

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

	2024/25		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
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.	1,764	(300)	1,464
Total Departmental Output Expenses	1,764	(300)	1,464
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.	60,000	(28,000)	32,000
Total Departmental Capital Expenditure	60,000	(28,000)	32,000
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	9,000	348,000
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.	453,000	(19,000)	434,000
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.	2,316,000	119,000	2,435,000
FamilyBoost Tax Credit PLA (M57) (A10) This appropriation is limited to FamilyBoost payments made to eligible recipients under section 185 of the Tax Administration Act 1994.	174,000	(43,000)	131,000
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.	582,000	(28,000)	554,000
KiwiSaver: Interest (M57) (A10) This appropriation is limited to interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	2,500	1,700	4,200
KiwiSaver: Tax Credit, Contribution and Residual Entitlement (M57) (A10) 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.	1,101,000	8,000	1,109,000
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	(1,700)	10,300

	2024/25		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
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.	685,000	71,000	756,000
Total Benefits or Related Expenses	5,664,500	117,000	5,781,500
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.	4,300	(100)	4,200
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.	7,000	1,000	8,000
Total Non-Departmental Borrowing Expenses	11,300	900	12,200
Non-Departmental Other Expenses			
Cost of Living payment (M57) (A10) This appropriation is limited to payments to individuals to address the cost of living in accordance with Cabinet decisions.	-	10	10
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.	-	40	40
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.	-	80	80
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.	1,676,000	617,900	2,293,900
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.	-	65,000	65,000
Impairment of Debt Relating to Student Loans (M57) (A10) This appropriation is limited to the impairment of student loan debt.	-	62,000	62,000
Impairment of debt relating to the SBCS (M57) (A10) This appropriation is limited to the impairment of the Small Business Cashflow Scheme.	-	40,000	40,000
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.	633,000	(43,000)	590,000
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.	10,220,000	(350,000)	9,870,000
Science, Innovation and Technology: R&D Tax Incentive (M84) (A10) This appropriation is limited to providing R&D tax credit payments to eligible research and development performing businesses.	556,168	36,800	592,968
Total Non-Departmental Other Expenses	13,085,168	428,830	13,513,998

	2024/25		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Multi-Category Expenses and Capital Expenditure			
Services for Customers MCA (M57) (A10) 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.	754,526	2,891	757,417
Departmental Output Expenses			
<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.	13,912	-	13,912
<i>Services to manage debt and unfilled returns</i> This category is limited to activities to prevent returns and debt becoming overdue, and to collect unfilled returns and overdue payments, whether for the Crown, other agencies or external parties.	105,677	1,668	107,345
<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.	315,642	6,128	321,770
<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.	153,905	34,531	188,436
<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.	165,390	(39,436)	125,954
Total Multi-Category Expenses and Capital Expenditure	754,526	2,891	757,417
Total Annual Appropriations and Forecast Permanent Appropriations	19,577,258	521,321	20,098,579

Capital Injection Authorisations

	2024/25		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Inland Revenue Department - Capital Injection (M57) (A10)	800	1,100	1,900

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2024/25				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	1,764	(300)	-	(300)	1,464
Benefits or Related Expenses	5,664,500	N/A	117,000	117,000	5,781,500
Borrowing Expenses	11,300	-	900	900	12,200
Other Expenses	13,085,168	-	428,830	428,830	13,513,998
Capital Expenditure	60,000	(28,000)	-	(28,000)	32,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	754,526	2,891	-	2,891	757,417
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	19,577,258	(25,409)	546,730	521,321	20,098,579
Crown Revenue and Capital Receipts					
Tax Revenue	116,427,000	N/A	(1,020,000)	(1,020,000)	115,407,000
Non-Tax Revenue	812,000	N/A	(80,000)	(80,000)	732,000
Capital Receipts	2,163,800	N/A	(190,800)	(190,800)	1,973,000
Total Crown Revenue and Capital Receipts	119,402,800	N/A	(1,290,800)	(1,290,800)	118,112,000

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

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,764	(300)	1,464
Revenue from the Crown	-	-	-
Revenue from Others	1,764	(300)	1,464

Reasons for Change in Appropriation

This appropriation decreased by \$300,000 to \$1.464 million for 2024/25 due to a forecast reduction in the level of subleased accommodation space.

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

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	22,900	(900)	22,000
Intangibles	37,100	(27,100)	10,000
Other	-	-	-
Total Appropriation	60,000	(28,000)	32,000

Reasons for Change in Appropriation

This appropriation decreased by \$28 million to \$32 million for 2024/25 due to changes in the timing of asset replacement.

Capital Injections and Movements in Departmental Net Assets

Inland Revenue Department

Details of Net Asset Schedule	2024/25 Main Estimates Projections \$000	2024/25 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2024/25
Opening Balance	443,797	443,772	Supplementary Estimates opening balance reflects the audited results as at 30 June 2024.
Capital Injections	800	1,900	Increase of \$1.100 million from a fiscally neutral transfer of funding from the Ministry of Social Development to implement the final-year Fees Free initiative.
Capital Withdrawals	-	(1,750)	Return of unused funding for the implementation of the Passing on Child Support payments to sole parent beneficiaries initiative.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	444,597	443,922	

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 \$9 million to \$348 million for 2024/25 due to softer income growth which results in less abatement of entitlements for families with infants over one year old.

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 \$19 million to \$434 million for 2024/25 reflecting softer income growth and there has also been a continued decline in the number of child support arrangements managed by Inland Revenue following the introduction of the Child Support (Pass On) Acts Amendment Act 2023 in July 2023.

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 increased by \$119 million to \$2,435 million for 2024/25 reflecting softer income growth resulting in less abatement of entitlements.

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.

Reasons for Change in Appropriation

This appropriation decreased by \$43 million to \$131 million for 2024/25 due to a change in the accounting approach for when claims are recognised as an expense. This has resulted in a decrease in forecast expenditure recognised within 2024/25 relative to Budget 2024 assumptions.

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 \$554 million for 2024/25 due to a timing adjustment on the expected impact of the \$25 per week increase to entitlements from Budget 2024, with an offsetting increase in 2025/26.

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 \$1.700 million to \$4.200 million for 2024/25 due to:

- a \$1.200 million uplift to reflect increases in KiwiSaver contributions handled by Inland Revenue and requiring interest to be paid for the period held, and
- a technical initiative to provide for an appropriation buffer of \$500,000. This is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure.

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.

Reasons for Change in Appropriation

This appropriation increased by \$8 million to \$1,109 million for 2024/25 due to:

- a technical initiative to provide for an appropriation buffer of \$53 million. This is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure.

This is offset by:

- a \$45 million decrease from lower growth in the number of contributing members as a result of softer growth in the labour force, combined with softer wage growth impacting entitlements for members contributing less than the maximum qualifying amount.

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.

Reasons for Change in Appropriation

This appropriation decreased by \$1.700 million to \$10.300 million for 2024/25 due to:

- a \$1.457 million decrease in the volume of claims since Budget 2024 as income growth is reducing eligibility for a top-up payment, and
- a \$243,000 decrease from a Cabinet decision to hold the minimum family tax credit threshold at its current level for one year.

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 increased by \$71 million to \$756 million for 2024/25 due to:

- a technical initiative to provide for an appropriation buffer of \$36 million. This is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure, and
- a \$35 million increase from a stronger than expected volume and average value of payments through the year.

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 decreased by \$100,000 to \$4.200 million for 2024/25 due to a reduction in the forecast amount of interest payable. There has been no significant withdrawal or deposit activity during the 2024/25 year to date.

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 \$8 million for 2024/25 due to the scheme balance declining at a softer rate than previously assumed. 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 and on the length of time the deposit is held.

3.4 - Non-Departmental Other Expenses

Cost of Living payment (M57) (A10)

Scope of Appropriation

This appropriation is limited to payments to individuals to address the cost of living in accordance with Cabinet decisions.

Expenses

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	10	10

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide temporary support to individuals who have been heavily impacted by an increase in costs of living.

How Performance will be Assessed and End of Year Reporting Requirements

An end-of-year performance 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 set up to provide temporary support for the living costs of low to middle income individuals.

Reasons for Change in Appropriation

This appropriation increased by \$10,000 for 2024/25 due to a transfer to provide for the settlement of outstanding claims relating to Cost of Living payments. The final date for customers to inform Inland Revenue of their bank account details for the Cost of Living payment was 31 March 2024. Since this date, Inland Revenue has continued to process a small number of late claims and expects these to continue to the end of 2024/25.

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

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	40	40

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 appropriation increased by \$40,000 for 2024/25 due to a transfer to cover expenditure for outstanding disputes for COVID-19 resurgence support payments that arise. Applications for these support payments closed in January 2022, however, disputes 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

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	80	80

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 appropriation increased by \$80,000 for 2024/25 due to a transfer to cover expenditure for potential disputes for COVID-19 support payments. Applications for these support payments closed in May 2022 but disputes continue to arise 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 \$617.900 million to \$2,293.900 million for 2024/25 due to:

- a \$324.600 million increase in the forecast impairment of debt and debt write-offs due to forecast debt growth across all tax types as a result of the current global economic environment, and
- a technical initiative to provide for an appropriation buffer of \$300 million. This is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure.

This is offset by:

- a \$6.700 million decrease from Cabinet decisions which decreased the use of money interest rates. These initiatives will result in a decrease in forecast revenue, with a corresponding decrease in 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

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	65,000	65,000

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 and write-off of child support debt. Performance information relating to this expenditure is provided under the Services to manage debt and unfiled returns category within the Services for customers multi-category appropriation.

Reasons for Change in Appropriation

This appropriation increased by \$65 million for 2024/25 due to:

- a technical initiative to provide for an appropriation buffer of \$50 million. This is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure, and
- a \$15 million forecast impairment based on the interim valuation that was completed in March 2025.

Impairment of Debt Relating to Student Loans (M57) (A10)

Scope of Appropriation

This appropriation is limited to the impairment of student loan debt.

Expenses

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	62,000	62,000

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for incurring the expense to recognise an impairment loss and reflect the recoverable value of the total student loan debt at the end of a 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 student loan debt. Performance information relating to this expenditure is available to the House of Representatives in the Student Loan Scheme Annual Report 2025.

Reasons for Change in Appropriation

This appropriation increased by \$62 million for 2024/25 due to:

- an \$88 million forecast impairment based on the interim valuation for the student loan scheme that was completed in March 2025, and
- a technical initiative to provide for an appropriation buffer of \$50 million. This is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure.

This is offset by:

- a \$76 million decrease from the Cabinet decision to indefinitely freeze the student loan repayment threshold.

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

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	40,000	40,000

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 Services to manage debt and unfiled returns category within the Services for customers multi-category appropriation.

Reasons for Change in Appropriation

This appropriation increased by \$40 million for 2024/25 due to a technical initiative to provide for an appropriation buffer. This is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure.

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 \$43 million to \$590 million for 2024/25 due to:

- a \$68 million decrease in the initial fair value write-down of student loans as a result of lower lending due to the number of enrolments in tertiary education being lower than expected, and
- a \$5 million decrease as a result of a Cabinet decision to indefinitely freeze the student loan repayment threshold.

This is offset by:

- a technical initiative to provide for an appropriation buffer of \$30 million. This is to lower the risk of incurring unappropriated expenditure for demand driven appropriations. It does not reflect an increase in forecast expenditure.

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 \$350 million to \$9,870 million for 2024/25 due to the softening of income growth and hence lower than previously forecast contributions to savings.

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.

Reasons for Change in Appropriation

This appropriation increased by \$36.800 million to \$592.968 million for 2024/25 due to:

- a \$36 million increase in the forecast amount of Research and Development Tax Incentive (RDTI) payments based on the RDTI-eligible expenditure derived from the 2023 R&D Survey results, and
- an \$800,000 increase from a Joint Minister decision to apply the discretionary powers that allow RDTI approvals to be corrected when they have been filed under the incorrect entity retrospectively to the start of the RDTI regime in 2019.

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

<p>Departmental Output Expenses</p> <p><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.</p> <p><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.</p> <p><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.</p> <p><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.</p> <p><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.</p>
--

Expenses, Revenue and Capital Expenditure

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	754,526	2,891	757,417
Departmental Output Expenses			
Policy advice	13,912	-	13,912
Services to manage debt and unfilled returns	105,677	1,668	107,345
Services to Ministers and to assist and inform customers to get it right from the start	315,642	6,128	321,770
Services to Process Obligations and Entitlements	153,905	34,531	188,436
Services to protect the integrity of the tax system and functions the Commissioner administers	165,390	(39,436)	125,954
Funding for Departmental Output Expenses			
Revenue from the Crown	748,425	2,904	751,329
Policy advice	13,911	-	13,911
Services to manage debt and unfilled returns	104,405	1,668	106,073
Services to Ministers and to assist and inform customers to get it right from the start	314,597	6,128	320,725
Services to Process Obligations and Entitlements	150,271	34,544	184,815
Services to protect the integrity of the tax system and functions the Commissioner administers	165,241	(39,436)	125,805
Revenue from Others	6,101	(13)	6,088
Policy advice	1	-	1
Services to manage debt and unfilled returns	1,272	-	1,272
Services to Ministers and to assist and inform customers to get it right from the start	1,045	-	1,045
Services to Process Obligations and Entitlements	3,634	(13)	3,621
Services to protect the integrity of the tax system and functions the Commissioner administers	149	-	149

Reasons for Change in Appropriation

This appropriation increased by \$2.891 million to \$757.417 million in 2024/25 due to:

- an expense transfer of \$11.500 million from 2023/24 to 2024/25 to manage work on hand temporary workforce as well as for timing delays for some initiatives such as leasehold improvements, and technology initiatives for reasons outside of the department's control
- a fiscally neutral transfer of \$525,000 for 2024/25 from the Ministry of Social Development for the implementation and administering the final-year Fees Free initiative, and
- additional funding of \$100,000 for 2024/25 for the new initiative Income Charging Phase 2 - Using Inland Revenue Data to Improve the Accuracy of MSD payments.

This is partially offset by:

- a retention of administrative savings of \$7.500 million transferred from 2024/25 to 2025/26 from savings achieved in technology and property contracts to manage cost pressures such as remuneration in 2025/26
- the return of \$1.400 million in 2024/25 for unused Crypto-asset Regulatory Framework initiative funding
- a return of savings to the Crown for capital charge and depreciation of \$191,000 in 2024/25 and outyears due to a capital withdrawal of \$1.750 million in 2024/25 for the child support pass-on initiative
- a transfer of \$130,000 in 2024/25 to the non-departmental appropriations to cover late claims for COVID-19 related payments and Cost of Living payments, and
- a fiscally neutral adjustment of \$13,000 in 2024/25 and outyears to reflect the replacement of manual work for information sharing to Ministry of Social Development with a no cost automated solution.