

Vote Revenue

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

DEPARTMENT ADMINISTERING THE VOTE: Inland Revenue Department (A10)

RESPONSIBLE MINISTER FOR INLAND REVENUE DEPARTMENT: Minister of Revenue

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Services to Other Agencies RDA (M57) (A10) This appropriation is limited to the provision of services by Inland Revenue to other agencies, where those services are not within the scope of another departmental output expense appropriation in Vote Revenue.	1,824	-	1,824
Total Departmental Output Expenses	1,824	-	1,824
Departmental Other Expenses			
Residual activities following the transformation programme's substantive closure (M57) (A10) This appropriation is limited to residual activities consistent with Inland Revenue's transformation programme that still need to be completed following its substantive closure.	14,600	2,312	16,912
Total Departmental Other Expenses	14,600	2,312	16,912
Departmental Capital Expenditure			
Inland Revenue Department - Capital Expenditure PLA (M57) (A10) This appropriation is limited to the purchase or development of assets by and for the use of the Inland Revenue Department, as authorised by section 24(1) of the Public Finance Act 1989.	42,900	22,100	65,000
Total Departmental Capital Expenditure	42,900	22,100	65,000
Benefits or Related Expenses			
Best Start Tax Credit PLA (M57) (A10) This appropriation is limited to Best Start Tax Credit payments made to eligible recipients under section 185 of the Tax Administration Act 1994.	339,000	1,000	340,000
Child Support Payments PLA (M57) (A10) This appropriation is limited to Child Support payments made to eligible receiving carers incurred under section 140(2) of the Child Support Act 1991.	466,000	(34,000)	432,000
Family Tax Credit PLA (M57) (A10) This appropriation is limited to Family Tax Credit payments made to eligible beneficiaries and non-beneficiaries during the year under section 185 of the Tax Administration Act 1994.	2,284,000	(3,000)	2,281,000
In-Work Tax Credit PLA (M57) (A10) This appropriation is limited to In-Work Tax Credit payments made to eligible low to middle income families (under section 185 of the Tax Administration Act 1994).	477,000	(28,000)	449,000
KiwiSaver: Interest (M57) (A10) This appropriation is limited to interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	1,000	2,000	3,000
KiwiSaver: Tax Credit (M57) (A10) This appropriation is limited to tax credits and residual KiwiSaver entitlements paid to KiwiSaver members in accordance with the Income Tax Act 2007 and KiwiSaver Act 2006.	1,093,000	(25,000)	1,068,000

	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Minimum Family Tax Credit PLA (M57) (A10) This appropriation is limited to Minimum Family Tax Credit payments made to eligible families where at least one parent is working for salary or wages (under section 185 of the Tax Administration Act 1994).	12,000	-	12,000
Paid Parental Leave Payments (M57) (A10) This appropriation is limited to Paid Parental Leave payments made to eligible parents under the Parental Leave and Employment Protection Act 1987.	677,000	(22,000)	655,000
Total Benefits or Related Expenses	5,349,000	(109,000)	5,240,000
Non-Departmental Borrowing Expenses			
Environmental Restoration Account Interest PLA (M57) (A10) This appropriation is limited to interest on Environmental Restoration accounts, authorised by section 65ZH(1) of the Public Finance Act 1989.	2,100	2,200	4,300
Income Equalisation Interest PLA (M57) (A10) This appropriation is limited to interest on Income Equalisation Reserve Scheme accounts held by taxpayers in the farming, fishing or forestry industries, authorised by section 65ZH(1) of the Public Finance Act 1989.	9,000	1,000	10,000
Total Non-Departmental Borrowing Expenses	11,100	3,200	14,300
Non-Departmental Other Expenses			
COVID-19 Resurgence Support Payment (M57) (A10) This appropriation is limited to providing payments to eligible firms to manage the economic impacts of COVID-19 following a shift to higher Alert Levels.	-	50	50
COVID-19 Support Payment (M57) (A10) This appropriation is limited to providing support to eligible firms adversely financially affected as a result of COVID-19 by a public health measure, business circumstance, or other related matter.	-	160	160
Impairment of Debt and Debt Write-Offs (M57) (A10) This appropriation is limited to write-offs and remissions for Crown debt administered by Inland Revenue, excluding child support and student loans, and to the impairment of this debt.	931,000	969,000	1,900,000
Impairment of Debt and Debt Write-Offs Relating to Child Support (M57) (A10) This appropriation is limited to write-offs and the impairment for child support and Crown entitlement debt.	-	20,000	20,000
Impairment of debt relating to the SBCS (M57) (A10) This appropriation is limited to the impairment of the Small Business Cashflow Scheme.	-	50,000	50,000
Initial Fair Value Write-Down Relating to Student Loans (M57) (A10) This appropriation is limited to the initial fair value write-down of student loans.	640,000	(81,000)	559,000
Initial Fair Value Write-Down Relating to the Small Business Cashflow Scheme COVID-19 (M57) (A10) This appropriation is limited to the initial fair value write-down of the Small Business Cashflow Scheme.	28,000	(26,000)	2,000
KiwiSaver: Employee and Employer Contributions PLA (M57) (A10) This appropriation is limited to the payment of employee and employer contributions to KiwiSaver Scheme providers under section 73(3) of the KiwiSaver Act 2006.	9,770,000	(300,000)	9,470,000
Research, Science and Innovation: R&D Tax Incentive (M84) (A10) This appropriation is limited to providing R&D tax credit payments to eligible research and development performing businesses.	535,334	(74,000)	461,334
Total Non-Departmental Other Expenses	11,904,334	558,210	12,462,544

Titles and Scopes of Appropriations by Appropriation Type	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Non-Departmental Capital Expenditure			
Small Business Cashflow Scheme COVID-19 (M57) (A10) This appropriation is limited to providing a loan to eligible businesses to manage the economic impacts of COVID-19.	60,000	(55,000)	5,000
Total Non-Departmental Capital Expenditure	60,000	(55,000)	5,000
Multi-Category Expenses and Capital Expenditure			
Services for Customers MCA (M57) (A10) 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.	721,218	11,228	732,446
<i>Departmental Output Expenses</i>			
<i>Investigations</i> This category is limited to Inland Revenue undertaking investigation, audit and litigation activities.	133,783	(25,081)	108,702
<i>Management of 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.	98,241	(12,417)	85,824
<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.	13,400	386	13,786
<i>Services to Ministers and to inform the public about entitlements and meeting obligations</i> This category is limited to the provision of services to help Ministers fulfil their responsibilities to Parliament and the New Zealand public, other than policy decision-making responsibilities, and to provide information and assistance to the public to make them aware of their obligations and entitlements, and to engage, advise and support other international tax agencies.	310,076	26,603	336,679
<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.	165,718	21,737	187,455
Total Multi-Category Expenses and Capital Expenditure	721,218	11,228	732,446
Total Annual Appropriations and Forecast Permanent Appropriations	18,104,976	433,050	18,538,026

Capital Injection Authorisations

	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Inland Revenue Department - Capital Injection (M57) (A10)	-	-	-

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2023/24				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	1,824	-	-	-	1,824
Benefits or Related Expenses	5,349,000	N/A	(109,000)	(109,000)	5,240,000
Borrowing Expenses	11,100	-	3,200	3,200	14,300
Other Expenses	11,918,934	2,312	558,210	560,522	12,479,456
Capital Expenditure	102,900	22,100	(55,000)	(32,900)	70,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	721,218	11,228	-	11,228	732,446
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	18,104,976	35,640	397,410	433,050	18,538,026
Crown Revenue and Capital Receipts					
Tax Revenue	115,939,000	N/A	(2,166,000)	(2,166,000)	113,773,000
Non-Tax Revenue	855,000	N/A	151,000	151,000	1,006,000
Capital Receipts	2,370,000	N/A	(206,500)	(206,500)	2,163,500
Total Crown Revenue and Capital Receipts	119,164,000	N/A	(2,221,500)	(2,221,500)	116,942,500

Part 2 - Details of Departmental Appropriations

2.2 - Departmental Other Expenses

Residual activities following the transformation programme's substantive closure (M57) (A10)

Scope of Appropriation

This appropriation is limited to residual activities consistent with Inland Revenue's transformation programme that still need to be completed following its substantive closure.

Reasons for Change in Appropriation

This appropriation increased by \$2.312 million to \$16.912 million for 2023/24 due to:

- a \$3.412 million expense transfer from 2022/23 to 2023/24 to fund programmes that were delayed due to recruitment challenges in the tight labour market.

The increase was offset by:

- \$1.100 million returned to the Crown in 2023/24 as all residual activities have been completed following the transformation programme's substantive closure.

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

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	24,800	11,969	36,769
Intangibles	18,100	10,131	28,231
Other	-	-	-
Total Appropriation	42,900	22,100	65,000

Reasons for Change in Appropriation

This appropriation increased by \$22.100 million to \$65 million for 2023/24 primarily due to a software version upgrade to Inland Revenue's core tax system that was brought forward.

Capital Injections and Movements in Departmental Net Assets

Inland Revenue Department

Details of Net Asset Schedule	2023/24 Main Estimates Projections \$000	2023/24 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2023/24
Opening Balance	461,529	449,297	Supplementary Estimates opening balance reflects the audited results as at 30 June 2023.
Capital Injections	-	-	
Capital Withdrawals	(5,500)	(5,500)	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	456,029	443,797	

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.

Reasons for Change in Appropriation

This appropriation increased by \$1 million to \$340 million for 2023/24 which is a minor variation reflecting slightly higher demand.

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.

Reasons for Change in Appropriation

This appropriation decreased by \$34 million to \$432 million for 2023/24. This is the first year with the pass through of child support payments to receiving carers who are also in receipt of a welfare benefit. The aggregate payments have been lower than anticipated when the new legislation was introduced on 1 July 2023 because there are more private child support arrangements in place than anticipated.

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.

Reasons for Change in Appropriation

This appropriation decreased by \$3 million to \$2,281 million for 2023/24 due to:

- increased wage and salary growth reducing entitlements because of abatement.

This is offset by:

- an additional weekly and fortnightly payday which has increased the appropriation.

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).

Reasons for Change in Appropriation

This appropriation decreased by \$28 million to \$449 million for 2023/24 due to lump sum claims being lower than forecast.

KiwiSaver: Interest (M57) (A10)

Scope of Appropriation

This appropriation is limited to interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.

Reasons for Change in Appropriation

This appropriation increased by \$2 million to \$3 million for 2023/24 to reflect higher interest rates. The rate payable is the use of money interest rate, which is regularly revised with reference to market interest rates. There is also a buffer in this estimate because this appropriation does not have a permanent legislative authority and there is uncertainty in future interest rates.

KiwiSaver: Tax Credit (M57) (A10)

Scope of Appropriation

This appropriation is limited to tax credits and residual KiwiSaver entitlements paid to KiwiSaver members in accordance with the Income Tax Act 2007 and KiwiSaver Act 2006.

Reasons for Change in Appropriation

This appropriation decreased by \$25 million to \$1,068 million for 2023/24 due to:

- a \$35 million reduction in the tax credit forecast resulting from 23,000 fewer contributing members at the beginning of the year than anticipated.

This is offset by:

- a buffer of \$10 million to prevent any breach of appropriation in the remaining months of the year as this is a demand driven appropriation that does not have permanent legislative authority.

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.

Reasons for Change in Appropriation

This appropriation decreased by \$22 million to \$655 million for 2023/24 due to:

- a \$27 million change resulting from a lower than expected volume of payments through the year.

This is offset by:

- a buffer of \$5 million to prevent any breach of appropriation in the remaining months of the year as this is a demand driven appropriation that does not have permanent legislative authority.

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.

Reasons for Change in Appropriation

This appropriation increased by \$2.200 million to \$4.300 million for 2023/24 due to increased deposit activity increasing the scheme balance. This scheme allows businesses to set aside money to cover costs for monitoring, avoiding, remedying or mitigating any detrimental environmental effects which may occur in later years. Interest payable depends on amounts deposited into the scheme.

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.

Reasons for Change in Appropriation

This appropriation increased by \$1 million to \$10 million for 2023/24 due to increased deposit activity towards the end of the preceding year increasing the scheme balance. This scheme allows farmers, fishers, growers and foresters to even out fluctuations in their income by spreading their gross income from year to year. Interest payable depends on amounts deposited into the scheme.

3.4 - Non-Departmental Other Expenses

COVID-19 Resurgence Support Payment (M57) (A10)

Scope of Appropriation

This appropriation is limited to providing payments to eligible firms to manage the economic impacts of COVID-19 following a shift to higher Alert Levels.

Expenses

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	50	50

What is Intended to be Achieved with this Appropriation

The purpose of this appropriation is to complement the Wage Subsidy Scheme and support businesses fixed costs when transitioning from alert level 1 to alert level 2 or above. These payments are a grant and do not need to be repaid by businesses.

How Performance will be Assessed and End of Year Reporting Requirements

This appropriation has an exemption 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 payment of the COVID-19 resurgence support payments.

Reasons for Change in Appropriation

This new appropriation of \$50,000 for 2023/24 provides for resolution and payment of outstanding claims for COVID-19 resurgence support payments after receiving further information from applicants and any potential new claims which may arise from customer disputes. Applications for these support payments closed in January 2022 but some claims are still being resolved and an appropriation is therefore required to cover any late payments.

COVID-19 Support Payment (M57) (A10)

Scope of Appropriation

This appropriation is limited to providing support to eligible firms adversely financially affected as a result of COVID-19 by a public health measure, business circumstance, or other related matter.

Expenses

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	160	160

What is Intended to be Achieved with this Appropriation

The appropriation is intended to support businesses in adverse circumstances arising from the effect of the public health measures (including the COVID-19 Protection Framework Red setting) and the rapid increase in COVID-19 in the community in New Zealand. These payments are a grant and do not need to be repaid by businesses.

How Performance will be Assessed and End of Year Reporting Requirements

This appropriation has an exemption 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 payment of the COVID-19 support payments.

Reasons for Change in Appropriation

This new appropriation of \$160,000 for 2023/24 provides for resolution and payment of outstanding claims for COVID-19 support payments after receiving further information from applicants and any potential new claims which may arise from customer disputes. Applications for these support payments closed in May 2022 but some claims are still being resolved and an appropriation is therefore required to cover any late payments.

Impairment of Debt and Debt Write-Offs (M57) (A10)

Scope of Appropriation

This appropriation is limited to write-offs and remissions for Crown debt administered by Inland Revenue, excluding child support and student loans, and to the impairment of this debt.

Reasons for Change in Appropriation

This appropriation increased by \$969 million to \$1,900 million for 2023/24 due to:

- a \$956 million increase in forecast impairment and write-offs due to an increase in the forecast debt growth across all tax types as a result of the current global economic environment. Debt for the year to date has grown significantly when compared to the same period in recent years and as a result the forecast growth in debt to the end of June 2024 has also been increased, and
- a \$13 million increase from a Cabinet decision which increased the use of money interest rates, with a consequential increase in forecast revenue, debt and related impairment. Use of money interest rates are set under the Tax Administration Act 1994.

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

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	20,000	20,000

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 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 Management of debt and unfiled returns category within the Services for customers multi-category appropriation.

Reasons for Change in Appropriation

This new appropriation of \$20 million for 2023/24 is to cover any material differences between the interim and final child support debt valuation results as this appropriation does not have a permanent legislative authority. The final child support valuation results are not known until after the end of the financial year.

Impairment of debt relating to the SBCS (M57) (A10)

Scope of Appropriation

This appropriation is limited to the impairment of the Small Business Cashflow Scheme.

Expenses

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	50,000	50,000

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 Small Business Cashflow Scheme loan balance.

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 SBCS debt. Performance information relating to this expenditure is provided under the Management of debt and unfiled returns category within the Services for customers multi-category appropriation.

Reasons for Change in Appropriation

This new appropriation of \$50 million for 2023/24 is due to:

- a \$40 million buffer to cover any material differences between the interim and final Small Business Cashflow Scheme valuation results as this appropriation does not have a permanent legislative authority. The final valuation results are not known until after the end of the financial year, and
- a \$10 million forecast impairment based on the interim valuation that was completed in March 2024.

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.

Reasons for Change in Appropriation

This appropriation decreased by \$81 million to \$559 million for 2023/24 due to:

- a \$63 million decrease in write-down as a result of lending being lower than forecast as the number of enrolments in tertiary education was lower than expected, and
- a \$38 million decrease in write-down as a result of lower discount rates.

This is offset by:

- a buffer of \$20 million as this appropriation does not have a permanent legislative authority.

Initial Fair Value Write-Down Relating to the Small Business Cashflow Scheme COVID-19 (M57) (A10)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation decreased by \$26 million to \$2 million for 2023/24 as demand for loans was below forecast for the final six months of the scheme. Applications for scheme lending ceased on 31 December 2023.

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.

Reasons for Change in Appropriation

This appropriation decreased by \$300 million to \$9,470 million for 2023/24 due to smaller than previously forecast contributions to savings.

Research, Science and Innovation: 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.

Reasons for Change in Appropriation

This appropriation decreased by \$74 million to \$461.334 million for 2023/24 due to:

- the net impact of \$83 million from a reduction in the forecast amount of Research and Development Tax Incentive (RDTI) payments and the movement in the Treasury's forecast of nominal gross domestic product.

This is offset by:

- a \$9 million increase due to a Joint Minister decision to enable the Commissioner of Inland Revenue to accept or vary late RDTI applications and returns in circumstances where a business is a member of a wholly owned group and has filed for the RDTI under the wrong entity name.

3.5 - Non-Departmental Capital Expenditure

Small Business Cashflow Scheme COVID-19 (M57) (A10)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation decreased by \$55 million to \$5 million for 2023/24 as demand for loans was below forecast for the final six months of the scheme. Applications for scheme lending ceased on 31 December 2023.

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 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 Inland Revenue undertaking investigation, audit and litigation activities.

Management of 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.

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 Ministers and to inform the public about entitlements and meeting obligations

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

Expenses, Revenue and Capital Expenditure

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	721,218	11,228	732,446
Departmental Output Expenses			
Investigations	133,783	(25,081)	108,702
Management of Debt and Unfiled Returns	98,241	(12,417)	85,824
Policy advice	13,400	386	13,786
Services to Ministers and to inform the public about entitlements and meeting obligations	310,076	26,603	336,679
Services to Process Obligations and Entitlements	165,718	21,737	187,455
Funding for Departmental Output Expenses			
Revenue from the Crown	715,117	11,228	726,345
Investigations	133,634	(25,081)	108,553
Management of Debt and Unfiled Returns	96,969	(12,417)	84,552
Policy advice	13,399	386	13,785
Services to Ministers and to inform the public about entitlements and meeting obligations	309,031	26,603	335,634
Services to Process Obligations and Entitlements	162,084	21,737	183,821
Revenue from Others	6,101	-	6,101
Investigations	149	-	149
Management of Debt and Unfiled Returns	1,272	-	1,272
Policy advice	1	-	1
Services to Ministers and to inform the public about entitlements and meeting obligations	1,045	-	1,045
Services to Process Obligations and Entitlements	3,634	-	3,634

Reasons for Change in Appropriation

This appropriation increased by \$11.228 million to \$732.446 million in 2023/24 due to:

- a drawdown from a tagged contingency of \$25.700 million for remuneration cost pressures
- an expense transfer of \$10 million from 2022/23 to 2023/24 for administrative savings and timing of expenditure
- a retention of administrative savings of \$9 million transferred from 2022/23 to 2023/24 to manage cost pressures
- an expense transfer of \$5.790 million from 2022/23 to 2023/24 for deferred system maintenance and enhancements
- an expense transfer of \$5.748 million from 2022/23 to 2023/24 due to the timing of investment expenditure, and
- additional funding of \$500,000 in 2023/24 to administer the Online casino gambling tax changes initiative.

This is partially offset by:

- a return of one-off transformation depreciation funding of \$30 million in 2023/24 due to a surplus of depreciation funding based on Inland Revenue's long-term capital planning model
- a return of one-off administration funding of \$15 million in 2023/24 due to recruitment challenges during the year and managing down operating costs such as contractors and consultants
- a return of funding of \$300,000 in 2023/24 for the set-up and operating cost for the Agricultural emissions pricing scheme that is no longer required, and
- a fiscally neutral adjustment of \$210,000 in 2023/24 from the departmental Services for customers multi-category appropriation to the non-departmental COVID-19 support payment appropriation and COVID-19 Resurgence Support Payment appropriation to allow outstanding payments claims.