

VOTE *Revenue*

Terms and Definitions Used

ACC	Accident Compensation Corporation
IRD	Inland Revenue Department
PAYE	Pay As You Earn

Minister Portfolio Table

57	Minister of Revenue
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Revenue

ADMINISTERING DEPARTMENT: Inland Revenue Department

The Minister of Revenue is the Responsible Minister for the Inland Revenue Department

Part B - Statement of Appropriations

Summary of Financial Activity

	2006/07	2006/07 Appropriations to be Used				Total \$000
	Main Estimates \$000	By the Department Administering the Vote		For Non-Departmental Transactions		
		Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations						
Output Expenses	531,468	517,238	20,500	380	-	538,118
Benefits and Other Unrequited Expenses	2,528,800	N/A	N/A	1,000	2,596,700	2,597,700
Borrowing Expenses	2,093	N/A	N/A	-	3,751	3,751
Other Expenses	205,847	-	-	417,646	-	417,646
Capital Expenditure	-	N/A	N/A	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	N/A	N/A	-
Total Appropriations	3,268,208	517,238	20,500	419,026	2,600,451	3,557,215
Crown Revenue and Receipts						
Tax Revenue	45,366,000	N/A	N/A	N/A	N/A	47,230,000
Non-Tax Revenue	582,069	N/A	N/A	N/A	N/A	733,561
Capital Receipts	649,399	N/A	N/A	N/A	N/A	549,829
Total Crown Revenue and Receipts	46,597,468	N/A	N/A	N/A	N/A	48,513,390

Part B1 - Details of Appropriations

Appropriations	2006/07						Scope of and Reasons for Change in 2006/07 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Expenses (General)							
Management of Debt and Outstanding Returns (M57)	105,616	-	(13,742)	-	91,874	-	- Taking follow-up action where returns are outstanding and where payments are overdue, including providing people with assistance on the actions they need to take to meet their obligations.
Policy Advice (M57)	11,186	-	682	-	11,868	-	- Advising on all aspects of tax policy and social policy measures that interact with the tax system. Drafting tax legislation and rewriting the Income Tax Act. Negotiating and maintaining New Zealand's network of double tax agreements with other countries. Forecasting tax revenues and providing ministerial services.
Services to Inform the Public About Entitlements and Meeting Obligations (M57)	158,635	-	31,880	-	190,515	-	- Providing information and assistance to customers on the application of the law. Responding to customer enquiries about tax and social support programmes. Adjudication on behalf of the Commissioner on proposed taxpayer assessments. Providing binding rulings and other statements on the interpretation and application of the law administered by Inland Revenue.
Services to Process Obligations and Entitlements (M57)	111,184	-	(26,705)	-	84,479	-	- Registering tax payers, making tax assessments, assessing child support liabilities including providing a readily accessible inexpensive process for reviewing assessments, receiving and making payments to customers, processing applications and payments for social support programmes, supplying information to other government agencies and accounting and reporting the collection of Crown revenue.
Taxpayer Audit (M57)	124,347	-	14,155	-	138,502	-	- Identifying risks to revenue and designing and undertaking audit activities accordingly. Managing litigation of disputed tax cases.
Total Departmental Output Expenses (General)	510,968	-	6,270	-	517,238	-	
Departmental Output Expenses (Restricted by Revenue)							
Collection of ACC Levies (M57)	-	20,500	-	-	-	20,500	Collection of ACC Earners' levies and the provision of information.
Total Departmental Output Expenses (Restricted by Revenue)	-	20,500	-	-	-	20,500	

	2006/07						Scope of and Reasons for Change in 2006/07 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
Non-Departmental Output Expenses							
Retirement Commissioner (M57)	-	-	380	-	380	-	To enable the Retirement Commissioner to incorporate the enhancements to KiwiSaver into its communications on retirement income policies.
Total Non-Departmental Output Expenses	-	-	380	-	380	-	
Benefits and Other Unrequited Expenses							
Child Support Payments (M57)	-	188,000	-	(17,000)	-	171,000	Child support payments to custodial persons who are not dependent on the state for financial support (expenses incurred pursuant to section 141 of the Child Support Act 1991).
Child Tax Credit (M57)	-	52,000	-	(8,000)	-	44,000	Extra assistance for low to middle income families who are not dependent on the state for financial support (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).
Family Support Tax Credit (M57)	-	1,717,000	-	52,000	-	1,769,000	Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).
Family Tax Credit (M57)	-	8,000	-	2,000	-	10,000	Extra payment made to families whose net income is less than \$17,680 per annum and where at least one parent is working for salary or wages (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).
In-Work Payment (M57)	-	409,000	-	52,000	-	461,000	Extra assistance for low to middle families who are working at least 20 hours per week or 30 hours per week between both parents if they are couple.
Paid Parental Leave Payments (M57)	-	132,900	-	(12,200)	-	120,700	Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.
Parental Tax Credit (M57)	-	17,000	-	4,000	-	21,000	Additional financial support to working families for the eight week period following the birth of a child (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).
Payroll Subsidy (M57)	4,900	-	(3,900)	-	1,000	-	Subsidy for the purposes of subsidising the costs of a payroll agent undertaking employers' payroll-related tax compliance activities
Total Benefits and Other Unrequited Expenses	4,900	2,523,900	(3,900)	72,800	1,000	2,596,700	

	2006/07						Scope of and Reasons for Change in 2006/07 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
Borrowing Expenses							
Adverse Event Interest (M57)	-	3	-	(2)	-	1	Interest on Adverse Event deposits relating to withdrawals and deposits made by taxpayers in the farming industry.
Environmental Restoration Account Interest (M57)	-	90	-	(90)	-	-	Interest on the deposits made to the Environmental Restoration Accounts Scheme.
Income Equalisation Interest (M57)	-	2,000	-	1,750	-	3,750	Interest on Income Equalisation deposits relating to withdrawals and deposits by taxpayers in the farming, fishing or forestry industries.
Total Borrowing Expenses	-	2,093	-	1,658	-	3,751	
Other Expenses to be Incurred by the Crown							
Child Support Doubtful Debt Provision (M57)	89,239	-	(31,068)	-	58,171	-	Provisioning of Doubtful Debt for Child Support penalties debt Pursuant to the Public Finance Act 1989.
General Tax Doubtful Debt Provision (M57)	101,188	-	(78,958)	-	22,230	-	Provisioning of Doubtful Debts for General tax, Student Loan and Child Support pursuant to the Public Finance Act 1989.
Student Loan Fair Value Recognition (M57)	-	-	326,475	-	326,475	-	Change in the Fair Valuation as a result of the change in the accounting policy and the change to the student loan policy.
Student Loan Interest Write-offs and Student Loan Doubtful Debt Provision (M57)	15,420	-	(4,650)	-	10,770	-	The interest free policy for student loans applies to all borrowers who are still studying irrespective of whether they are part time or full time. It also applies to borrowers who are no longer studying irrespective of whether or not they qualified, providing they are still living in New Zealand.
Total Other Expenses to be Incurred by the Crown	205,847	-	211,799	-	417,646	-	
Total Appropriations	721,715	2,546,493	214,549	74,458	936,264	2,620,951	

Part E - Explanation of Capital Flows

Part E1 - Explanation of Movements in Departmental Net Asset Schedules

Details of Net Asset Schedule for Inland Revenue Department	2006/07 Main Estimates Projections \$000	2006/07 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2006/07
Opening Balance	130,831	130,831	2006/07 Supplementary Estimates opening balance reflects the audited results as at 30 June 2006.
Capital Injections	24,347	35,987	Budget 2007 injects \$0.819 million new capital funding into the departmental balance sheet. This is associated with the implementation of the Business Tax Review. Capital injections made since Budget 2006 are associated with the implementation of KiwiSaver (\$10.821 million).
Capital Withdrawals	(250)	(250)	Capital Withdrawal associated with the implementation of taxation of contractors in the fruit picking industry initiative.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	154,928	166,568	

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Capital Receipts

	2006/07			Description of 2006/07 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
Tax Revenue				
Companies	8,579,000	197,000	8,776,000	Provisional and terminal tax payments by companies and superannuation funds net of refunds.
Fringe Benefit Tax	425,000	30,000	455,000	Tax on employer-provided fringe benefits.
Gaming Duties	293,000	(24,000)	269,000	Gaming duties include totalisator and lottery duties.
Goods and Services Tax (IRD)	8,799,000	600,000	9,399,000	A tax on the consumption of goods and services net of refunds (see also Vote Customs).
Other Direct Taxes	2,000	2,000	4,000	Miscellaneous direct represents gift duties.
Other Persons	3,431,000	(42,000)	3,389,000	Provisional and terminal tax payments by individuals and trusts net of refunds.
Source Deductions	20,534,000	785,000	21,319,000	PAYE deductions and withholding payments on employers' superannuation contributions.
Stamp and Cheque Duties	74,000	12,000	86,000	Stamp and cheque duties including the approved issuer levy.
Withholding Taxes	3,229,000	304,000	3,533,000	Withholding taxes, mainly taxes on investment income, eg. interest and dividends, deducted at source.
Total Tax Revenue	45,366,000	1,864,000	47,230,000	
Non-Tax Revenue				
Child Support Collections	493,000	(87,000)	406,000	Child Support payments received from non-custodial parents.
Student Loans - Accrued Interest	87,069	235,492	322,561	Net interest income relating to the student loan debt.
Unclaimed Monies	2,000	3,000	5,000	Monies deposited with the Crown as unclaimed.
Total Non-Tax Revenue	582,069	151,492	733,561	
Capital Receipts				
Adverse Income Equalisation Account	400	(240)	160	Deposits made by farmers of proceeds from forced sales of livestock after an adverse event.
Environmental Restoration Accounts Scheme	12,500	(11,500)	1,000	Deposits made by taxpayers to the Environmental Restoration Accounts Scheme to allow the deduction for environmental expenditure.
Income Equalisation Reserve Account	77,000	(20,500)	56,500	Deposits made by taxpayers in the farming, fishing and forestry industries owing to fluctuations in income and economic conditions.

	2006/07			Description of 2006/07 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
Student Loans - Receipts	559,499	(67,330)	492,169	Repayments against the principal portion of the debt received from employers who have employees with a student loan earning over the repayment threshold. Also repayments received from borrowers making a voluntary, end-of-year, interim or non-resident repayment against the principal portion of debt.
Total Capital Receipts	649,399	(99,570)	549,829	
Total Crown Revenue and Receipts	46,597,468	1,915,922	48,513,390	