b>KiwiSaver: Employee and Employer Contributions PLA (M57)</b> 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
<b>Total Non-Departmental Other Expenses</b>	1,256,000	2,385,000	3,641,000

Titles and Scopes of Appropriations by Appropriation Type	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Services for Customers MCA (M57)</b> 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.	623,201	<b>29,655</b>	652,856
<b>Departmental Output Expenses</b>			
<b>Investigations</b> This category is limited to undertaking investigation, audit and litigation activities administered by Inland Revenue.	144,017	(20,907)	123,110
<b>Management of Debt and Outstanding Returns</b> 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.	131,271	(38,091)	93,180
<b>Services to Inform the Public About Entitlements and Meeting Obligations</b> 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.	233,272	43,230	276,502
<b>Services to Process Obligations and Entitlements</b> 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.	114,641	45,423	160,064
<b>Total Multi-Category Expenses and Capital Expenditure</b>	623,201	29,655	652,856
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	6,807,537	2,456,398	9,263,935

## Multi-Year Appropriations

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

## Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations

	2019/20		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	6,807,537	2,456,398	9,263,935
Total Forecast MYA Departmental Other Expenses	239,086	(33,193)	205,893
<b>Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations</b>	<b>7,046,623</b>	<b>2,423,205</b>	<b>9,469,828</b>

## Capital Injection Authorisations

	2019/20		
	Estimates Budget \$000	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	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
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)	2,385,000	2,351,807	3,846,893
Capital Expenditure	150,000	(35,392)	-	(35,392)	114,608
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	623,201	29,655	-	29,655	652,856
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
<b>Total Appropriations</b>	<b>7,046,623</b>	<b>(36,595)</b>	<b>2,459,800</b>	<b>2,423,205</b>	<b>9,469,828</b>
<b>Crown Revenue and Capital Receipts</b>					
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
<b>Total Crown Revenue and Capital Receipts</b>	<b>83,302,500</b>	<b>N/A</b>	<b>(4,836,000)</b>	<b>(4,836,000)</b>	<b>78,466,500</b>

## Part 2 - Details of Departmental Appropriations

### 2.1 - Departmental Output Expenses

#### Policy Advice (M57)

##### *Scope of Appropriation*

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.

##### *Expenses and Revenue*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	10,564	635	11,199
Revenue from the Crown	10,547	635	11,182
Revenue from Others	17	-	17

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

This appropriation increased by \$635,000 to \$11.199 million for 2019/20 due to a transfer from 2018/19 to 2019/20 for policy advice and implementation work in response to the Tax Working Group's final report.

#### Services to Other Agencies RDA (M57)

##### *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*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	3,962	1,700	5,662
Revenue from the Crown	-	-	-
Revenue from Others	3,962	1,700	5,662

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

This appropriation increased by \$1.700 million to \$5.662 million for 2019/20 due to a fiscally neutral adjustment for recovery of revenue from external parties for Inland Revenue staff on external secondments.

## 2.2 - Departmental Other Expenses

### Transformation (M57)

#### *Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Transformation (M57)</b>	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.	Adjustments to 2018/19	10,154
	Adjustments for 2019/20	(46,946)
Commences: 01 July 2017	Adjusted Appropriation	1,075,815
Expires: 30 June 2022	Actual to 2018/19 Year End	400,132
	Estimated Actual for 2019/20	205,893
	Estimate for 2020/21	326,464
	Estimated Appropriation Remaining	143,326

#### *Reasons for Change in Appropriation*

This appropriation decreased by \$46.946 million to \$1,075.815 million for 2019/20 due to:

- the return of ministerial contingency of \$101.272 million, and
- fiscally neutral adjustments of \$89 million across the 2019/20 and 2020/21 financial years from Transformation multi-year appropriation to Services for Customers multi-category appropriation to fund the incremental costs arising from new assets, systems and capabilities delivered by Inland Revenue's transformation.

This is partially offset by a technical adjustment of \$143.326 million to extend the Transformation multi-year appropriation to 2021/22.



## 2.3 - Departmental Capital Expenditure and Capital Injections

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

#### *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*

	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	8,000	-	8,000
Intangibles	142,000	(35,392)	106,608
Other	-	-	-
<b>Total Appropriation</b>	<b>150,000</b>	<b>(35,392)</b>	<b>114,608</b>

#### *Reasons for Change in Appropriation*

This appropriation decreased by \$35.392 million to \$114.608 million due to a return of \$34 million of business transformation capital funding and a \$1.392 million decrease in forecast capital expenditure to align with Inland Revenue's updated capital replacement programme.

#### *Capital Injections and Movements in Departmental Net Assets*

##### **Inland Revenue Department**

Details of Net Asset Schedule	2019/20 Main Estimates Projections \$000	2019/20 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2019/20
Opening Balance	381,155	382,321	Supplementary Estimates opening balance reflects the audited results as at 30 June 2019. The Main Estimates Projection was estimated prior to audit completion.
Capital Injections	103,000	103,000	
Capital Withdrawals	(627)	(34,627)	Contingency capital funding for business transformation of \$34 million has been returned to the Crown. The updated risk modelling shows that Inland Revenue will be able to deliver transformation without the need to access the ministerial contingency.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>483,528</b>	<b>450,694</b>	

## Part 3 - Details of Non-Departmental Appropriations

### 3.2 - Non-Departmental Benefits or Related Expenses

#### Best Start Tax Credit PLA (M57)

##### *Scope of Appropriation*

This appropriation is limited to Best Start Tax Credits made to eligible recipients in accordance with section 185 of the Tax Administration Act 1994.

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

This appropriation decreased by \$43 million to \$188 million for 2019/20 due to a forecast change in the timing of some year-end square-ups, to adjust for final annual incomes, into the following financial year.

#### Child Support Payments PLA (M57)

##### *Scope of Appropriation*

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).

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

This appropriation decreased by \$22 million to \$295 million for 2019/20 due to a lower starting point of payments for the financial year than forecast in the 2019/20 Estimates documents.

#### Child Tax Credit PLA (M57)

##### *Scope of Appropriation*

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).

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

This appropriation decreased by \$300,000 to \$100,000 for 2019/20 due to a reduction in the final tail end of claims for this ceasing tax credit. The 2019/20 year is the final year this tax credit will be paid.

## Family Tax Credit PLA (M57)

### *Scope of Appropriation*

Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).

### *Reasons for Change in Appropriation*

This appropriation decreased by \$51 million to \$2,144 million for 2019/20 due to a new forecast system of measurement for Working for Families Tax Credits that changes the allocation between the individual credits.

## In-Work Tax Credit PLA (M57)

### *Scope of Appropriation*

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).

### *Reasons for Change in Appropriation*

This appropriation increased by \$82 million to \$603 million for 2019/20 due to a new forecast system of measurement for Working for Families Tax Credits that changes allocation between the individual credits.

## KiwiSaver: Tax Credit (M57)

### *Scope of Appropriation*

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.

### *Reasons for Change in Appropriation*

This appropriation increased by \$6 million to \$912 million for 2019/20. The decrease in the forecast number of contributing members has reduced the forecast by \$4 million. The estimate for KiwiSaver tax credit includes a level of contingency (\$10 million) as this appropriation is demand driven and does not have a permanent legislative authority.

## Minimum Family Tax Credit PLA (M57)

### *Scope of Appropriation*

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).

### *Reasons for Change in Appropriation*

This appropriation increased by \$5 million to \$20 million for 2019/20 due to a new forecast system of measurement for Working for Families Tax Credits that changes the allocation between the individual credits.

## Paid Parental Leave Payments (M57)

### *Scope of Appropriation*

This appropriation is limited to Paid Parental Leave Payments made to parents in accordance with the Parental Leave and Employment Protection Act 1987.

### *Reasons for Change in Appropriation*

This appropriation increased by \$30 million to \$430 million for 2019/20 due to an increase in claims for parental leave. The estimate for paid parental leave payments includes a level of contingency (\$5 million) as this appropriation is demand driven and does not have a permanent legislative authority.

## Parental Tax Credit PLA (M57)

### *Scope of Appropriation*

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.

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

This permanent appropriation provides for payments to families with a new-born baby for the first 10 weeks after the birth to help with day-to-day living costs.

### *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 parental tax credit payments under the Income Tax Act 2007. Performance information relating to the administration of the payment is provided under the Services for Customers Multi-Category Appropriation under the Services to Process Obligations and Entitlements category.

### *Reasons for Change in Appropriation*

This appropriation increased by \$1 million to \$1 million for 2019/20 due to a forecast increase in the final claims for this tax credit. The parental tax credit has been replaced by Best Start tax credit, from 1 July 2018. The residual appropriation is for claims that relate to children born before 1 July 2018.

## Payroll Subsidy PLA (M57)

### *Scope of Appropriation*

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.

### *Reasons for Change in Appropriation*

This appropriation increased by \$100,000 to \$4 million for 2019/20 due to higher demand than expected in the final year of this subsidy.

## Research, Science and Innovation: R&D Tax Incentive (M84)

### *Scope of Appropriation*

This appropriation is limited to providing an R&D tax credit to eligible R&D performing businesses.

### *Reasons for Change in Appropriation*

This appropriation increased by \$67 million to \$225 million for 2019/20 due to updated assumptions on how the phasing out of the Growth Grant Scheme impacts on the tax credit and an increased estimate on expenditure on research and development activities based on the Statistics New Zealand Research and Development survey for 2019.

## 3.4 - Non-Departmental Other Expenses

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

#### *Scope of Appropriation*

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.

#### *Reasons for Change in Appropriation*

This appropriation increased by \$590 million to \$1,270 million for 2019/20 due to a forecast increase in the level of overdue debt since 30 June 2019 and a reduction in the collectability of aged debt. The increase includes a contingency (\$300 million) to cover an initial assessment of COVID-19 related impacts on debt and debt collectability and to prevent any unauthorised expenditure as this appropriation does not have a permanent legislative authority.

### Impairment of Debt Relating to Child Support (M57)

#### *Scope of Appropriation*

This appropriation is limited to the impairment of child support debt.

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

This appropriation provides for incurring the expense involved in recognising an impairment loss to reflect the recoverable value of the total child support debt as at the end of the financial year.

#### *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 the impairment of child support debt. Performance information relating to this expenditure is provided under the Services for Customers Multi-Category Appropriation under the Management of Debt and Outstanding Returns category.

#### *Reasons for Change in Appropriation*

The appropriation increased by \$5 million to \$5 million in 2019/20 to reflect the inclusion of a contingency to cover an initial assessment of COVID-19 related impacts on debt and debt collectability and to prevent any unauthorised expenditure as this appropriation does not have a permanent legislative authority.

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

#### *Scope of Appropriation*

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

#### *Reasons for Change in Appropriation*

This appropriation decreased by \$66 million to \$510 million in 2019/20 mainly due to a reduction in interest rates. The estimate also includes contingency (\$20 million) to prevent any unauthorised expenditure as this appropriation does not have a permanent legislative authority.

## KiwiSaver: Employee and Employer Contributions PLA (M57)

### *Scope of Appropriation*

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.

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

This permanent appropriation provides 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 is being sought 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 the on-payment of employee and employer KiwiSaver contributions collected by Inland Revenue to KiwiSaver Scheme providers. Performance information relating to the administration of the payment is provided under the Services for Customers Multi-Category Appropriation under the Services to Process Obligations and Entitlements category.

### *Reasons for Change in Appropriation*

The KiwiSaver Employee and Employer contributions appropriation is new from 1 April 2020. The appropriation reports the on-payment of both employee and employer KiwiSaver contributions collected by Inland Revenue to KiwiSaver scheme providers.

# 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 Expenses**

###### *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		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>623,201</b>	<b>29,655</b>	<b>652,856</b>
<b>Departmental Output Expenses</b>			
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	276,502
Services to Process Obligations and Entitlements	114,641	45,423	160,064



	2019/20		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>598,562</b>	<b>32,905</b>	<b>631,467</b>
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	275,139
Services to Process Obligations and Entitlements	93,795	48,673	142,468
<b>Revenue from Others</b>	<b>24,639</b>	<b>(3,250)</b>	<b>21,389</b>
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 \$29.655 million to \$652.856 million in 2019/20 due to:

- a fiscally neutral adjustment of \$44.500 million to transfer depreciation and capital charge funding from the Transformation MYA to this MCA
- a fiscally neutral adjustment of \$5.170 million to transfer funding for the Research and Development Tax Incentive scheme from Vote Research, Science and Innovation to Vote Revenue
- an expense transfer of \$4 million from 2018/19 to 2019/20 for IT activities to support customer demand for Release 3 of Inland Revenue's business transformation
- an expense transfer of \$2.370 million from 2018/19 to 2019/20 for customer communications campaigns, and
- an expense transfer of \$365,000 from 2018/19 to 2019/20 for policy advice and implementation work in response to the Tax Working Group's final report.

This is partially offset by:

- a retention of administrative efficiency savings of \$15 million transferred from 2019/20 to 2020/21 to support customers through the changes introduced in Release 3 and 4 of business transformation
- a retention of administrative efficiency savings of \$8.500 million transferred from 2019/20 to 2020/21 to manage anticipated cost pressures in 2020/21, and
- a fiscally neutral adjustment of \$3.250 million to reflect a reduction in the collection fee we charge ACC.