

# *Vote Revenue*

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MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Revenue (M57)

ADMINISTERING DEPARTMENT: Inland Revenue Department

MINISTER RESPONSIBLE FOR INLAND REVENUE DEPARTMENT: Minister of Revenue

# Details of Appropriations

## Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2011/12		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Departmental Output Expenses</b>			
<i>Management of Debt and Outstanding Returns (M57)</i> Taking 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. This includes collection on behalf of other agencies and external parties.	110,765	568	111,333
<i>Policy Advice (M57)</i> Advising on all aspects of tax policy and social policy measures that interact with the tax system. Drafting tax legislation. Negotiating and maintaining New Zealand's network of double tax agreements with other countries. Forecasting tax revenues and providing ministerial services.	15,601	500	16,101
<i>Services to Inform the Public About Entitlements and Meeting Obligations (M57)</i> 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.	249,944	1,855	251,799
<i>Services to Process Obligations and Entitlements (M57)</i> 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, collection of ACC Earners' levies, supplying information to other government agencies and accounting and reporting the collection of Crown revenue.	122,691	(738)	121,953
<i>Taxpayer Audit (M57)</i> Identifying risks to revenue and designing and undertaking audit activities accordingly. Managing litigation of disputed tax cases.	179,785	(8,900)	170,885
<b>Total Departmental Output Expenses</b>	678,786	(6,715)	672,071
<b>Benefits and Other Unrequited Expenses</b>			
<i>Child Support Payments PLA (M57)</i> 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).	226,000	(6,000)	220,000
<i>Child Tax Credit PLA (M57)</i> 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).	2,200	(200)	2,000
<i>Family Tax Credit PLA (M57)</i> Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	2,168,100	(57,100)	2,111,000
<i>In-Work Tax Credit PLA (M57)</i> Extra assistance for low to middle income families where the person works a minimum of 20 hours per week and does not have a partner, or a person and their partner work a minimum of 30 hours per week (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	567,000	1,000	568,000
<i>KiwiSaver: Interest (M57)</i> To enable the payment of interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	3,000	4,000	7,000

	2011/12		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<i><b>KiwiSaver: Kickstart Payment (M57)</b></i>	209,000	17,000	226,000
To enable the one-off payment made on opening a KiwiSaver account for members who meet the required eligibility criteria as set in the KiwiSaver Act 2006.			
<i><b>KiwiSaver: Tax Credit (M57)</b></i>	444,000	31,000	475,000
To enable the payment of a tax credit to KiwiSaver members and the payment of residual tax credits to employers as set out in the Income Tax Act 2007.			
<i><b>Minimum Family Tax Credit PLA (M57)</b></i>	10,100	900	11,000
Extra payment made to families where at least one parent is working for salary or wages (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
<i><b>Paid Parental Leave Payments PLA (M57)</b></i>	164,100	(8,100)	156,000
Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.			
<i><b>Parental Tax Credit PLA (M57)</b></i>	17,600	400	18,000
To enable payment of additional financial support to be made 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).			
<i><b>Payroll Subsidy (M57)</b></i>	2,000	-	2,000
To enable the payment of a subsidy to a payroll agent undertaking employers' payroll-related tax compliance activities on their behalf.			
<b>Total Benefits and Other Unrequited Expenses</b>	3,813,100	(17,100)	3,796,000
<b>Non-Departmental Borrowing Expenses</b>			
<i><b>Adverse Event Interest PLA (M57)</b></i>	10	-	10
This appropriation is limited to interest on Adverse Event Income Equalisation Reserve accounts held by taxpayers in the farming and agriculture business (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
<i><b>Environmental Restoration Account Interest PLA (M57)</b></i>	2,000	-	2,000
This appropriation is limited to interest on Environmental Restoration accounts (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
<i><b>Income Equalisation Interest PLA (M57)</b></i>	7,000	-	7,000
This appropriation is limited to interest on Income Equalisation Reserve Scheme accounts held by taxpayers in the farming, fishing or forestry industries (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).			
<b>Total Non-Departmental Borrowing Expenses</b>	9,010	-	9,010
<b>Departmental Other Expenses</b>			
<i><b>Recovery from February 2011 Christchurch Earthquake (M57)</b></i>	-	6,500	6,500
This appropriation is limited to writing off, or making good, damage to, departmental assets, maintaining output delivery and re-establishing departmental operations following the Canterbury earthquakes.			
<b>Total Departmental Other Expenses</b>	-	6,500	6,500

Titles and Scopes of Appropriations by Appropriation Type	2011/12		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Non-Departmental Other Expenses</b>			
<i>Bad Debt Write-Offs (M57)</i> This appropriation is limited to bad debt write-offs for Crown debt administered by Inland Revenue.	857,000	-	857,000
<i>Impairment of Debt (M57)</i> This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the debt, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the Crown debt book.	247,000	100,000	347,000
<i>Impairment of Debt Relating to Child Support (M57)</i> This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the debt, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the collective book of child support debt.	446,000	(334,000)	112,000
<i>Impairment of Debt Relating to Student Loans (M57)</i> This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the loan, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the collective book of student loan debt.	110,000	(244,404)	(134,404)
<i>Initial Fair Value Write-Down - Student Loans (M57)</i> This appropriation is limited to the initial fair value write-down of student loans.	128,222	(1,711)	126,511
<b>Total Non-Departmental Other Expenses</b>	1,788,222	(480,115)	1,308,107
<b>Departmental Capital Expenditure</b>			
<i>Inland Revenue Department - Capital Expenditure PLA (M57)</i> 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.	79,500	18,500	98,000
<b>Total Departmental Capital Expenditure</b>	79,500	18,500	98,000
<b>Total Annual and Permanent Appropriations</b>	6,368,618	(478,930)	5,889,688

## Details of Projected Movements in Departmental Net Assets

### Inland Revenue Department

Details of Net Asset Schedule	2011/12 Main Estimates Projections \$000	2011/12 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2011/12
Opening Balance	264,963	261,737	Supplementary Estimates opening balance reflects the audited results as at 30 June 2011.
Capital Injections	2,321	4,869	Increase of \$2.548 million relates to a capital injection for the child support reform initiative.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	267,284	266,606	