

# *Vote Revenue*

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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	2025/26		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Departmental Output Expenses</b>			
<b>Services to Other Agencies RDA (M57) (A10)</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.	1,464	-	1,464
<b>Total Departmental Output Expenses</b>	1,464	-	1,464
<b>Departmental Capital Expenditure</b>			
<b>Inland Revenue Department - Capital Expenditure PLA (M57) (A10)</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.	47,700	(20,700)	27,000
<b>Total Departmental Capital Expenditure</b>	47,700	(20,700)	27,000
<b>Benefits or Related Expenses</b>			
<b>Best Start Tax Credit PLA (M57) (A10)</b> This appropriation is limited to Best Start Tax Credit payments made to eligible recipients under section 185 of the Tax Administration Act 1994.	326,000	1,000	327,000
<b>Child Support Payments PLA (M57) (A10)</b> This appropriation is limited to Child Support payments made to eligible receiving carers incurred under section 140(2) of the Child Support Act 1991.	442,000	(32,000)	410,000
<b>Family Tax Credit PLA (M57) (A10)</b> 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.	2,374,000	75,000	2,449,000
<b>FamilyBoost Tax Credit PLA (M57) (A10)</b> This appropriation is limited to FamilyBoost payments made to eligible recipients under section 185 of the Tax Administration Act 1994.	171,000	(31,000)	140,000
<b>In-Work Tax Credit PLA (M57) (A10)</b> 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.	588,000	59,000	647,000
<b>KiwiSaver: Interest (M57) (A10)</b> This appropriation is limited to interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	4,000	500	4,500
<b>KiwiSaver: Tax Credit, Contribution and Residual Entitlement (M57) (A10)</b> 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.	541,000	39,800	580,800
<b>Minimum Family Tax Credit PLA (M57) (A10)</b> 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.	7,900	900	8,800

	2025/26		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b>Paid Parental Leave Payments (M57) (A10)</b> This appropriation is limited to Paid Parental Leave payments made to eligible parents under the Parental Leave and Employment Protection Act 1987.	745,000	25,000	770,000
<b>Total Benefits or Related Expenses</b>	5,198,900	138,200	5,337,100
<b>Non-Departmental Borrowing Expenses</b>			
<b>Environmental Restoration Account Interest PLA (M57) (A10)</b> This appropriation is limited to interest on Environmental Restoration accounts, authorised by section 65ZH(1) of the Public Finance Act 1989.	4,200	-	4,200
<b>Income Equalisation Interest PLA (M57) (A10)</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.	7,000	-	7,000
<b>Total Non-Departmental Borrowing Expenses</b>	11,200	-	11,200
<b>Non-Departmental Other Expenses</b>			
<b>Ex Gratia Payments (M57) (A10)</b> This appropriation is limited to ex gratia payments in relation to Vote Revenue non-departmental activities.	-	50	50
<b>Final-year Fees Free Payments (M57) (A10)</b> This appropriation is limited to final-year Fees Free payments and loan offsets made to eligible recipients.	55,000	(42,000)	13,000
<b>Impairment of Debt and Debt Write-Offs (M57) (A10)</b> 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.	1,520,000	480,000	2,000,000
<b>Impairment of Debt and Debt Write-Offs Relating to Child Support (M57) (A10)</b> This appropriation is limited to write-offs and the impairment for child support and Crown entitlement debt.	-	50,000	50,000
<b>Impairment of Debt Relating to Student Loans (M57) (A10)</b> This appropriation is limited to the impairment of student loan debt.	-	230,326	230,326
<b>Impairment of Debt Relating to the SBCS (M57) (A10)</b> This appropriation is limited to the impairment of the Small Business Cashflow Scheme.	-	40,000	40,000
<b>Initial Fair Value Write-Down Relating to Student Loans (M57) (A10)</b> This appropriation is limited to the initial fair value write-down of student loans.	636,000	189,112	825,112
<b>KiwiSaver: Employee and Employer Contributions PLA (M57) (A10)</b> 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.	10,670,000	10,000	10,680,000
<b>Payments to Settle Residual Claims (M57) (A10)</b> This appropriation is limited to payments made to eligible recipients to settle residual claims for products Inland Revenue has previously administered.	-	102	102
<b>Science, Innovation and Technology: R&amp;D Tax Incentive (M84) (A10)</b> This appropriation is limited to providing R&D tax credit payments to eligible research and development performing businesses.	650,742	(25,000)	625,742
<b>Total Non-Departmental Other Expenses</b>	13,531,742	932,590	14,464,332

	2025/26		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Services for Customers MCA (M57) (A10)</b>	786,166	(50)	786,116
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.			
<b>Departmental Output Expenses</b>			
<i>Policy advice</i>	13,997	-	13,997
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.			
<i>Services to manage debt and unfilled returns</i>	116,099	31,000	147,099
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.			
<i>Services to Ministers and to assist and inform customers to get it right from the start</i>	320,095	(10,050)	310,045
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.			
<i>Services to Process Obligations and Entitlements</i>	184,602	(6,000)	178,602
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.			
<i>Services to protect the integrity of the tax system and functions the Commissioner administers</i>	151,373	(15,000)	136,373
This category is limited to Inland Revenue undertaking investigation, audit and litigation activities.			
<b>Total Multi-Category Expenses and Capital Expenditure</b>	786,166	(50)	786,116
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	19,577,172	1,050,040	20,627,212

## Capital Injection Authorisations

	2025/26		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Inland Revenue Department - Capital Injection (M57) (A10)	7,700	-	7,700

# Supporting Information

## Part 1 - Vote as a Whole

### 1.2 - Trends in the Vote

#### Summary of Financial Activity

	2025/26				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	1,464	-	-	-	1,464
Benefits or Related Expenses	5,198,900	N/A	138,200	138,200	5,337,100
Borrowing Expenses	11,200	-	-	-	11,200
Other Expenses	13,531,742	-	932,590	932,590	14,464,332
Capital Expenditure	47,700	(20,700)	-	(20,700)	27,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	786,166	(50)	-	(50)	786,116
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
<b>Total Appropriations</b>	19,577,172	(20,750)	1,070,790	1,050,040	20,627,212
<b>Crown Revenue and Capital Receipts</b>					
Tax Revenue	119,281,000	N/A	(8,000)	(8,000)	119,273,000
Non-Tax Revenue	637,000	N/A	(93,435)	(93,435)	543,565
Capital Receipts	1,850,000	N/A	73,721	73,721	1,923,721
<b>Total Crown Revenue and Capital Receipts</b>	121,768,000	N/A	(27,714)	(27,714)	121,740,286

## 1.4 - Reconciliation of Changes in Appropriation Structure

Estimates	2025/26 (Estimates) \$000	Supplementary Estimates (Changes during the year)	Amount Moved \$000	New Structure	2025/26 (Restated) \$000
<b>Non-Departmental Other Expenses</b>					
Cost of Living payment	-	- Transfer to Payments to Settle Residual Claims	(9)		
COVID-19 Resurgence Support Payment	-	- Transfer to Payments to Settle Residual Claims	(39)		
COVID-19 Support Payment	-	- Transfer to Payments to Settle Residual Claims	(54)		
		Transfer from Cost of Living payment	9	Payments to Settle Residual Claims	9
		Transfer from COVID-19 Resurgence Support Payment	39	Payments to Settle Residual Claims	39
		Transfer from COVID-19 Support Payment	54	Payments to Settle Residual Claims	54
<b>Total Changes in Appropriations</b>	-		-		<b>102</b>

The COVID-19 Resurgence Support Payment, COVID-19 Support Payment and Cost of Living payment appropriations received funding in 2025/26 from an in-principle transfer from 2024/25 to 2025/26 confirmed as part of the 2025 October Baseline Update.

From 16 March 2026 the following changes to the appropriation structure have been made within Vote Revenue:

- a new Payments to Settle Residual Claims appropriation has been established in Vote Revenue, and
- three non-departmental other expenses appropriations (COVID-19 Resurgence Support Payment, COVID-19 Support Payment and Cost of Living payment) have been disestablished and the funding has been transferred to the new non-departmental other expenses Payments to Settle Residual Claims appropriation.

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-4.

## Part 2 - Details of Departmental Appropriations

### 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*

	2025/26		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	14,000	2,300	16,300
Intangibles	33,700	(23,000)	10,700
Other	-	-	-
<b>Total Appropriation</b>	<b>47,700</b>	<b>(20,700)</b>	<b>27,000</b>

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

This appropriation decreased by \$20.700 million to \$27 million for 2025/26 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	2025/26 Main Estimates Projections \$000	2025/26 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2025/26
Opening Balance	443,922	443,974	Supplementary Estimates opening balance reflects the audited results as at 30 June 2025.
Capital Injections	7,700	7,700	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>451,622</b>	<b>451,674</b>	

## 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 \$327 million for 2025/26 due to higher demand during the year.

#### 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 \$32 million to \$410 million for 2025/26 due to 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 \$75 million to \$2,449 million for 2025/26 due to:

- a \$40 million increase from CPI indexation occurring on 1 April 2026, a year earlier than previously expected due to inflation growth since the last budget, and
- a \$35 million increase from higher than previously expected payment volumes during the year.

## 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 \$31 million to \$140 million for 2025/26 due to a downward revision of forecast uptake partially offset by a policy change to raise eligibility criteria to ensure FamilyBoost reaches more families.

## 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 increased by \$59 million to \$647 million for 2025/26 due to:

- a \$79 million increase from the impact of the Budget 2026 policy to increase entitlements by \$50 per week from 1 April 2026 to assist families with inflationary impacts caused by the global fuel prices, and
- a \$5 million increase from the earlier CPI indexation for Family Tax Credit, which has a flow-on impact to working family's entitlement to the in-work tax credit.

This was offset by a \$25 million decrease due to stronger wage growth and a weaker employment market than previously expected, which reduces the amount of in-work tax credit expected to be paid to families.

## 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 \$500,000 to \$4.500 million for 2025/26 due to the inclusion of an appropriation buffer to lower the risk of incurring unappropriated expenditure due to the sensitivities of forecasting costs for demand driven 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 \$39.800 million to \$580.800 million for 2025/26 due to:

- the inclusion of a \$25 million appropriation buffer to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting costs for demand driven expenditure, and
- a \$14.800 million increase to forecast expenditure reflecting a stronger forecast wage growth which increases the likelihood of contributing members qualifying for the maximum entitlement.

## 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 increased by \$900,000 to \$8.800 million for 2025/26. This is due to claims during the year being higher than anticipated in Budget 2025.

## 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 \$25 million to \$770 million for 2025/26 due to the inclusion of a \$25 million appropriation buffer to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting costs for demand driven expenditure.

## 3.4 - Non-Departmental Other Expenses

### Ex Gratia Payments (M57) (A10)

#### *Scope of Appropriation*

This appropriation is limited to ex gratia payments in relation to Vote Revenue non-departmental activities.

#### *Expenses*

	2025/26		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	50	50

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

This appropriation is intended to provide for any ex gratia payments made to customers in relation to non-departmental activities.

#### *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 we would not disclose individual ex gratia payments from a privacy or integrity of the tax system perspective.

#### *Reasons for Change in Appropriation*

This appropriation is newly established in 2025/26. This appropriation increased by \$50,000 for 2025/26 due to a fiscally neutral adjustment of \$50,000 from the departmental multi-category appropriation - Services for Customers MCA to fund estimated costs of ex gratia payments in 2025/26.

### Final-year Fees Free Payments (M57) (A10)

#### *Scope of Appropriation*

This appropriation is limited to final-year Fees Free payments and loan offsets made to eligible recipients.

#### *Reasons for Change in Appropriation*

This appropriation decreased by \$42 million to \$13 million for 2025/26 due to:

- a \$34 million decrease from a technical accounting change relating to the final-year Fees Free policy. For applicants with a student loan, Fees Free amounts are now treated as student loan debt forgiveness and recorded through the Initial Fair Value Write-Down Relating to Student Loans appropriation. Amounts relating to applicants without a student loan continue to be recorded in the Final-year Fees Free Payments appropriation, and
- a \$13 million decrease in forecast payments due to a reduction in expected payments for the year.

This decrease was partially offset by the inclusion of a \$5 million appropriation buffer to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting costs for demand driven expenditure.

## 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 \$480 million to \$2,000 million for 2025/26 due to:

- a \$450 million increase from the inclusion of an appropriation buffer to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting debt levels, which are sensitive to economic conditions, and
- a \$50.600 million increase in the forecast impairment of debt and debt write-offs due to updated external valuations and assumptions.

This was partially offset by a \$20.600 million decrease as a flow on impact of a decrease in the use-of-money interest (UOMI) rates, which reduced forecast revenue, debt and the related impairment. UOMI 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*

	2025/26		
	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 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.

### *Reasons for Change in Appropriation*

This appropriation increased by \$50 million for 2025/26 due to the inclusion of an appropriation buffer to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting Child Support debt, which is sensitive to economic conditions.

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

### *Scope of Appropriation*

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

### *Expenses*

	2025/26		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	230,326	230,326

### *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 2026.

### *Reasons for Change in Appropriation*

This appropriation increased by \$230.326 million for 2025/26 due to the inclusion of an appropriation buffer of \$245 million to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting the annual fair value of student loans which is sensitive to economic conditions.

This increase was partially offset by a fair value gain of \$14.674 million due to the Budget 2026 Final-Year Fees Free - Ending the Scheme initiative, which limits eligibility to those learners who have completed their study by 31 December 2026. The gain reflects lending that was previously fully written down under the final-year Fees Free scheme but is now expected to be repaid by borrowers following the ending of the scheme.

## 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*

	2025/26		
	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.

*Reasons for Change in Appropriation*

This appropriation increased by \$40 million for 2025/26 due to the inclusion of an appropriation buffer to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting the Small Business Cashflow Scheme balance, which is sensitive to economic conditions.

**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 increased by \$189.112 million to \$825.112 million for 2025/26 due to:

- a \$56 million increase from higher lending, largely driven by a higher number of loan recipients than previously forecast
- a \$51 million increase reflecting a change in the technical accounting treatment of the Budget 2024 final-year Fees Free policy. Previously, all final-year Fees Free funding was forecast to be incurred in the year the application was expected to be approved. Under the new treatment, amounts that offset student loan balances are recognised as debt forgiveness, with the write-down recorded when the loan is forecast to be drawn down
- a \$50 million increase due to the inclusion of an appropriation buffer to lower the risk of incurring unappropriated expenditure due to the sensitivities around forecasting costs for demand driven expenditure, and
- a \$32 million increase due to changes in discount rates and other forecast cash-flow assumptions.

**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 increased by \$10 million to \$10,680 million for 2025/26 due to a small adjustment due to nominal wage growth during the year.

### Payments to Settle Residual Claims (M57) (A10)

#### Scope of Appropriation

This appropriation is limited to payments made to eligible recipients to settle residual claims for products Inland Revenue has previously administered.

#### Expenses

	2025/26		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	102	102

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

This appropriation is intended to cover any residual claims for discontinued products Inland Revenue has previously administered.

#### How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989, as the amount of the appropriation is less than \$5 million.

#### Reasons for Change in Appropriation

This appropriation is newly established in 2025/26. The funding of \$102,000 for 2025/26 was from a transfer of \$102,000 in 2025/26 from the Cost of Living payment, COVID-19 Resurgence Support Payment, and COVID-19 Support Payment non-departmental appropriations. These appropriations were then disestablished following the transfer of the funds.

### 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 decreased by \$25 million to \$625.742 million for 2025/26 due to a decrease in the forecast amount of Research and Development Tax Incentive (RDTI) payments based on the RDTI-eligible expenditure derived from the 2024 R&D Survey results and forecast changes to gross domestic product.

# 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*

##### **Departmental Output Expenses**

###### *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 manage 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.

###### *Services to Ministers and to assist and inform customers to get it right from the start*

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.

###### *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.

###### *Services to protect the integrity of the tax system and functions the Commissioner administers*

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

*Expenses, Revenue and Capital Expenditure*

	2025/26		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>786,166</b>	<b>(50)</b>	<b>786,116</b>
<b>Departmental Output Expenses</b>			
Policy advice	13,997	-	13,997
Services to manage debt and unfiled returns	116,099	31,000	147,099
Services to Ministers and to assist and inform customers to get it right from the start	320,095	(10,050)	310,045
Services to Process Obligations and Entitlements	184,602	(6,000)	178,602
Services to protect the integrity of the tax system and functions the Commissioner administers	151,373	(15,000)	136,373
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>780,078</b>	<b>(50)</b>	<b>780,028</b>
Policy advice	13,996	-	13,996
Services to manage debt and unfiled returns	114,827	31,000	145,827
Services to Ministers and to assist and inform customers to get it right from the start	319,050	(10,050)	309,000
Services to Process Obligations and Entitlements	180,981	(6,000)	174,981
Services to protect the integrity of the tax system and functions the Commissioner administers	151,224	(15,000)	136,224
<b>Revenue from Others</b>	<b>6,088</b>	<b>-</b>	<b>6,088</b>
Policy advice	1	-	1
Services to manage debt and unfiled 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	3,621	-	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 decreased by \$50,000 to \$786.116 million due to a fiscally neutral adjustment to fund the new non-departmental other expenses Ex Gratia Payments appropriation.