



24 February 2026

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 28 January 2026. You requested the following:

Page 90 of your most recent Annual Report provides some detail on impairment of debt and debt write-offs. Specifically, the actual impairment of debt and debt write-offs is reported as \$1,872,426,000. Footnote (6) to this row clarifies that Impairment of Debt and Debt Write-Offs relates to general tax, Working for Families Tax Credits, FamilyBoost, KiwiSaver and COVID-19 debt (excluding the Small Business Cashflow Scheme).

My information request is for:

- A breakdown of the proportion of debt written off in each of the above categories. Either as a dollar value or a proportion of the total amount written off.*
- A breakdown of the proportion of debt written off in the general tax category into GST, income tax and employer activities.*
- An explanation on the difference between the debt that is impaired and the debt that is written off. I understand that a debt may be impaired if it is not recoverable, but I would like to know why approximately \$1 billion of debt is classified as impaired, rather than "written off". Presumably debt that is impaired is also written off?*

Information being released

The information you have requested is in **Table 1**, below. Table 1 provides a breakdown of debt written off by tax type grouping, including the dollar value written off and the proportion of the total amount written off.

Table 1 – Breakdown of debt written off for the year ended 30 June 2025, as shown in Inland Revenue’s 2024-25 Annual Report¹.

Tax type grouping	Debt written off (\$)	Proportion of total debt written off
Goods and Services Tax	277,736,310	34.51%
Income Tax	210,780,643	26.19%
Employer Activities	223,952,919	27.83%
KiwiSaver	28,461,413	3.54%

¹ [Inland Revenue Annual Report Te Tari Taake Pūrongo ā-Tau 2024-25](#)

Tax type grouping	Debt written off (\$)	Proportion of total debt written off
Working for Families	56,167,892	6.98%
COVID-19	2,015,047	0.25%
FamilyBoost	396	0.00% ²
Other	5,594,429	0.70%
Total	804,709,048	100.00%

Impaired debt and written off debt

Almost 95% of customers pay their taxes on time and in full. However, some customers will pay late, some will pay only part of what they owe, and some debts will never be paid and will eventually be written off.

Taxes receivable are recorded in the financial statements at recoverable value, which is the amount we expect to collect in the future. The difference between the total amount owed and what we expect to collect is recorded as the impairment allowance, with changes in this allowance recognised as an impairment expense.

In simple terms, impairment recognises expected future write offs before they occur. It is calculated at a total receivable level, based on the overall likelihood of collecting debt across all customers, rather than identifying specific debts to be written off.

As at June 2025, total tax receivables were \$27.974 billion, of which \$9.290 billion was overdue. The impairment provision for this receivable balance was \$6.564 billion, which represents the portion of the receivables that is not expected to be collected, including the effect of discounting expected cash flows to account for the time value of money. The allowance increased by \$1.067 billion in 2025/26 which relates to the impairment expense of \$1.872 billion less actual write offs of \$805 million.

Because impairment is applied across total receivables, it does not affect how individual customer accounts are managed. Inland Revenue continues to pursue debts on a customer's account until it is determined that a specific debt is no longer recoverable, or that further recovery action is no longer appropriate or cost effective. When this decision is made, the debt is written off and removed from the customer's account.

From an accounting perspective, the impairment allowance is reduced when a debt is written off. As a result, write offs generally have little impact on the financial statements, as the expected loss has already been recognised through impairment.

Publishing of OIA response

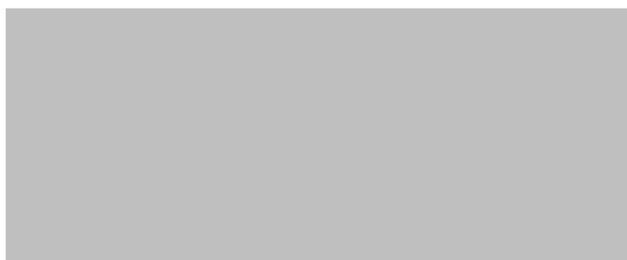
We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the

² The FamilyBoost debt written off was \$396. This amount rounds to 0.00% when expressed as a proportion of total debt written off.

availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely



Nick Bradley
Enterprise Leader – Finance Services