



04 March 2025

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 3 February 2025. You requested the following documents (numbered for ease of reference):

- *Inland Revenue Status Report 24SR67: Weekly Status Report*
- *Inland Revenue Report IR2024/436: Published Tax and Social Policy Work Programme - Approval for release*
- *Inland Revenue Briefing Note BN2024/444: Custom audience lists - internal review*
- *Inland Revenue Report IR2024/426: Application of shortfall penalties under the Tax Administration Act 1994 for the year ended 30 June 2024*
- *Inland Revenue Report IR2024/429: Use of money interest rates review 2024*
- *Inland Revenue Briefing Note BN2024/446: Chartered Accountants Australia & New Zealand Conference*
- *Inland Revenue Report IR2024/453: Draft Cabinet paper: Tax Administration (FamilyBoost tax credit: extension of date to file a tax return) Order 2024*
- *Inland Revenue Briefing Note BN2024/465: CA ANZ tax conference 21-22 November: Programme*
- *Inland Revenue Report IR2024/434: Tax forecasts for the 2024 Half Year Economic and Fiscal Update 2024*
- *Inland Revenue Report IR2024/435: Tax monitoring report: Collections to October 2024*
- *Inland Revenue Report IR2024/441: HYEPU 2024 forecasts for non-departmental appropriations 2024*
- *Inland Revenue Report IR2024/442: 2024 Half-Year Economic and Fiscal Update submission for the Research and Development Tax Incentive Appropriation*
- *Inland Revenue Status Report 24SR69: Weekly Status Report*
- *Inland Revenue Briefing Note BN2024/486: FamilyBoost update*
- *Inland Revenue Report IR2024/479: Inland Revenue Performance Plan: Performance Impacts - response to the MoR.*
- *Inland Revenue Status Report 24SR68: Weekly Status Report*

### Information released

I have decided to partially release 12 documents as outlined in **Table 1** below to you, enclosed as **Appendix A**.

**Table 1: List of documents partially released**

Doc	Date	Document	Decision
1.	31/10/2024	IR2024/436: Published Tax and Social Policy Work Programme - Approval for release	Partially released with redactions under sections 9(2)(a) and 9(2)(f)(iv).
2.	01/11/2024	24SR67: Weekly Status Report	Partially released with redactions under sections 9(2)(a), 9(2)(f)(iv), 9(2)(g)(i) and 18(c)(i).
3.	05/11/2024	IR2024/426: Application of shortfall penalties under the Tax Administration Act 1994 for the year ended 30 June 2024	Partially released with redactions under section 9(2)(a).
4.	07/11/2024	BN2024/446: Chartered Accountants Australia & New Zealand Conference	Partially released with redactions under section 9(2)(a).
5.	15/11/2024	24SR68: Weekly Status Report	Partially released with redactions under sections 9(2)(a), 9(2)(f)(iv), 9(2)(g)(i) and 18(c)(i).
6.	26/11/2024	BN2024/465: CA ANZ tax conference 21-22 November: Programme	Partially released with redactions under section 9(2)(a).
7.	26/11/2024	IR2024/434: Tax forecasts for the 2024 Half Year Economic and Fiscal Update 2024	Partially released with redactions under section 9(2)(a).
8.	26/11/2024	IR2024/435: Tax monitoring report: Collections to October 2024	Partially released with redactions under section 9(2)(a).
9.	27/11/2024	IR2024/442: 2024 Half-Year Economic and Fiscal Update submission for the Research and Development Tax Incentive Appropriation	Partially released with redactions under section 9(2)(a).
10.	27/11/2024	IR2024/441: HYEFU 2024 forecasts for non-departmental appropriations 2024	Partially released with redactions under sections 9(2)(a) and 9(2)(g)(i).

Doc	Date	Document	Decision
11.	29/11/2024	24SR69: Weekly Status Report	Partially released with redactions under sections 9(2)(a), 9(2)(f)(iv), 9(2)(g)(i) and 18(c)(i).
12.	29/11/2024	BN2024/486: FamilyBoost update	Partially released with redactions under section 9(2)(a).

Some information is withheld in the documents listed above under the following sections of the OIA, as applicable:

- 9(2)(a) – to protect the privacy of natural persons,
- 9(2)(f)(iv) – to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials,
- 9(2)(g)(i) – to maintain the effective conduct of the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty, and
- 18(c)(i) - as making the requested information available would be contrary to the provisions of section 18(3) of the Tax Administration Act 1994 (TAA). The Commissioner of Inland Revenue is not required to disclose any item of revenue information if the release of the information would adversely affect the integrity of the tax system or prejudice the maintenance of the law.

### Information withheld

I have decided to withhold the following document, outlined in **Table 2**, in full under section 9(2)(f)(iv) of the OIA.

**Table 2: Document withheld**

Doc	Date	Document	Decision
13.	29/11/2024	IR2024/479: Inland Revenue Performance Plan: Performance Impacts - response to the MoR	Withheld in full under section 9(2)(f)(iv).

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this instance, I do not consider that to be the case.

### Information refused

Your request for the documents outlined in **Table 3** is refused under section 18(d) of the OIA, as the documents are or will soon be publicly available on Inland Revenue's Tax Policy website: [www.taxpolicy.ird.govt.nz](http://www.taxpolicy.ird.govt.nz).

**Table 3: List of documents refused**

Item	Date	Document	Publicly available
14.	01/11/2024	BN2024/444: Custom audience lists - internal review	<a href="https://www.ird.govt.nz/-/media/project/ir/home/documents/oia-responses/december-2024/2024-12-11-emails-created-by-media-team-to-respond-to-media-enquiries-and-copies.pdf">https://www.ird.govt.nz/-/media/project/ir/home/documents/oia-responses/december-2024/2024-12-11-emails-created-by-media-team-to-respond-to-media-enquiries-and-copies.pdf</a>
15.	06/11/2024	IR2024/429: Use of money interest rates review 2024	Document will soon be proactively released on Inland Revenue's Tax Policy website <a href="http://www.taxpolicy.ird.govt.nz">www.taxpolicy.ird.govt.nz</a> .
16.	07/11/2024	IR2024/453: Draft Cabinet paper: Tax Administration (FamilyBoost tax credit: extension of date to file a tax return) Order 2024	<a href="http://www.taxpolicy.ird.govt.nz/publications/2024/ir-leg-24-sub-0240">www.taxpolicy.ird.govt.nz/publications/2024/ir-leg-24-sub-0240</a>

**Right of review**

If you disagree with my decision on your OIA request, you can ask an Inland Revenue review officer to review my decision. To ask for an internal review, please email the Commissioner of Inland Revenue at: [commissionerscorrespondence@ird.govt.nz](mailto:commissionerscorrespondence@ird.govt.nz).

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman by email at: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz).

If you choose to have an internal review, you can still ask the Ombudsman for a review.

**Publishing of OIA response**

We intend to publish our response to your request on Inland Revenue's website ([ird.govt.nz](http://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 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.

Yours sincerely



Thomas Allen

**Domain Lead, Governance & Ministerial Services**



## Tax policy report: Published Tax and Social Policy Work Programme – Approval for release

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<b>Date:</b>	31 October 2024	<b>Priority:</b>	High
<b>Security level:</b>	In Confidence	<b>Report number:</b>	T2024/3004 IR2024/436

### Action sought

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	Action sought	Deadline
Hon Nicola Willis <b>Minister of Finance</b>	<b>Refer Appendix A to the Budget Ministers</b>	4 November 2024
	<b>Indicate any changes to Appendix A</b>	7 November 2024
	<b>Agree to recommendations</b>	8 November 2024
Hon Simon Watts <b>Minister of Revenue</b>	<b>Indicate any changes to Appendix A</b>	7 November 2024
	<b>Agree to recommendations</b>	8 November 2024

### Contact for telephone discussion (if required)

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Name	Position	Telephone	1 <sup>st</sup> Contact
Jean le Roux	Manager, Tax Strategy The Treasury	s 9(2)(a)	✓
Graeme Morrison	Programme Lead, Policy Inland Revenue		✓
Andraya Heyes	Policy Advisor, Policy Inland Revenue		

# Tax policy report: Published Tax and Social Policy Work Programme – Approval for release

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## Purpose of report

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1. This report seeks your approval to publish the attached Government Tax and Social Policy Work Programme (Appendix A) on Inland Revenue’s tax policy website on 11 November, subject to your feedback.

## Key features of the Tax and Social Policy Work Programme

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### Structure and content of the TSPWP

2. We previously reported to you on the key considerations for setting and publishing the Government’s Tax and Social Policy Work Programme (TSPWP)<sup>1</sup> ahead of a joint Ministers’ meeting held on 10 October 2024. Following this, the Minister of Finance discussed the key strategic and non-strategic items for inclusion on the TSPWP at the Budget Ministers’ meeting on 17 October.
3. We have, as a result, drafted the attached Government Tax and Social Policy Work Programme (Appendix A) for your consideration before publishment. Appendix A includes:
  - 3.1 workstreams based on key themes from the Revenue Strategy and Ministerial priorities; and
  - 3.2 items to be progressed under these workstreams that are not of a sensitive nature (i.e., not including Budget 2025 proposals).

4.  s 9(2)(f)(iv)

### Updating the published TSPWP periodically

5. We recommend publishing the TSPWP for the remainder of the Parliamentary term, with work items being periodically updated (approximately every 6-months) when necessary. If you agree to periodically updating the published TSPWP, we will include a recommendation in future tax policy reports asking you to indicate if you want the proposed work item on the next updated TSPWP. We will then report back to you in April 2025 on what items you have indicated you want published in the next TSPWP update, with considerations for resource availability and the Tax Policy Scorecard going forward.
6. Periodic updates of the TSPWP will give you the opportunity to add new items as other Ministerial priorities arise, and to include any Budget 25 items once they have been announced. This gives the published TSPWP more profile and ensures it remains up to date for stakeholders.

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<sup>1</sup> Tax policy report: Publishing the Tax and Social Policy Work Programme (T2024/2482; IR2024/248 refers).  
<sup>2</sup> s 9(2)(f)(iv)

**Approving the TSPWP**

- 7. Historically, the TSPWP has been jointly approved by the Minister of Finance and Minister of Revenue, and then taken to Cabinet for noting. While the key elements of the TSPWP were discussed at Budget Ministers on 17 October, you have indicated that the TSPWP will not be taken through Cabinet for noting prior to publishing. Instead, you have indicated you would like to refer Appendix A to Budget Ministers for consultation in advance of publishing.
- 8. Following the TSPWP’s publication, individual items that are to be publicly consulted on and are of a contentious nature will go through Cabinet prior to external release.

**Next steps**

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- 9. Subject to feedback from you or through the consultation with Budget Ministers, we can publish a finalised version of Appendix A on 11 November. At your request, we can also prepare supporting content for any launch activities agreed to by the Ministers’ offices.
- 10. If you agree to periodic updates of the published TSPWP, we will report back to you in April 2025 on what could be included in the next iteration of the published TSPWP, with considerations for resource availability and the Tax Policy Scorecard going forward.

**Recommended action**

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We recommend that you:

- 11. **agree** that the Tax and Social Policy Work Programme (Appendix A) does not need to go through Cabinet for noting before publishing;  

Agreed/Not agreed	Agreed/Not agreed
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- 12. **note** that any individual items on the Tax and Social Policy Work Programme that are to be publicly consulted on and are of a contentious nature will go through Cabinet prior to external release;  

Noted	Noted
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- 13. **indicate** whether there are any other changes required to the attached Tax and Social Policy Work Programme (Appendix A);  

Indicated	Indicated
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- 14. **refer** a copy of the attached Tax and Social Policy Work Programme (Appendix A) to this report to Budget Ministers for their information;  

Referred/Not referred
- 15. **agree** to the attached Tax and Social Policy Work Programme (Appendix A) being published on Inland Revenue’s tax policy website pending any feedback;  

Agreed/Not agreed	Agreed/Not agreed
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16. **agree** to the work items on the attached Tax and Social Policy Work Programme (Appendix A) being periodically updated to reflect work being progressed, if necessary.

Agreed/Not agreed

Agreed/Not agreed

s 9(2)(a)



Jean Le Roux  
**Manager**  
**Tax Strategy, The Treasury**

Graeme Morrison  
**Programme Lead, Policy**  
**Inland Revenue**

Hon Nicola Willis  
**Minister of Finance**

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Hon Simon Watts  
**Minister of Revenue**

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# Government Tax and Social Policy Work Programme

The Work Programme's overarching priorities are reducing compliance costs and improving fiscal sustainability.

The Government is committed to transparency through public engagement on the design of tax policy through the Generic Tax Policy Process. Public consultation plays an important role in creating and sustaining a durable and widely accepted tax system.

It is intended that the Work Programme be updated periodically to reflect the Government's current priorities. This is the latest version of the Work Programme as at November 2024.

## Growth and productivity

This workstream promotes building a stronger and resilient economy by minimising biases on economic decisions, reducing compliance costs, and rewarding effort and individuals' investment in their own skills. Work in this area includes:

- Improvements to the employee share scheme regime, including a threshold increase for exempt schemes \*
- Generic response measures for emergency events \*
- Exploring compliance cost reductions, including improving tax compliance for small businesses
- Fringe Benefit Tax review
- Reviewing thin capitalisation settings for infrastructure
- Reviewing the Foreign Investment Fund tax rules for migrants
- Supporting the transition to digital tax administration for tax intermediaries
- Reviewing the GST rules for joint ventures
- Simplifying tax compliance for Māori authorities
- Work to find a multilateral solution to the challenges the digital economy poses to international taxation (OECD Pillar 1 and Pillar 2 work)

## Maintaining the tax system

This workstream ensures the tax system is regularly maintained and updated in response to changing technology, business practices, jurisprudence, or other factors. Work in this area includes:

- Reviewing exempting the New Zealand Superannuation Fund from income tax
- Reviewing the Commissioner's power to collect information for policy purposes
- Donee status for overseas focused organisations (schedule 32)
- Remedial work programme

## Social policy

This workstream involves improving the delivery of income support payments delivered through the tax system and increase work incentives. Work in this area includes:

- Easing opting-in to KiwiSaver for children under 16 \*
- Ongoing FamilyBoost improvements

## Integrity of the tax system

This workstream protects against tax avoidance and evasion to maintain a stable and predictable revenue system. Work in this area includes:

- Clarifying that banks and licenced deposit takers cannot be PIEs and that non-eligible income cannot be transferred into a PIE using related party interest payments \*
- Implementation of the Crypto-asset Reporting Framework \*
- Trust disclosures post-implementation review
- Policy options to support wider Inland Revenue compliance work and reduce tax debt
- Reviewing elements of charities and not-for-profits, <sup>§ 9(2)(f)(iv)</sup>
- Clarifying the income tax treatment of software development expenditure

## Strengthening international connections

This workstream fulfils New Zealand's international obligations with other tax jurisdictions (and as an OECD member) and includes projects that respond to shifts in the global economy, such as increased cross-border activity. Work in this area includes:

- Simplification of the Approved Issuer Levy reporting, including retrospective registration \*
- Inwards pension transfers and locked in KiwiSaver changes \*
- Simplifying the tax rules for non-resident contractors
- Double tax agreement negotiations

## Other agency work

This workstream involves other agency work that aligns with Government priorities that may have tax consequences or Inland Revenue delivery implications. Work in this area includes:

- Approved information sharing agreement with MBIE
- Student loans – final year fees free and overseas-based borrower settings
- Local Water Done Well project
- Treaty of Waitangi settlements
- Supporting all-of-Government response to organised crime
- Other ministerial priorities as they arise

\* Items included in the Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill



## **Status Report**

Weekly update for the Minister of Revenue

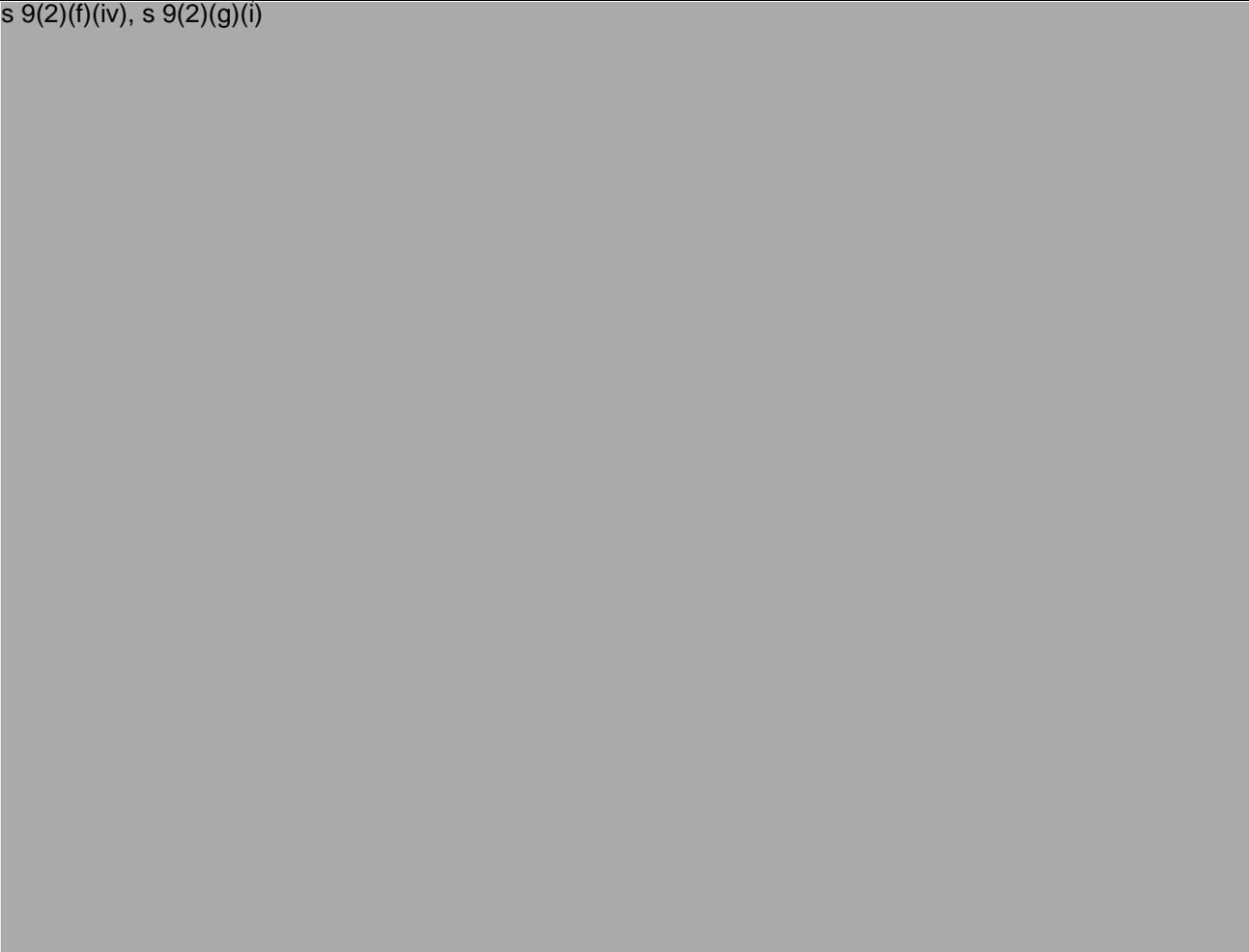
Week ending: Friday 8 November 2024  
Date issued: Friday 1 November 2024

## New topical issues

New items since the last Status Report (issued on 24 October 2024).

### **Policy**

s 9(2)(f)(iv), s 9(2)(g)(i)



### **Operational**

s 18(c)(i)



s 18(c)(i)

Family Boost Update

Since the last update, for the period 24 October to 30 October, we have:

- received 1,977 registrations
- created 1,932 FamilyBoost accounts

Since registrations opened until 30<sup>th</sup> October, inclusive, we have:

- received 52,939 registrations
- created 52,468 FamilyBoost accounts
- 157 registrations still in progress and have declined 314

Since claims opened until 30 October, inclusive, we have:

- received 49,784 claims relating to 44,973 households
- paid \$13,345,997.92 towards 34,988 claims
- 2,134 claims still in progress and have declined 8,634.

We also have number of cases that have been referred back to the customer as a result of invoice inaccuracy. We have requested customers to re-submit a claim using the correct invoice. Processing timeframes are within our 15 working day target.

Note: Data provided is always point in time as cases stage throughout the day.

s 9(2)(f)(iv), s 9(2)(g)(i)

## Bills

<b>Bill title</b>
The Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill
<b>Approximate date of enactment</b>
End of March 2025
<b>Current status</b>
<p>The Bill was introduced into the House on 26 August 2024. It received its First Reading on 29 August 2024 and was referred to the Finance and Expenditure Committee.</p> <p>Officials are liaising with stakeholders on aspects of the Bill and presented their initial briefing to the Committee on 11 September 2024. The closing date for submissions was 9 October 2024. The first day for oral submissions to the Committee took place on 23 October, with further submissions scheduled for 6 November 2024.</p> <p>The Committee has set 17 January 2025 as the date for lodging the Departmental Report.</p>

<b>Bill title</b>
Digital Services Tax Bill
<b>Approximate date of enactment</b>
To be confirmed
<b>Current status</b>
<p>The Digital Services Tax Bill was introduced into the House on 31 August 2023; it has been reinstated and is awaiting its First Reading. The Cabinet Legislation Committee decided to retain the Bill on the legislative programme.</p>

## Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
s 9(2)(f)(iv)			
MoR	Holding the Minimum Family Tax Credit Threshold at Current Level	ECO	04/12/2024
MoR	Taxation (Use of Money Interest Rates) Amendment Regulations 2024	LEG	05/12/2024
MoR	Student Loan Scheme (Repayment Threshold) Regulations 2024	CBC	05/12/2024
s 9(2)(f)(iv)			

## Upcoming Cabinet papers

<b>Agency</b>	Ministry for Regulation
<b>Committee</b>	Cabinet Expenditure and Regulatory Review Committee (EXP) on 5 November 2024
<b>Paper title</b>	Improving Regulatory Policy Making
<b>Summary</b>	<p>This paper seeks agreement to changes aimed at improving the quality of regulatory proposals and streamlining the regulatory analysis that Ministers receive. It proposes updates to the regulatory policy making process to:</p> <ul style="list-style-type: none"> <li>• require agencies to provide early-stage information to the Ministry for Regulation at the commencement of a new regulatory change initiative; and</li> <li>• improve analysis in regulatory impact statements and streamline associated processes where possible.</li> </ul>
<b>Inland Revenue view</b>	s 9(2)(g)(i)

<b>Agency</b>	Ministry for Regulation
<b>Committee</b>	Cabinet Expenditure and Regulatory Review Committee (EXP) on 5 November 2024
<b>Paper title</b>	Approval to consult on a proposed approach to the Regulatory Standards Bill
<b>Summary</b>	The paper seeks agreement to release a discussion document on a proposed Regulatory Standards Bill. The Bill would be aimed at improving the quality of New Zealand regulation
<b>Inland Revenue view</b>	Inland Revenue reviewed the Cabinet paper in draft and had only minor editorial comments.

<b>Agency</b>	Ministry of Justice
<b>Committee</b>	Cabinet Legislation Committee (LEG) on 7 November 2024
<b>Paper title</b>	Disputes Tribunal Amendment Bill: Approval for Introduction
<b>Summary</b>	The paper seeks approval for the introduction of the Disputes Tribunal Amendment Bill. The Bill increases the financial jurisdiction of the Disputes Tribunal to allow it to resolve disputes of higher value (up to \$60,000) and introduces a new filing fee of \$468 for claims in the new jurisdiction of \$30,001 to \$60,000.
<b>Inland Revenue view</b>	Inland Revenue reviewed the Cabinet paper in draft and has no comments.

<b>Agency</b>	Ministry of Business, Innovation and Employment
<b>Committee</b>	Cabinet Economic Policy Committee (ECO) on 20 November 2024
<b>Paper title</b>	Changes to investor migrant policy settings to increase investment to New Zealand
<b>Summary</b>	The paper seeks agreement to changes to the immigration settings of the Active Investor Plus (AIP) visa to attract investment-ready migrants and facilitate increased foreign investment to New Zealand.
<b>Inland Revenue view</b>	Inland Revenue reviewed a draft version of the Cabinet paper and has no comments.

<b>Agency</b>	Ministry of Education
<b>Committee</b>	Cabinet Legislation Committee (LEG) on 21 November 2024
<b>Paper title</b>	Education (Inland Revenue Authorised to Use National Student Numbers) Regulations 2024
<b>Summary</b>	<p>The final year Fees Free policy is being implemented by Inland Revenue (IR) and the Tertiary Education Commission (TEC), with Inland Revenue making payments. The two agencies do not hold a common learner identifier. Inland Revenue needs a minimum of three identifiers to match learner identification accurately. § 9(2)(g)(i)</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
<b>Inland Revenue view</b>	Inland Revenue reviewed the Cabinet paper in draft. The change is needed for Inland Revenue to implement the final year Fees Free policy. We are supportive of the changes proposed.

§ 9(2)(f)(iv), § 9(2)(g)(i)

[Redacted]

## Upcoming reports

### Policy

<b>IR Reference</b>	<b>Referral to and/or action sought from Ministers</b>	<b>Title</b>	<b>Description</b>	<b>Cabinet paper (include date &amp; committee)</b>	<b>Due to Minister (Week ending)</b>
s 9(2)(f)(iv)					
s 9(2)(f)(iv)					
IR2024/429	MoR, MoF: Agree	Use of money interest rates review 2024	Adjustment to the use of money interest rates to align with market rates.	LEG 5/12/2024	08/11/2024
IR2024/433	MoR: Agree, Refer to Minister for Racing and Minister of Resources	GST and unincorporated bodies - Scope of proposal for public consultation	Seeks Ministers' agreement to high-level scope of policy proposal to be consulted on in public consultation document		08/11/2024
IR2024/438	MoR: Note, Agree, Refer to Minister of Science, Innovation and Technology	Income tax treatment of software development expenditure	Report seeking agreement to next steps for work to clarify the correct tax treatment of software development expenditure.		08/11/2024

<b>IR Reference</b>	<b>Referral to and/or action sought from Ministers</b>	<b>Title</b>	<b>Description</b>	<b>Cabinet paper (include date &amp; committee)</b>	<b>Due to Minister (Week ending)</b>
IR2024/432	MoR to Agree, Note, Refer to MoF, Refer to Minister for Social Development	Draft Cabinet Paper: Holding the Minimum Family Tax Credit Threshold at Current Level	Seeking agreement to contents of draft Cabinet paper for ministerial consultation and lodgement, and decisions to eventually resume MFTC adjustments.	ECO 4/12/2024	08/11/2024
BN2024/408	MoR: Note	Speaking notes for LEG - Tax Administration (FamilyBoost tax credit: extension of date to file a tax return) Order 2024	Speaking notes for the LEG paper on FamilyBoost Order in Council.	LEG 21/11/2024	<del>01/11/2024</del> 15/11/2024
IR2024/396	MoR, MoF: Agree to recs	Matters raised by officials in the Departmental Report on the Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill	Seeks you and the Minister of Finance's approval on issues that could be included as "matters raised by officials" in the Departmental Report to the Finance and Expenditure Committee (FEC) on the Emergency Response Bill.		<del>25/10/2024</del> 22/11/2024
s 9(2)(f)(iv)					
IR2024/435	MoR: Note, Refer to MoF	(Timetabled release) Tax monitoring report: Collections to October 2024	(Timetabled release) Tax outturn monitoring report for October 2024 with variances reported against BEFU2024		29/11/2024

<b>IR Reference</b>	<b>Referral to and/or action sought from Ministers</b>	<b>Title</b>	<b>Description</b>	<b>Cabinet paper (include date &amp; committee)</b>	<b>Due to Minister (Week ending)</b>
IR2024/434	MoR: Note, Refer to MoF	(Timetabled release) Final tax forecasts for the 2024 Half Year Economic and Fiscal Update	(Timetabled release) Final tax forecasts for the 2024 Half Year Economic and Fiscal Update		29/11/2024
IR2024/208	MoR, MoF: Agree	2025 GST Issues Paper	Advising Ministers on a potential officials' GST issues paper.		06/12/2024
IR2024/397	MoR, MoF: Agree to recs	Summary of submissions and recommended changes for the Departmental Report for the Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill: policy items	Seeks Ministers' approval on recommendations impacting policy to be included in the Departmental Report to the Finance and Expenditure Committee (FEC) on the Emergency Response Bill.		06/12/2024
s 9(2)(f)(iv)					

<b>IR Reference</b>	<b>Referral to and/or action sought from Ministers</b>	<b>Title</b>	<b>Description</b>	<b>Cabinet paper (include date &amp; committee)</b>	<b>Due to Minister (Week ending)</b>
s 9(2)(f)(iv)					

**ED&I, Enterprise Services, CCS-I, CCS-B, & TCO**

<b>IR Reference</b>	<b>Referral to and/or action sought from Ministers</b>	<b>Title</b>	<b>Description</b>	<b>Legal requirement</b> (Yes or no, if yes when)	<b>Due to Minister</b> (Week ending)
s 9(2)(f)(iv)					
IR2024/356	MoR: Endorse and sign Responsible Minister's statement	Statement of Intent 2024-2028	Draft Statement of Intent for Minister's review. One of the requirements under the PFA is that the Statement of Intent must be accompanied by a statement signed by the responsible Minister.	Yes	25/10/2024 08/11/2024
IR2024/416	MoF: Note / Lay copy of report before House of Reps MoR: Note	Application of shortfall penalties under the Tax Administration Act 1994 for the year ended 30 June 2024	Application of shortfall penalties under the Tax Administration Act 1994 for the year ended 30 June 2024	Yes	08/11/2024
IR2024/402	MoR: Note and agree recs and sign and forward to MoF (MoF to agree).	Approval to increase Inland Revenue's foreign currency counterparty exposure limit	This report seeks joint approval to increase Inland Revenue's foreign currency counterparty exposure limit from the standard NZD 5 million per counterparty to NZD 40 million per counterparty.	Yes	01/11/2024 29/11/2024
BN2024/411	MoR: Note	Quarterly report for Q1 2024/25	Report to minister for Q1.	No	29/11/2024

## Upcoming meetings/events

05 November	Minister of Revenue meeting
05 November	Meeting with John Cuthbertson and Scott Mason
11 November	Tax System Forum meeting
08 November	Tauranga site visit
12 November	Minister of Revenue meeting
12 November	Young IFA Network
03 December	Minister of Revenue meeting
04 December	Asteron site visit
10 December	Minister of Revenue meeting
13 December	Meeting with Mayor Phil Mauer
17 December	Minister of Revenue meeting

## IR publicity

Date	Topic	IR
5 June 2024 – 30 June 2025	FamilyBoost campaign. Digital advertising and social media campaign raise awareness of the new payments, encourage them to register in October and remind them to claim each quarter.	Targeted digital advertising and social media.
Late Aug 2024 – Dec 2024	Outstanding returns pilot campaign. Targeting customers who our data indicates have under reported income and/or need to register for GST.	Direct letters, outbound calling.
July/Aug 2024 – June 2025	Student loan campaign. Targeted to overseas based customers or those thinking of moving overseas to raise awareness of their repayment obligations and make required payments.	Targeted digital advertising, social media, and direct letters.
Oct 2024 – June 2025	Getting It Right (GIR) advertising campaign. Digital advertising and social media campaign to remind business owners of their tax and employee obligations. Focus on book-keeping, cash-handling and electronic point of sale practices. Primary audience: Liquor and vape outlets. Secondary: high risk retail/personal services still to be confirmed e.g. nail bars, barbers, hairdressers, tattooists.	Targeted digital advertising, social media, and radio.
Sept 2024 – Nov 2024	Round two of the Tax Toolbox two-way SMS campaign. Supported by advertising and possibly another burst of online seminars and site visits (which Marketing would help bring visibility to). Full reporting for round one still needs to be completed to understand what design/data pivots we need to make to round two. This may push the start date back to October.	Two-way SMS, digital advertising, social media, and media.

## Official Information Act requests

MoR OIAs – for Minister to respond.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 152-24 [25OIA1447]	Received	06/11/2024	s 9(2)(a)	Request for copies of three reports and one briefing note. Two reports were addressed to the MoR and one to the MoR and MoF. The briefing note was addressed to the offices of the MoR and MoF.
MOIA 158-24 [25OIA1458]	01/11/2024	08/11/2024	s 9(2)(a)	Request for copies of five Weekly Status Reports, five briefing notes and five reports. Four briefing notes were addressed to the offices of the MoR and MoF and one to the office of the MoR. Two reports were addressed to the offices of the MoR and MoF and three to the office of the MoR.
MOIA 166-24 [25OIA1516]	Received	22/11/2024	s 9(2)(a)	Request for copies of three briefing notes. One briefing note was addressed to the offices of the MoR and MoF and two to the office of the MoR.

CIR OIAs – for Minister's office to note or consultation.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA1448	05/11/2024	06/11/2024	Member of the public	How does the use of custom audience lists comply with the privacy principle 12 (discloser outside NZ) and what information did IR receive to change language from "Hashing is unable to be reversed" in 2016 PIA to "the hash or fingerprint is difficult to reverse" in the 2024 PIA.

## FOR MINISTERS' OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA1454	Received	07/11/2024	Special Interest Group	Copies of all reports/ briefing notes/papers to Ministers on ACT's income tax policy as noted in the Coalition Agreement dated 24 November 2023.
25OIA1320	Extended to: 04/11/2024	Extended to: 08/11/2024	s 18(c)(i)	All documents and information relating to the income tax treatment of computer software developed for sale or license (including all emails, internal discussion and policy documents, notes of meetings, telephone calls, letters and all other notes and submissions received).
25OIA1480	Received	08/11/2024	s 9(2)(a)	Information relating to the Panama Papers 2015; Paradise Papers 2017; Pandora Papers 2021.
25OIA1290	Extended to: 12/11/2024	Extended to: 12/11/2024	Member of the Public	All correspondence with Facebook pertaining to ad campaigns over the last year.
25OIA1479	06/11/2024	13/11/2024	s 9(2)(a)	Request for copies of three reports. Two reports were addressed to the MoR and one to the MoR and MoF.
25OIA1400	Extended to: 12/11/2024	Extended to: 13/11/2024	s 9(2)(a)	A description of the privacy breach relating to data sharing with social media, information on the internal investigation or inquiry into privacy breach, whether legal action has been taken or is being considered against the individuals involved.

## FOR MINISTERS' OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA1487	08/11/2024	14/11/2024	Member of the Public	Advice provided to or requested by the Minister regarding administrative burdens to administer and potential effects of phasing out FamilyBoost.
25OIA1492	14/11/2024	15/11/2024	s 9(2)(a)	Number of property owners who have paid tax under the bright-line test for last 5 years. Number of properties subject to the bright-line test and details of process, resourcing and results related to enforcement.
25OIA1410	Extended to: 14/11/2024	Extended to: 15/11/2024	Member of the Public	All communications between Inland Revenue and their marketing agency (or agencies) between 1 September and 26 September 2024.
25OIA1497	15/11/2024	18/11/2024	s 9(2)(a) Special Interest Group	Number of section 157 deduction notices sent to banks, employers and other parties for the 2022-2024 financial years, broken down by debt amount and type (child support, WffTC, income tax, GST).
25OIA1498	15/11/2024	18/11/2024	s 9(2)(a) Special Interest Group	As at 30 June 2024: trusts registered with Inland Revenue, trusts registered for GST, trusts required to file an IR6, and total income tax paid by trusts for year ended 31st March 2023.
25OIA1418	Extended to: 14/11/2024	Extended to: 19/11/2024	s 9(2)(a)	Documents relating to meetings and any communication between IR officials and the Corporate Taxpayers Group between 1 October 2023 and 30 September 2024.

FOR MINISTERS' OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA1499	18/11/2024	19/11/2024	s 9(2)(a)	Copy of a briefing note that was addressed to the MoR's office.
25OIA1429	Extended to: 29/11/2024	Extended to: 02/12/2024	s 9(2)(a)	Internal and external correspondence regarding the Taxpayers' Union (TPU) and/or Executive Director of the TPU from 17 September 2024.



**Inland Revenue report: Application of shortfall penalties under the Tax Administration Act 1994 for the year ended 30 June 2024**

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<b>Date:</b>	5 <sup>th</sup> November 2024	<b>Priority:</b>	Medium
<b>Security level:</b>	In confidence	<b>Report number:</b>	IR2024/426

**Action sought**

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Finance	<b>Note</b> the contents of this report <b>Lay</b> a copy of this report before the House of Representatives	None
Minister of Revenue	<b>Note</b> the contents of this report	None

**Contact for telephone discussion** (if required)

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Lisa Barrett	Deputy Commissioner, Customer and Compliance Services – Business	<b>Mobile</b> s 9(2)(a)
Tony Morris	Customer Segment Leader, Customer and Compliance Services – Business	<b>DDI</b> s 9(2)(a) <b>Mobile</b> s 9(2)(a)

5<sup>th</sup> November 2024

Minister of Finance  
Minister of Revenue

## **Application of shortfall penalties under the Tax Administration Act 1994 for the year ended 30 June 2024**

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### **Executive summary**

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1. This report outlines the application of shortfall penalties for the year ended 30 June 2024, as required under the Tax Administration Act 1994.
2. Under section 141L of the Tax Administration Act 1994, the Commissioner of Inland Revenue is required to report to the Minister of Finance on the shortfall penalties provided for in sections 141A to 141EB of the Tax Administration Act 1994 that have been applied in the financial year.
3. Sections 141A to 141EB are referred to as the "shortfall penalty rules". These rules were designed to promote fairer enforcement of the Inland Revenue Acts<sup>1</sup>. Inland Revenue makes reference to the compliance and penalties rules in all relevant services provided.
4. The Minister of Finance is required, as soon as practicable, to lay a copy of the report before the House of Representatives.
5. The Tax Administration Act 1994 sets out taxpayers' obligations and the shortfall penalties that apply if these obligations are not met. The penalties have progressive levels of severity depending on the nature of the breach, and are consistently applied across most taxes and duties, except child support repayments by liable parents. A shortfall penalty is imposed as a fixed percentage of a tax shortfall identified from an Inland Revenue audit or investigation, or by voluntary disclosure on the part of the taxpayer.
6. A 'tax shortfall' is the difference between the position a taxpayer takes in their return and their final tax liability calculated under tax legislation. A shortfall penalty is not imposed in the majority of cases involving a tax shortfall, as the required standard of behaviour has not been breached.
7. The Tax Administration Act 1994 identifies six categories of fault or breach that are liable for shortfall penalties:
  - Not taking reasonable care (section 141A);
  - Unacceptable tax position (section 141B);
  - Gross carelessness (section 141C);
  - Abusive tax position (section 141D);
  - Evasion or similar act (section 141E); and
  - Promoter (section 141EB).
8. For some tax shortfalls the Tax Administration Act 1994 allows penalty reductions of 100% where certain criteria are satisfied. To receive the 100% reduction, the tax shortfall must arise from the taxpayer not taking reasonable care or taking an unacceptable tax position

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<sup>1</sup> The Inland Revenue Acts are defined in [schedule 1](#) of the Tax Administration Act 1994 and includes the Child Support Act 1991, Goods and Services Tax Act 1985, Income Tax Act 2007 KiwiSaver Act 2006, Student Loan Scheme Act 2011 and the Unclaimed Money Act 1971 among others.

and the taxpayer must have made a voluntary disclosure before notification of an audit or investigation.

### **Summary of shortfall penalties for 2024 compared to 2023**

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9. The value of shortfall penalties payable increased to \$15.5 million for the year ended 30 June 2024 (2023 - \$14.7 million), and the number of shortfall penalties payable increased from 1,938 in 2023, to 2,392 in 2024.

### **Recommended action**

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10. It is recommended that you:

- (a) **Note** the contents of this report.

Noted

Noted

- (b) **Lay** a copy of this report before the House of Representatives as required by section 141L of the Tax Administration Act 1994.

Laid

s 9(2)(a)



**Lisa Barrett**

Deputy Commissioner of Inland Revenue

**Hon Nicola Willis**

Minister of Finance

/ /2024

**Hon Simon Watts**

Minister of Revenue

/ /2024

## Background

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11. The shortfall penalty rules in the Tax Administration Act 1994<sup>2</sup> came into effect on 1 April 1997. The rules are designed to promote effective and fair enforcement of the Inland Revenue Acts.
12. Inland Revenue is required to report annually to the Minister of Finance on shortfall penalties that have been applied in the financial year<sup>3</sup>. The Minister of Finance is required to lay a copy of the report before the House of Representatives, as soon as practicable.
13. Shortfall penalties apply to most taxes and duties, except child support payments. Shortfall penalties are imposed under sections 141A to 141EB of the Tax Administration Act 1994. These sections set out six categories of fault or breach, with a specified penalty rate for each category. The penalties increase in proportion to the seriousness of the breach. Under certain circumstances, shortfall penalties may be adjusted either by being reduced or increased.
14. In the majority of cases involving a tax shortfall a shortfall penalty is not imposed, as a required standard of behaviour has not been breached.

**Table 1: Penalties applied depending on the seriousness of the breach**

Shortfall penalty categories	Standard penalty (% of tax shortfall)	Section of the Tax Administration Act 1994
Not taking reasonable care (NTRC)	20%	141A
Unacceptable tax position (UTP)	20%	141B
Gross carelessness	40%	141C
Abusive tax position	100%	141D
Evasion or similar act	150%	141E
Promoter	100%	141EB

15. This report outlines the penalties and the tax types that were imposed during the 2024 financial year. It also provides comparisons with the previous year.

## Value of penalties

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16. The value of penalties payable has increased from the year ended 30 June 2023 by \$758,968. As shown in Table 2, increases can be seen in four of the five categories, offset by a decrease of \$1,530,815 in the abusive tax position category.
17. This decrease in the value of abusive tax position is attributable to there being one instance of a penalty over \$2 million imposed in 2024 compared to two instances in 2023.
18. The number of shortfall penalties payable during 2024 increased by 454.

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<sup>2</sup> See sections 141A to 141EB of the Tax Administration Act 1994.

<sup>3</sup> See section 141L of the Tax Administration Act 1994.

**Table 2: The category, number and value of shortfall penalties payable for the years ended 30 June 2023 and 2024<sup>4</sup>**

Category of shortfall penalty	2023			2024		
	Amount payable	Number	% of total No.	Amount payable	Number	% of total No.
Not taking reasonable care	\$306,436	214	11.0%	\$553,370	541	22.6%
Unacceptable tax position	\$192,171	21	1.1%	\$626,294	29	1.2%
Gross carelessness	\$2,585,140	1,010	52.1%	\$3,425,955	1,190	49.8%
Abusive tax position	\$4,383,205	6	0.3%	\$2,852,390	7	0.3%
Evasion or similar act	\$7,251,562	687	35.5%	\$8,019,473	625	26.1%
Promoter	\$0	0	0.0%	\$0	0	0.0%
<b>TOTAL</b>	<b>\$14,718,514</b>	<b>1,938</b>	<b>100%</b>	<b>\$15,477,482</b>	<b>2,392</b>	<b>100%</b>

### **Revenue type, value and number of shortfall penalties payable**

19. Table 3 sets out a comparison of the revenue type, value and number of impositions where shortfall penalties were payable.
20. There has been an increase in the value of shortfall penalties payable for GST, offset by a decrease for Income tax.
21. In addition to the increased number of penalties applied for GST seen in Table 3, there were also nine instances where the value of shortfall payable exceeded \$100,000 compared to two in 2023.
22. Inland Revenue has continued to see growth in our compliance activities, and this is reflected in the increased number of shortfall penalties applied.

**Table 3: The revenue type, number and value of shortfall penalties payable for the years ended 30 June 2023 and 2024**

Revenue Type	2023			2024		
	Amount payable	Number	% of Total No.	Amount payable	Number	% of Total No.
GST	\$3,757,197	1,264	65.2%	\$6,979,908	1,581	66.1%
Income tax	\$10,727,779	511	26.4%	\$8,387,355	640	26.7%
PAYE	\$164,204	127	6.5%	\$55,486	119	5.0%
Other	\$69,334	36	1.9%	\$54,733	52	2.2%
<b>TOTAL</b>	<b>\$14,718,514</b>	<b>1,938</b>	<b>100%</b>	<b>\$15,477,482</b>	<b>2,392</b>	<b>100%</b>

### **Adjustments to shortfall penalties**

23. A shortfall penalty can be reduced if a taxpayer makes a voluntary disclosure to Inland Revenue either before they are notified of a pending tax audit or investigation, or before Inland Revenue commences the audit or investigation.
24. If a taxpayer makes a voluntary disclosure before they are notified of a pending audit or investigation, shortfall penalties can be reduced depending on the category of the tax

<sup>4</sup> The values outlined in tables 2 and 3 are the net penalties applied during the current year (after increases/reductions as outlined in table 4). These penalties may be reduced in subsequent years.

shortfall.<sup>5</sup> If the shortfall penalty is being imposed in the categories of not taking reasonable care or taking an unacceptable tax position, shortfall penalties can be reduced by 100%. For shortfalls in the gross carelessness, abusive tax position and evasion categories, any shortfall penalties can be reduced by 75%. If a disclosure is made after the taxpayer is notified of an audit but before the audit begins, shortfall penalties can be reduced by 40%.

25. Shortfall penalties can be reduced by a further 75% if the tax shortfall is a temporary shortfall or the taxpayer discloses an unacceptable tax position at the time the tax position is taken.<sup>6</sup>

26. Shortfall penalties can be increased by 25% if the taxpayer obstructs Inland Revenue in determining the correct tax position.<sup>7</sup>

27. Table 4 sets out the shortfall penalties that have been reduced or increased as a result of voluntary disclosures, timing or obstruction.

28. In the 2024 year, the value of reductions increased by \$4,217,193.

29. The increase was seen in the value associated with the 75% reduction for timing of temporary shortfall, the 75% reduction for voluntary disclosure before notification of audit and the 100% reduction of unacceptable tax position for voluntary disclosure before notification of audit. This was partially offset by the decrease in the 100% reduction of not taking reasonable care for voluntary disclosure before notification of audit.

30. One taxpayer with three periods accounted for \$3.7 million of the reduction for the 75% reduction for timing of temporary shortfall.

31. There were no instances in the 2024 year where the 25% increase for obstruction were applied.

**Table 4: Types of adjustments made to shortfall penalties for the years ended 30 June 2023 and 2024**

Types of adjustments made to shortfall penalties		2023			2024		
		No.	Amount payable	Total value of reductions	No.	Amount payable	Total value of reductions
-100%	Reduction of Not taking reasonable care for voluntary disclosure - before notification of audit	3,555	\$0	(\$37,662,429)	3,624	\$0	(\$33,748,942)
-100%	Reduction of Unacceptable tax position for voluntary disclosure - before notification of audit	200	\$0	(\$3,101,123)	218	\$0	(\$4,594,630)
-75%	Reduction for voluntary disclosure - before notification of audit	191	\$389,679	(\$1,169,038)	516	\$1,294,320	(\$3,882,960)
-75%	Reduction for disclosure of Unacceptable tax position at time of filing	0	\$0	\$0	0	\$0	\$0
-40%	Reduction for voluntary disclosure - post notification of audit	190	\$649,150	(\$432,767)	184	\$946,731	(\$631,154)

<sup>5</sup> See section 141G of the Tax Administration Act 1994.

<sup>6</sup> See sections 141H and 141I of the Tax Administration Act 1994.

<sup>7</sup> See section 141K of the Tax Administration Act 1994.

-75%	Reduction for timing of temporary shortfall	3	\$35,606	(\$106,817)	4	\$1,249,857	(\$3,749,573)
-75%	Reduction of Abusive tax position at time of filing	0	\$0	\$0	0	\$0	\$0
25%	Increase for obstruction	13	\$410,540	\$82,108	0	\$0	\$0
TOTAL		4,152	\$1,484,975	(\$42,390,066)	4,546	\$3,490,908	(\$46,607,259)

32. Shortfall penalties can also be reduced by 50% to take into account the previous compliance behaviour of a taxpayer.<sup>8</sup>

33. In the 2024 year, 98.7% of impositions met the criteria for a 50% reduction. This percentage was comparable with 2023.

34. The number of penalties qualifying for a reduction increased by 459, and the value of reductions increased by \$939,674.

**Table 5: Number of impositions and value where 50% reductions for previous behaviour allowed for the years ended 30 June 2023 and 2024**

Category of shortfall penalty	2023				2024			
	Number	Volume where 50% reduction applied	% given 50% reduction	Value of 50% reductions	Number	Volume where 50% reduction applied	% given 50% reduction	Value of 50% reductions
Not taking reasonable care	214	213	99.5%	(\$305,117)	541	535	98.9%	(\$549,222)
Unacceptable tax position	21	21	100%	(\$192,171)	29	28	96.6%	(\$615,598)
Gross carelessness	1,010	993	98.2%	(\$2,551,824)	1,190	1,173	98.6%	(\$3,393,105)
Abusive tax position	6	6	100%	(\$4,383,205)	7	6	85.7%	(\$2,851,888)
Evasion or similar act	687	670	97.5%	(\$7,044,901)	625	620	99.2%	(\$8,007,079)
Promoter	0	0	0.0%	\$0	0	0	0.0%	\$0
TOTAL	1,938	1,903	98.2%	(\$14,477,218)	2,392	2,362	98.7%	(\$15,416,892)

### Consistency in approach

35. The structure of the shortfall penalty rules set out in the Tax Administration Act 1994 provides taxpayers with certainty about the consequences of their non-compliance. Inland Revenue can ensure that the penalties are applied consistently across all areas because they are set out clearly in the legislation.

36. Compliance and Penalties Consistency Committees were established in 1997 to provide management with assurance that shortfall penalties are applied correctly and consistently in accordance with the Tax Administration Act 1994.

37. The National Compliance and Penalty Consistency Committee has an overall monitoring focus. It moderates a sample of all shortfall penalty decisions at a national level and discusses and resolves any issues identified. It provides input into the design of processes, best practice principles, future policy and provides training to improve the application of the compliance and penalties rules.

<sup>8</sup> See section 141FB of the Tax Administration Act 1994.



**Inland Revenue**  
Te Tari Taake

**Policy**  
**Taukaea**  
55 Featherston Street  
PO Box 2198  
Wellington 6140  
New Zealand  
T. 04 890 1500

## Briefing note

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Reference: BN2024/446

Date: 7 November 2024

To: Revenue Advisor, Minister of Revenue – Angela Graham  
Private Secretary, Minister of Revenue – Mili Herrera  
Revenue Advisor, Minister of Finance - Emma Grigg

cc: Peter Mersi, Commissioner  
Mary Craig, Acting Commissioner  
Joanne Petrie, Executive Support Advisor to the Commissioner  
Jill Compton, PA to Deputy Commissioner  
Governance, Ministerial & Ministerial Services

From: Lisa Barrett, Deputy Commissioner

Subject: **Chartered Accountants Australia & New Zealand Conference**

### Purpose

The purpose of this briefing note is to inform you of Inland Revenue's intent to share Q1 results at the Chartered Accountants Australia & New Zealand (CAANZ) conference.

### Informing the tax community of Inland Revenue's compliance key result areas

1. We have been engaging extensively with the tax community regarding our compliance approach. Our key message to this community is that we are increasing our enforcement work and doing that intelligently.
2. The CAANZ conference is one of the main opportunities we have to convince the tax community of these messages. The conference is on November 21 and 22.
3. The compliance key result areas reported to the Minister of Revenue (on 17 October 2024 in status report 24SR65) are compelling evidence of our increased enforcement activity. In particular they show, comparing Q1 this year to Q1 last year, a:
  - 69% increase in revenue from compliance interventions,
  - 33% increase in overdue tax collected from debt activity, and
  - 49% increase in OBB student loan repayments.
4. There are some operational details contributing to these outcomes which are also compelling, such as a 55% increase in the number of audits opened.
5. At his speech at the conference, the Commissioner of Inland Revenue intends to talk to these numbers as evidence of our increased focus on enforcement.

6. In a separate session, I will also talk to these numbers and provide examples of how we are using our data and intelligence to bring about these results across different sectors.
7. The audience at the CAANZ conference may be interested in what these results mean for our ability to meet the targets set out in the Budget 24 funding.
8. The progress against these targets is set to be reported to the Minister of Revenue in a Quarterly Report soon after 14 November. This includes the ROI on compliance activity in the first quarter. However, due to travel commitments of the Ministers of Revenue and Finance, they will not have the opportunity to see this report before the CAANZ conference.
9. Because of this, Inland Revenue speakers at the CAANZ conference will not speak about progress against targets or current ROI. If asked about them, they will respond by saying that Inland Revenue has had a good first quarter, and we are confident we will meet our compliance targets.
10. I understand the Minister of Finance is not available to speak at the conference and that a replacement speaker is being sought. Once an alternative speaker is confirmed, you may wish to share the Quarterly Report before the conference with that Minister and provide talking points regarding progress against the compliance targets. We would be able to do that.
11. Media are not usually at the CAANZ conference, but regular media spokespeople are, so it is possible anything mentioned at the conference gets reported.

#### **Consultation with the Treasury**

12. The Treasury was informed about this briefing note.

Lisa Barrett

**Deputy Commissioner Customer and Compliance Services - Business**

s 9(2)(a)



## **Status Report**

Weekly update for the Minister of Revenue

Week ending: Friday 15 November 2024

Date issued: Friday 8 November 2024

## New topical issues

New items since the last Status Report (issued on 1 November 2024).

<b>Operational</b>	
FamilyBoost update	<p>Since the last update, for the period 31 October to 6 November:</p> <ul style="list-style-type: none"><li>• 1,667 registrations have been received</li><li>• 1,631 FamilyBoost accounts have been created</li></ul> <p>Since registrations opened (to 6 November, inclusive):</p> <ul style="list-style-type: none"><li>• 54,606 registrations have been received</li><li>• 54,127 FamilyBoost accounts have been created</li><li>• 144 registrations are still in progress and 335 have been declined</li></ul> <p>Since claims opened (to 6 November, inclusive):</p> <ul style="list-style-type: none"><li>• We have received 52,120 claims relating to 46,853 households</li><li>• We have paid \$14,143,494.50 towards 37,160 claims</li><li>• 1,568 claims are still in progress and 9,145 have been declined</li></ul> <p>Some cases have been referred back to the customer as a result of invoice inaccuracy. We have requested that these customers re-submit a claim using the correct invoice. Processing timeframes are within our 15 working-day target.</p> <p>Note: Data provided is always point in time as cases stage throughout the day.</p>
Credit card payment services	<p>On 22 October, the Commissioner gave you a verbal update on some changes to our credit card payment services and how these changes might have impacted our credit card payment channel. We indicated the possibility of disruptions to our credit card payment channel between 6-13 November, and the possibility of customers not being able to make payments over the phone until February 2025.</p> <p>We have continued to work with our commercial providers and can confirm our credit card services will not be affected, and there will be no disruption to our credit card payment service.</p>

<p>Working towards reducing survey burden on businesses</p>	<p>Earlier in the year the Minister of Statistics wrote to you about reducing the survey burden on businesses, and how his agency was asking a number of agencies, including IR, about their regular surveys of businesses. IR had two surveys that fell within the request, the small business compliance cost survey that was done to measure BT benefits (this has now been retired), and our customer experience and perceptions survey which is key for our performance measures and understanding of customers. IR has been invited , to a meeting on 12 November, opened by the Minister of Statistics, Small Business and Manufacturing, on how we adopt a system-wide approach to collectively reducing survey burden on businesses. Stats NZ, MBIE, ACC, and MPI were also invited to this meeting. The five agencies collectively had 53 surveys falling within the request parameters over 2023/24.</p> <p>Agencies are being asked to:</p> <ul style="list-style-type: none"><li>• share plans for upcoming business surveys</li><li>• share what we're currently doing to reduce survey burden</li><li>• understand the data needs met by the surveys, and finding opportunities for aligning or consolidating collection</li><li>• understand the options that administrative data offers</li><li>• improve how agencies design and conduct surveys by raising awareness of existing guidance and resources.</li></ul> <p>IR has measures in place to minimise survey burden, including allowing customers to opt out, and ensuring customers who are surveyed are excluded for at least the following four to six months.</p>
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## Bills

<b>Bill title</b>
The Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill
<b>Approximate date of enactment</b>
End of March 2025
<b>Current status</b>
<p>The Bill was introduced into the House on 26 August 2024. It received its First Reading on 29 August 2024 and was referred to the Finance and Expenditure Committee.</p> <p>The closing date for submissions was 9 October 2024. Oral submissions were heard on 23 October and 6 November 2024. Officials continue to liaise with stakeholders on aspects of the Bill.</p> <p>The Committee has set 17 January 2025 as the date for lodging the Departmental Report.</p>

<b>Bill title</b>
Digital Services Tax Bill
<b>Approximate date of enactment</b>
To be confirmed
<b>Current status</b>
<p>The Digital Services Tax Bill was introduced into the House on 31 August 2023; it has been reinstated and is awaiting its First Reading. The Cabinet Legislation Committee decided to retain the Bill on the legislative programme.</p>

## Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
s 9(2)(f)(iv)			
MoR	Holding the Minimum Family Tax Credit Threshold at Current Level	ECO	04/12/2024
MoR	Taxation (Use of Money Interest Rates) Amendment Regulations 2024	LEG	05/12/2024
MoR	Student Loan Scheme (Repayment Threshold for 2025-26 Tax Year and Subsequent Tax Years) Regulations 2024	LEG	05/12/2024
s 9(2)(f)(iv)			

## Upcoming Cabinet papers

<b>Agency</b>	Ministry of Business, Innovation and Employment
<b>Committee</b>	Cabinet Economic Policy Committee (ECO) on 20 November 2024
<b>Paper title</b>	Changes to investor migrant policy settings to increase investment to New Zealand
<b>Summary</b>	The paper seeks agreement to changes to the immigration settings of the Active Investor Plus (AIP) visa to attract investment-ready migrants and facilitate increased foreign investment to New Zealand.
<b>Inland Revenue view</b>	Inland Revenue reviewed a draft version of the Cabinet paper and has no comments.

<b>Agency</b>	Ministry of Business, Innovation and Employment and Accident Compensation Corporation
<b>Committee</b>	Cabinet Economic Policy Committee on 20 November 2024
<b>Paper title</b>	Final decisions - 2025-2028 ACC Levies
<b>Summary</b>	This paper seeks to set the ACC levy rates for 2025-2028.
<b>Inland Revenue view</b>	Inland Revenue has reviewed a draft version of the Cabinet paper and made minor comments about the application of goods and services tax and the linkage to Inland Revenue use of money interest rates. We understand Minister Doocoy is sending this to your office for consultation due to the need to make system changes to Inland Revenue systems to implement the new rates. This work is already in progress and the systems team is ready to start making the changes once Cabinet agree to the new rates. This is a minor system change and the work required is part of our business-as-usual operations.

<b>Agency</b>	Ministry of Education
<b>Committee</b>	Cabinet Legislation Committee (LEG) on 21 November 2024
<b>Paper title</b>	Education (Inland Revenue Authorised to Use National Student Numbers) Regulations 2024
<b>Summary</b>	The final year Fees Free policy is being implemented by Inland Revenue (IR) and the Tertiary Education Commission (TEC), with Inland Revenue making payments. The two agencies do not hold a common learner identifier. Inland Revenue needs a minimum of three identifiers to match learner identification accurately. s 9(2)(g)(i) [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

<b>Inland Revenue view</b>	Inland Revenue reviewed the Cabinet paper in draft. The change is needed for Inland Revenue to implement the final year Fees Free policy. We are supportive of the changes proposed.
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s 9(2)(g)(i), s 9(2)(f)(iv)



## Upcoming reports

### Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
BN2024/408	MoR: Note	Speaking notes for LEG - Tax Administration (FamilyBoost tax credit: extension of date to file a tax return) Order 2024	Speaking notes for the LEG paper on FamilyBoost Order in Council.	LEG 21/11/2024	<del>01/11/2024</del> 15/11/2024
IR2024/396	MoR, MoF: Agree to recs	Matters raised by officials in the Departmental Report on the Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill	Seeks you and the Minister of Finance's approval on issues that could be included as "matters raised by officials" in the Departmental Report to the Finance and Expenditure Committee (FEC) on the Emergency Response Bill.		<del>25/10/2024</del> 22/11/2024
s 9(2)(f)(iv)					
IR2024/435	MoR: Note, Refer to MoF	(Timetabled release) Tax monitoring report: Collections to October 2024	(Timetabled release) Tax outturn monitoring report for October 2024 with variances reported against BEFU2024		29/11/2024
IR2024/434	MoR: Note, Refer to MoF	(Timetabled release) Final tax forecasts for the 2024 Half Year Economic and Fiscal Update	(Timetabled release) Final tax forecasts for the 2024 Half Year Economic and Fiscal Update		29/11/2024

<b>IR Reference</b>	<b>Referral to and/or action sought from Ministers</b>	<b>Title</b>	<b>Description</b>	<b>Cabinet paper (include date &amp; committee)</b>	<b>Due to Minister (Week ending)</b>
IR2024/208	MoR, MoF: Agree	2025 GST Issues Paper	Advising Ministers on a potential officials' GST issues paper.		06/12/2024
IR2024/397	MoR, MoF: Agree to recs	Summary of submissions and recommended changes for the Departmental Report for the Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill: policy items	Seeks Ministers' approval on recommendations impacting policy to be included in the Departmental Report to the Finance and Expenditure Committee (FEC) on the Emergency Response Bill.		06/12/2024
s 9(2)(f)(iv)					
s 9(2)(f)(iv)					

**ED&I, Enterprise Services, CCS-I, CCS-B, & TCO**

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (Yes or no, if yes when)	Due to Minister (Week ending)
IR2024/402	MoR: Note and agree recs and sign and forward to MoF (MoF to agree).	Approval to increase Inland Revenue's foreign currency counterparty exposure limit	This report seeks joint approval to increase Inland Revenue's foreign currency counterparty exposure limit from the standard NZD 5 million per counterparty to NZD 40 million per counterparty.	Yes	01/11/2024 29/11/2024
s 9(2)(f)(iv)					
BN2024/411	MoR: Note	Quarterly report for Q1 2024/25	Report to minister for Q1.	No	29/11/2024
IR 2024/441	MoF: Approve, MoR: Approve and refer to MoF	<b>(Sensitive)</b> 2024 Half-year Economic and Fiscal Update for non-departmental expenditure appropriations	<b>(Sensitive)</b> To seek joint approval of the forecast changes to appropriations that are reflected in HYEFU 2023 and which are not established under a permanent legislative authority (PLA), and to provide information on forecast changes to appropriations which are established under a PLA.	No	29/11/2024

<b>IR Reference</b>	<b>Referral to and/or action sought from Ministers</b>	<b>Title</b>	<b>Description</b>	<b>Legal requirement</b> (Yes or no, if yes when)	<b>Due to Minister</b> (Week ending)
IR 2024/442	MoF: Approve, MSIT: Approve MoR: Note	<b>(Sensitive)</b> 2024 Half-year Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation.	<b>(Sensitive)</b> To jointly note the HYEPU 2023 changes to the forecast costs of the Research and Development Tax Incentive (RDTI) and the corresponding changes to the RDTI appropriation.	No	29/11/2024

## Upcoming meetings/events

11 November	Tax System Forum meeting
12 November	Minister of Revenue meeting
12 November	Young IFA Network
21 November	CAANZ Tax Conference (Minister Bayly attending)
03 December	Minister of Revenue meeting
04 December	Asteron site visit
10 December	Minister of Revenue meeting
13 December	Meeting with Mayor Phil Mauger
17 December	Minister of Revenue meeting

## IR publicity

Date	Topic	IR
5 June 2024 – 30 June 2025	FamilyBoost campaign. Digital advertising and social media campaign raise awareness of the new payments, encourage them to register in October and remind them to claim each quarter.	Targeted digital advertising and social media.
Late Aug 2024 – Dec 2024	Outstanding returns pilot campaign. Targeting customers who our data indicates have under reported income and/or need to register for GST.	Direct letters, outbound calling.
July/Aug 2024 – June 2025	Student loan campaign. Targeted to overseas based customers or those thinking of moving overseas to raise awareness of their repayment obligations and make required payments.	Targeted digital advertising, social media, and direct letters.
Oct 2024 – June 2025	Getting It Right (GIR) advertising campaign. Digital advertising and social media campaign to remind business owners of their tax and employee obligations. Focus on book-keeping, cash-handling and electronic point of sale practices. Primary audience: Liquor and vape outlets. Secondary: high risk retail/personal services still to be confirmed e.g. nail bars, barbers, hairdressers, tattooists.	Targeted digital advertising, social media, and radio.
Sept 2024 – Nov 2024	Round two of the Tax Toolbox two-way SMS campaign. Supported by advertising and possibly another burst of online seminars and site visits (which Marketing would help bring visibility to). Full reporting for round one still needs to be completed to understand what design/data pivots we need to make to round two. This may push the start date back to October.	Two-way SMS, digital advertising, social media, and media.

## Official Information Act requests

MoR OIAs – for Minister to respond.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 166-24 [25OIA1516]	Received	22/11/2024	s 9(2)(a)	Request for copies of three briefing notes. One briefing note was addressed to the offices of the MoR and MoF and two to the office of the MoR.
MOIA 168-24 [25OIA1543]	22/11/2024	29/11/2024	s 9(2)(a)	Request for copies of five reports, six briefing notes and four Weekly Status Reports. Ten of these were addressed to the offices of the MoR and MoF and five to the office of the MoR.
WILLIS13 [25OIA1544]	22/11/2024	29/11/2024	s 9(2)(a)	Request for copy of BN2024/352: Information Release - Taxation of transfers from overseas pension schemes.
MOIA 171-24 [25OIA1560]	25/11/2024	03/12/2024	Member of the public	Advice provided to or requested by the Minister regarding administrative burdens to administer and potential effects of phasing out FamilyBoost.
MOIA 172-24 [25OIA1576]	25/11/2024	02/12/2024	Member of the public	Child Support obligations in relation to Benefit Traffic Light sanctions.

FOR MINISTERS' OFFICE USE

**CIR OIAs** – for Minister's office to note or consultation.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA1479	Received	13/11/2024	s 9(2)(a)	Request for copies of three reports. Two reports were addressed to the MoR and one to the MoR and MoF.
25OIA1290	Extended to: 11/11/2024	Extended to: 12/11/2024	Member of the Public	All correspondence with Facebook pertaining to ad campaigns over the last year.
25OIA1400	Extended to: 12/11/2024	Extended to: 13/11/2024	s 9(2)(a)	A description of the privacy breach relating to data sharing with social media, information on the internal investigation or inquiry into privacy breach, whether legal action has been taken or is being considered against the individuals involved.
25OIA1492	14/11/2024	15/11/2024	s 9(2)(a)	Number of property owners who have paid tax under the bright-line test for last 5 years. Number of properties subject to the bright-line test and details of process, resourcing and results related to enforcement.
25OIA1410	Extended to: 14/11/2024	Extended to: 15/11/2024	Member of the Public	All communications between Inland Revenue and their marketing agency (or agencies) between 1 September and 26 September 2024.

## FOR MINISTERS' OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA1418	Extended to: 14/11/2024	Extended to: 19/11/2024	s 9(2)(a)	Documents relating to meetings and any communication between IR officials and the Corporate Taxpayers Group between 1 October 2023 and 30 September 2024.
25OIA1497	Received	18/11/2024	s 9(2)(a)	Number of section 157 deduction notices sent to banks, employers and other parties for the 2022-2024 financial years, broken down by debt amount and type (child support, WffTC, income tax, GST).
25OIA1498	15/11/2024	18/11/2024	s 9(2)(a)	As at 30 June 2024: trusts registered with Inland Revenue, trusts registered for GST, trusts required to file an IR6, and total income tax paid by trusts for year ended 31st March 2023.
25OIA1499	18/11/2024	19/11/2024	s 9(2)(a)	Copy of a briefing note that was addressed to the MoR's office.
25OIA1429	Extended to: 25/11/2024	Extended to: 02/12/2024	s 9(2)(a)	Internal and external correspondence regarding the Taxpayers' Union (TPU) and/or Executive Director of the TPU from 17 September 2024.

## FOR MINISTERS' OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA1533	27/11/2024	28/11/2024	s 9(2)(a)	Copies of BN2024/375 FamilyBoost information requested and contingency plans, Joint TSY report IR2024/372: Tax Policy Scorecard Update - Options around future of the Scorecard & BN2024/389: Tax Justice Aotearoa report on high earner tax rates.
25OIA1549	02/12/2024	03/12/2024	s 9(2)(a)	Inland Revenue's approach to analysing, measuring, estimating and quantifying tax compliance and administration costs, and any data or statistics available.
25OIA1559	02/12/2024	03/12/2024	Member of the public	Whether Inland Revenue used Fujitsu or Oracle products during the years 2000-2020.
25OIA1562	03/12/2024	04/12/2024	s 9(2)(a)	Expenditure on carbon neutral public service targets, EVs, agency emissions and voluntary carbon offsets.



## Briefing note

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Reference: BN2024/465

Date: 14 November 2024

To: Revenue Advisor, Minister of Finance – Emma Grigg  
Revenue Advisor, Minister of Revenue – Angela Graham  
Private Secretary, Minister of Revenue – Helen Kuy

From: Stewart Donaldson

Subject: **CA ANZ Tax Conference 21–22 November 2024: Programme**

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### Purpose

1. This briefing note informs you of topics to be discussed at the upcoming CA ANZ Tax Conference on 21–22 November 2024.
2. CA ANZ is a trans-Tasman accountants member body with over 32,500 New Zealand members. CA ANZ is expecting 250–280 people to attend the conference in person and 130 to attend online.

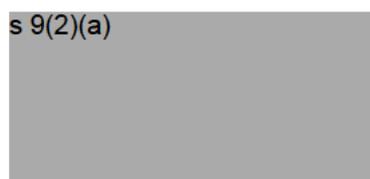
### Programme

3. The programme topics are summarised in Appendix A. Full details of the programme are available on the CA ANZ website here: [Programme - Tax Conference 2024](#).
4. There are 15 Inland Revenue speakers taking part. The topics with at least one Inland Revenue speaker have been highlighted in Appendix A with an asterisk and brief description.

### Next steps

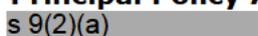
5. Further information will be provided to Minister Watts about the Inland Revenue content of the trust disclosure session by 18 November.

s 9(2)(a)



Stewart Donaldson  
**Principal Policy Advisor, Inland Revenue**

s 9(2)(a)



## Appendix A: CA ANZ Tax Conference 2024 Programme

1	Minister's opening address	Hon Andrew Bayly provides the opening address.
2	<b>Looking to the future*</b>	Dominick Stephens (The Treasury), Felicity Barker (IR) and Phil Whittington (IR) outline a number of key trends relevant to New Zealand's public finances over the next 50 years, explore how well-suited our tax system is to adapt to these trends, and explore considerations for a good tax system for the future.
3	<b>Tax treaty update*</b>	Carmel Peters (IR) and Kerryn McIntosh-Watt (IR) review treaty developments over the last 15 years, including changes made under the Multilateral Instrument.
4	Latest developments in tax litigation	
5	Transfer pricing – a practitioner's perspective	
6	<b>Charities and not-for-profits*</b>	Stewart Donaldson (IR) joins two practitioners to give an insight into current and impending tax-related hot topics for the charity and not-for-profit sector.
7	M&A trends and practices	
8	<b>Trusts – the 2nd year in...*</b>	Angie Stewart (IR) and Carl Harris (IR) join a practitioner to provide insights obtained from the analysis of the second year of trust disclosure data, explain how the data is being used to inform Inland Revenue's compliance interventions, and discuss the practitioner perspective.
9	<b>Limited partnerships*</b>	Braedon McPhee (IR) joins a practitioner to discuss the Inland Revenue interpretation statement on the income taxation of partnerships (including limited partnerships), as well as any potential amendments to the partnership rules.
10	Intangibles and royalties: In focus	
11	<b>Equity for all: Unpacking the current landscape of employee share scheme taxation*</b>	Shane Paterson (IR) and Juan D'Cruz (IR) join two practitioners to discuss employee share scheme design and practical considerations through a taxation lens, including implications for smaller businesses and mergers and acquisitions.
12	<b>Inland Revenue compliance strategy*</b>	Lisa Barrett (IR) provides an update on where Inland Revenue is focusing its efforts, and why those areas have been chosen. She shares some of the tactics being used to make sure tax obligations are being met, and in which sectors more clients will be audited.
13	Rural sector tax update	

14	<b>Land sale rules: A long-term view*</b>	Peter Frawley (IR) joins a practitioner to look back at the history of the land sale rules, what they were trying to achieve, and if they are still fit for purpose.
15	Australian tax update – tricks and traps affecting potential NZ investors to Australia	
16	The economic outlook and future challenges	
17	The implications of NZ’s climate obligations	James Shaw (Morrison) discusses New Zealand’s international commitments to cut down on the pollution that is driving the increasing floods, fires, droughts and storms we have been experiencing in recent years, how we will meet those commitments as a country and as individual businesses, and what are the consequences of not meeting them.
18	GST update – the exciting world of GST in 2025!	
19	Fundamentals in outbound investment	
20	Crossing the ditch: NZ tax considerations for Australian businesses expanding into NZ	
21	<b>The power of data: Real-world applications at Inland Revenue*</b>	Eina Wong (IR) and Dave Rowley (IR) discuss the broader outlook on data and information collection for Inland Revenue as a government agency. At a practical level, Dave discusses how Inland Revenue is using data for the benefit of customers and to increase compliance.
22	Navigating tax risk on complex commercial transactions	
23	<b>Harnessing opportunity in a changing world: Commissioner Peter Mersi*</b>	Commissioner Peter Mersi reflects on the role Inland Revenue plays in actively making sure it delivers an effective tax and social policy system that is fit for purpose today and tomorrow.
24	Key findings from the TMNZ/CA ANZ member survey on Inland Revenue service	
25	World influences on the business landscape	



## POLICY

**Tax policy report:** **Tax forecasts for the 2024 Half Year Economic and Fiscal Update**

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<b>Date:</b>	26 November 2024	<b>Priority:</b>	Low
<b>Security level:</b>	Sensitive - Budget	<b>Report number:</b>	IR2024/434

### Action sought

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Revenue	<b>Note</b> the contents of this report <b>Refer</b> report to Minister of Finance	3 December 2024

### Contact for telephone discussion (if required)

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Sandra Watson	Policy Lead (Forecasting and Analysis)	s 9(2)(a) [REDACTED]

26 November 2024

Minister of Revenue

## **Tax forecast for the 2024 Half Year Economic and Fiscal Update**

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### **Executive summary**

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#### **Purpose**

1. The Treasury finalised their tax forecasts for the 2024 Half-Year Economic and Fiscal Update (HYEFU 2024) on 15 November. The purpose of this report is to provide a summary of these forecasts with the focus on changes since the Budget Economic and Fiscal Update (BEFU 2024).

#### **Changes to forecasts since BEFU 2024**

2. For the four years from 2024/25 to 2027/28 inclusive, the Treasury have revised their unconsolidated tax forecasts down by -\$9.5 billion; with a -\$0.4 billion revision in the current year, -\$2.4 billion in 2025/26, and larger revisions of -\$3.0 billion and -\$3.7 billion in the outyears.
3. Downwards revisions occur in most of the main tax types apart from interest RWT, which is revised up.
4. The largest downwards revisions are for source deductions and GST, reflecting changes to the macroeconomic outlook, with GST additionally influenced by recent outturn information. Most of the other revisions relative to BEFU 2024 also reflect a change to the macroeconomic outlook, discussed further in the body of the report.
5. These tax forecasts incorporate policy decisions made since Budget 2024 (BEFU 2024), up to and including decisions to 15 November 2024. Policy changes since BEFU 2024 reduce tax revenue by -\$441 million. The most significant fiscal impact is a reduction in duty on heated tobacco products totalling -\$293 million across the forecast period to 2028/29.

## **Recommended action**

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We recommend that you:

6. **note** the contents of this report, and  
Noted
7. **refer** a copy of this report to the Minister Finance for their information.  
Referred/Not referred

s 9(2)(a)



**Sandra Watson**

Policy Lead (Forecasting and Analysis)  
Policy and Regulatory Stewardship

**Hon Simon Watts**

Minister of Revenue  
/ /2024

## Background

8. This report informs you of changes since BEFU 2024 in the Treasury's final tax forecasts for the Half Year Economic and Fiscal update 2024 (HYEFU 2024), which will replace Budget forecasts when tabled on 17 December 2024. These updated forecasts were completed on 15 November 2024 with the following inputs:
- 8.1 tax results to October 2024;
  - 8.2 macroeconomic forecasts produced by the Treasury, which were finalised on 8 November 2024; and
  - 8.3 policy changes decided since BEFU 2024, up to and including 15 November 2024.
9. The figures discussed in this report are for the revenue measure of tax (accrual-based). The forecasts cover a five-year fiscal outlook which now extends to include the year to 30 June 2029 for the first time. Figures are unconsolidated, which includes the government paying tax to itself.

## Changes to the Treasury's unconsolidated tax forecasts since BEFU 2024

**Table One – Changes in the Treasury's unconsolidated tax revenue forecasts since BEFU 2024**

June years, \$ millions	2024/25	2025/26	2026/27	2027/28	2028/29
<b>The Treasury</b>					
<i>BEFU 2024 Treasury forecast</i>	137,056	146,043	155,180	163,816	n/a
<b>Changes for HYEFU forecasts:</b>					
Source deductions <sup>1</sup>	(306)	(1,479)	(1,634)	(1,597)	n/a
Other persons <sup>2</sup>	(221)	114	(539)	(525)	n/a
Corporate taxes <sup>3</sup>	295	(227)	(7)	(497)	n/a
GST (including Customs GST)	(803)	(708)	(918)	(1,125)	n/a
Resident withholding tax (RWT) on interest	624	53	151	111	n/a
Other taxes <sup>4</sup>	(9)	(187)	(16)	(80)	n/a
Total change since BEFU	<b>(420)</b>	<b>(2,434)</b>	<b>(2,963)</b>	<b>(3,713)</b>	<b>n/a</b>
<b>HYEFU 2024 Treasury forecast</b>	<b>136,636</b>	<b>143,609</b>	<b>152,217</b>	<b>160,103</b>	<b>167,770</b>

10. For the four years from 2024/25 to 2027/28 inclusive, the Treasury have revised their unconsolidated tax forecasts down by -\$9.5 billion; with a -\$0.4 billion revision in the current year, -\$2.4 billion in 2025/26, -\$3.0 billion in 2026/27 and -\$3.7 billion 2027/28.

<sup>1</sup> PAYE and employer superannuation contributions tax (ESCT)

<sup>2</sup> "Other persons" is income tax from individuals, trusts, and Māori authorities less any credits for tax withheld by others such as PAYE or RWT. It is mainly provisional tax, but also includes annual square-ups for wage and salary earners.

<sup>3</sup> Company tax, residents withholding tax on dividends, and non-resident's withholding tax (on interest, dividends, and royalties).

<sup>4</sup> Mainly customs and excise, road user charges, and motor vehicle licensing fees. Also includes FBT.

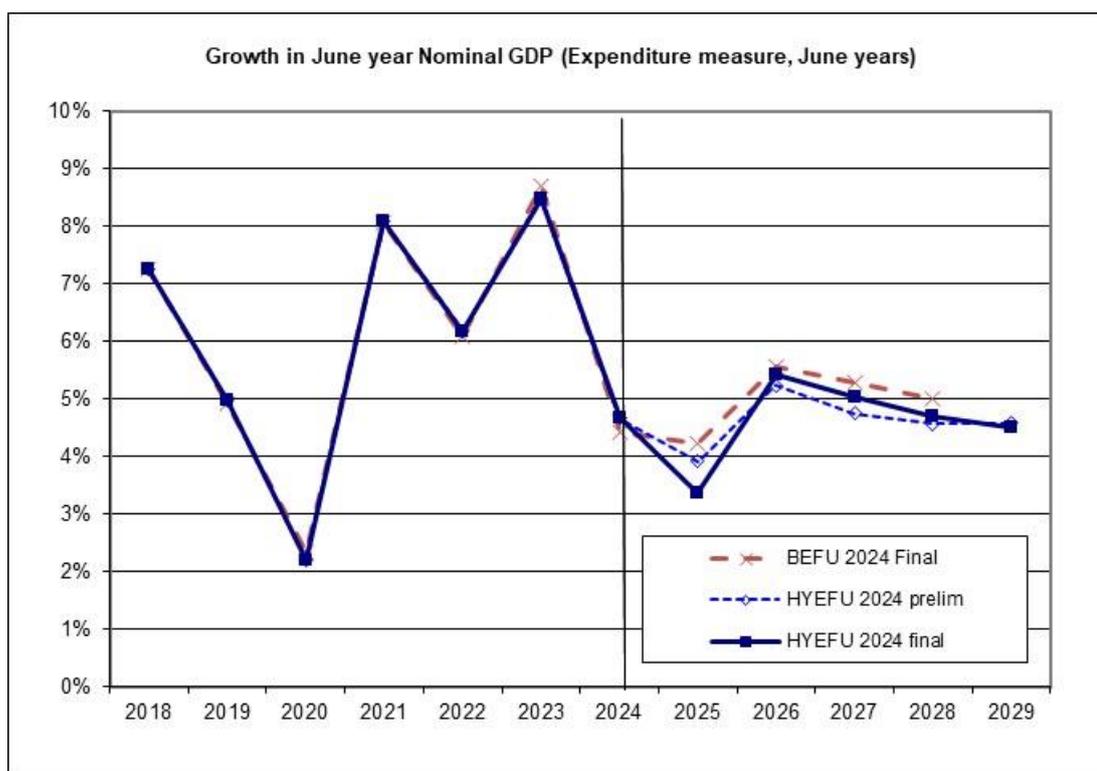
11. Downwards revisions occur in most of the main tax type categories summarised in Table One apart from interest RWT which is revised up by \$0.9 billion.
12. The largest downwards current year revisions are for source deductions and GST both impacted by significant changes to the macroeconomic outlook, and in the case of GST additionally by recent outturns. Most of the other revisions relative to BEFU 2024 also reflect a change to the macroeconomic outlook, discussed further below.

**Tax results since BEFU 2024 – Inland Revenue administered tax types plus Customs GST**

13. In the 2024/25 fiscal year, results for October 2024 were available in time for this forecasting round. The four months of July to October are tracking -\$0.1 billion below BEFU 2024 forecast. There are offsetting variances amongst tax types but the largest contributor to the overall negative variance is total net GST (-\$0.4 billion). The largest positive variance is for interest RWT which is +\$0.3 billion above forecast.

**Revisions to the macroeconomic outlook**

14. The main driver of the tax forecast revisions is a revised macroeconomic outlook. Relative to BEFU 2024, revisions to this outlook reduce nominal GDP in all forecast years.



15. Compensation of employees in the current 2024/25 June year is now expected to grow by 1.8% (previously 3.9%). Growth rates for employee compensation do not return to the BEFU 2024 track until 2026/27, but this is growth from a weaker starting point and by 2027/28 compensation of employees is now forecast to be \$5.8 billion smaller than at BEFU 2024.
16. Nominal consumption growth in the current year is now expected to grow by 2.4% compared to 3.2% at BEFU 2024 and growth is forecast to be lower than BEFU 2024 over the forecast period. By the 2027/28 June year nominal consumption is forecast to be \$4.9 billion smaller than BEFU 2024.

17. Profitability, measured by growth in “operating surplus”, is now forecast to decline by -1.6% in 2023-24 (year ending March 2024), the tax year currently being filed. The previous estimate for 2023-24 was +0.6% growth. Compared to BEFU 2024, profitability growth will be weaker in 2024-25, and profitability growth from 2025-26 to 2026-27 is forecast to be stronger. However, profitability does not catch up to the levels forecast at BEFU 2024 and, operating surplus is \$0.8 billion below BEFU 2024 by 2027-28.
18. Forecasts of interest rates are now slightly softer than BEFU forecast, and this change has dampened what would otherwise have been a larger upwards revision in interest RWT following the strength in recent tax outturns.

### **Policy changes**

19. Policy changes since BEFU 2024 collectively reduce tax forecasts by -\$441m across the forecast period. Of this, -\$293m reflects a 50% reduction in duty on heated tobacco products, -\$122m reflects changes to the implementation date for digital services tax<sup>5</sup> to 1 January 2026, and -\$14.8m reflects the PAYE impact of changes to welfare settings. Other policy changes reduce tax forecasts by -\$11.3 million and reflect changes, largely remedial, contained in the Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill which was introduced on 26 August 2024.

### **Risks and ongoing uncertainties**

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20. Uncertainty remains on the timing and strength of recovery in income and consumption taxes from the current softness. The forecasts continue to include a pro-cyclical recovery particularly boosting growth in company tax and other persons in 2025/26, and with a return to rates of growth more in line with the underlying economic parameters thereafter.
21. We note that last year had unusually high dividends declared in advance of the 39% trustee tax rate taking effect. It is still unclear what impact this surge will have on dividend flows in the current and subsequent years. It could emerge that the current year is abnormally low in dividend flows, and it may take another year, or more, for a “new normal” to be established.
22. The impact of the trustee tax rate change (to 39%) remains uncertain as the ongoing behavioural response to these new settings is yet to be determined.
23. Portfolio investment entities (PIEs) are increasingly important tax base, primarily due to ongoing growth in KiwiSaver funds under management. PIE taxation was significantly above forecast in the 2023/24 fiscal year, but returns on investment are volatile and return-on-investment swings add risk to the company tax forecasts.

### **Consultation**

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24. The Treasury have been consulted on this report. The Treasury reported their preliminary forecasts to the Minister of Finance on 20 November.

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<sup>5</sup> There is an offsetting fiscal gain from now larger fiscal estimates for the digital services tax than were previously included. These revisions increase revenue by \$183m in the forecast period. Together the updated estimates and deferred application date provide a net fiscal gain of \$61m within the forecast period.

## **Next steps**

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25. HYEFU 2024 is scheduled to be released on 17 December 2024. Tax results from November onwards will be reported to you with variances relative to these updated HYEFU forecasts.



**Inland Revenue**  
Te Tari Taake

**POLICY**

**Tax policy report: Tax monitoring report: Collections to October 2024**

<b>Date:</b>	26 November 2024	<b>Priority:</b>	Low
<b>Security level:</b>	In Confidence (Information is released to a timetable)	<b>Report number:</b>	IR2024/435

**Action sought**

	<b>Action sought</b>	<b>Deadline</b>
Minister of Revenue	<b>Note</b> the contents of this report <b>Refer</b> report to Minister of Finance	None 3 December 2024

**Contact for telephone discussion (if required)**

<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Sandra Watson	Policy Lead, Forecasting and Analysis	s 9(2)(a)

26 November 2024

Minister of Revenue

## **Tax Monitoring Report: Collections to October 2024**

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### **Purpose and context**

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1. The purpose of this report is to inform you of how tax collections<sup>1</sup> for the year to October 2024 are tracking against the Treasury's forecasts from the 2024 Budget Economic and Fiscal update (BEFU). No action is required from Ministers.
2. Monthly tax outturns have a timetabled release by the Treasury and October figures should not be disclosed until after publication on 5 December 2024.
3. The 2024 Half Year Economic and Fiscal Update (HYEFU) will be released on 17 December 2024.
4. This is the final report of variances against BEFU forecasts. November tax results will not be available before Christmas, and variances for November and December will be reported together against the updated HYEFU forecasts in January.

### **Tax receipts for the year to October 2024 (2024/25 fiscal year)**

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5. For the four months ending 31 October 2024, unconsolidated aggregate tax receipts totalled \$44,345m which is \$2,846m (6.0%) below BEFU forecast. The main shortfalls were in:
  - **GST:** \$2,835m below forecast,
  - **net other persons tax**<sup>2</sup>: \$360m below forecast,
  - **PAYE:** \$104m below forecast.
6. After adjusting for the timing impacts of a key due date shifting from late June into early July due to Matariki, the underlying variance for the year to October is much closer to forecast at \$361m below, an improvement on \$394m below forecast for the three months to September. GST adjusted for Matariki is \$386m below forecast, and as such is the main contributor to the underlying negative variance. Net other persons adjusted for Matariki is \$177m below BEFU forecast.
7. **Resident withholding tax on interest (interest RWT)** was \$240m above forecast. This positive variance in interest RWT has increased for a fourth consecutive month and indicates a trend.
8. **Net company tax** was \$131m above forecast (or \$16m below without Matariki) and the variance has improved on the prior month which was \$240m below forecast. Strength in company tax in the month of October has come from the third and final 2023-24 provisional tax instalments from the finance and investment sectors.

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<sup>1</sup> Limited to Inland Revenue administered tax types plus Customs GST, referred to in this document as Aggregate taxation. Two measures are reported. Tax receipts reflect actual collections (cash). Tax revenue reflects amounts estimated to be earned but not necessarily received yet.

<sup>2</sup> "Net other persons" is income tax paid by individuals, trusts, and Māori authorities to the extent that tax had not already been withheld (for example it is net of PAYE and tax withheld by banks and dividend payers). It comprises provisional tax, square-ups from annual filing of tax returns, and the donations tax credit.

9. Over the twelve months to October 2024, unconsolidated aggregate tax receipts grew by \$7,821m (6.5%) compared to the previous year, up from 5.8% in the year to September. The main contributors to this growth were:
- **PAYE**: increased by \$3.6b (7.6%),
  - **GST**: increased by \$1.5b (3.8%),
  - **interest RWT**: increased by \$1.1b (44.7%), reflecting interest rates, and
  - **residents withholding tax on dividends (DWT)**: increased by \$1.2b (108.5%) due to increased dividends paid ahead of the 39% trustee tax rate taking effect.
10. **Net company tax** receipts grew by \$478m over the same period, and **net other persons** receipts declined by \$620m.

### **Tax revenue for the year to October 2024 (2024/25 fiscal year)**

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11. Unconsolidated aggregate tax revenue for the four months to October 2024 totalled \$41,756m, which is close to forecast at \$73m (0.2%) below. This compares to \$729m greater than forecast in September.
12. **Interest RWT** remains above forecast (\$287m, 29.0%), consistent with the receipts measure. **Net other persons tax** is also \$198m (7.9%) greater than forecast.
13. These positive variances are offset by negative variances in several other tax types:
- **Total net GST**: \$360m (2.6%) below forecast, consistent with the receipts measure once the impact of Matariki has been removed,
  - **Net company tax**: \$266m (4.9%) below forecast,
  - **PAYE**: \$64m (0.4%) below forecast, consistent with the receipts measure.
14. Other persons tax continues to track below forecast for tax receipts but above forecast for tax revenue, while company tax is above forecast for receipts but below for revenue. Tax revenue involves estimation which can itself be a source of variance.
15. Of the (\$266m) variance in net company tax, (\$202m) will be removed on consolidation, resulting in a consolidated company tax variance closer to BEFU forecast at \$64m below. The post-consolidation variance is within normal monthly fluctuations.

### **Consultation and next steps**

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16. The Treasury has been consulted on this report.
17. The Government's interim financial statements for the four months ended 31 October 2024 will be published by the Treasury on 5 December.
18. The 2024 Half Year Economic and Fiscal Update (HYEFU) will be released on 17 December 2024 and November results will be reported with Decembers against these updated forecasts in January.

## **Recommended action**

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We recommend that you:

20. **note** the contents of this report, and  
Noted
21. **refer** a copy of this report to the Minister of Finance for their information.  
Referred/Not referred

s 9(2)(a)



**Sandra Watson**

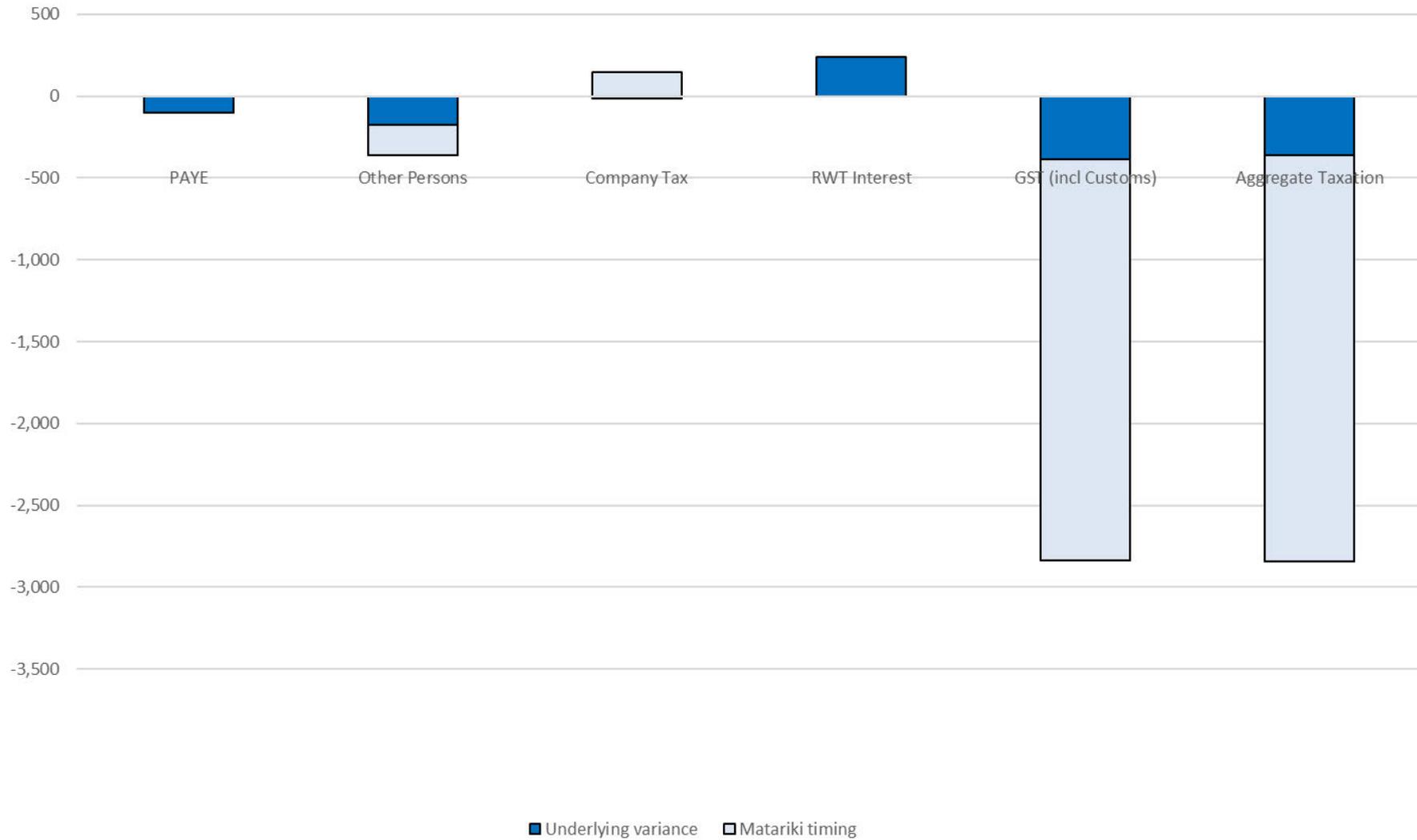
Policy Lead, Forecasting and Analysis

**Hon Simon Watts**

Minister of Revenue

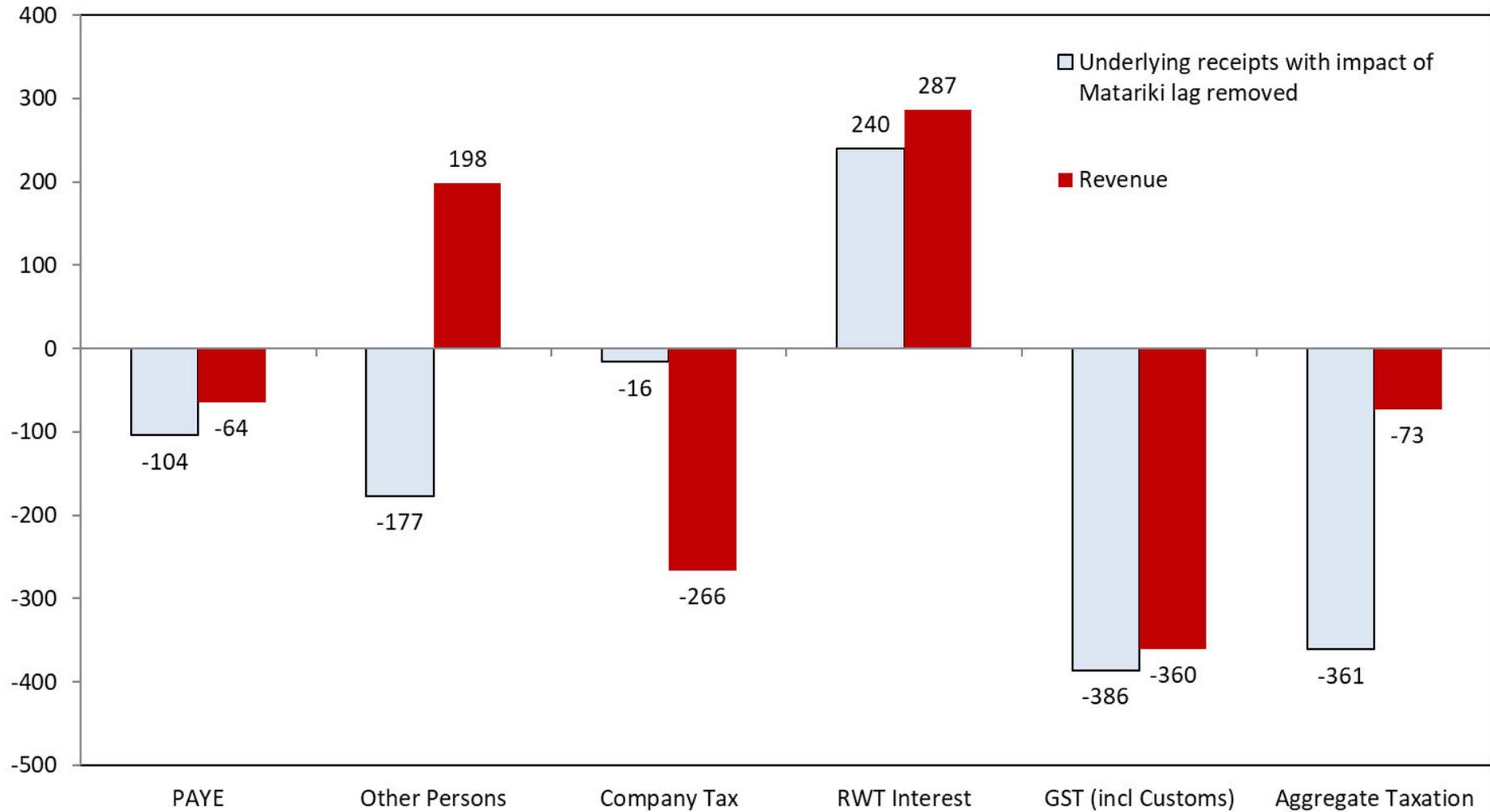
/ /2024

Receipts variance on Budget 2024 forecast -  
October 2024 (\$million)



### Cumulative Variance (2024/25 June year) on the Treasury's BEFU 2024 forecasts October 2024

\$ millions





**Vote Revenue: 2024 Half Year Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation**

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<b>Date:</b>	27 November 2024	<b>Priority:</b>	High
<b>Security level:</b>	In confidence (Budget Sensitive)	<b>Report no:</b>	IR2024/442

**Action sought**

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	<b>Action sought</b>	<b>Deadline</b>
Minister of Finance	<b>Approve</b> recommendations	10 December 2024
Minister of Science, Innovation and Technology	<b>Approve</b> recommendations  <b>Refer</b> report to the Minister of Finance	4 December 2024
Minister of Revenue	For your information	27 November 2024

**Contact for telephone discussion** (if required)

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>
Nick Bradley	Enterprise Leader Finance Services (Chief Financial Officer)	s 9(2)(a)
Rachel Parker	Domain Lead Finance Services	

27 November 2024

Minister of Finance  
Minister of Science, Innovation and Technology

## **Vote Revenue: 2024 Half Year Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation**

### **Executive Summary**

1. This paper asks you to note the changes to the forecast costs of the Research and Development Tax Incentive (RDTI) and seeks your approval for the corresponding changes to the RDTI appropriation.
2. The RDTI appropriation is managed under Vote Revenue using forecasts developed by the Ministry of Business, Innovation and Employment (MBIE). The Minister of Science, Innovation and Technology is responsible for the appropriation.
3. Inland Revenue submitted the updated forecast for this appropriation to the Treasury on 18 November 2024 as part of the 2024 Half Year Economic and Fiscal Update (HYEFU 2024).
4. Forecast changes in this report for HYEFU 2024 are compared against the 2024 Budget Economic and Fiscal Update (BEFU 2024). They include all Cabinet and Joint Minister decisions that impact the appropriation up to 18 November 2024.
5. The forecasts are based on MBIE's RDTI fiscal-cost forecast, which currently extends to 2031/32. MBIE's RDTI forecast is based on the Treasury's final HYEFU macroeconomic forecasts of Nominal GDP as at 8 November 2024 and the 2023 R&D Survey results (released by Stats NZ on 26 April 2024).
6. MBIE's RDTI forecast relates to all RDTI-related expenditure. Under the previous government, Cabinet made a decision to adjust the forecast for the RDTI appropriation and approve a corresponding increase to expenditure in the in-year payments appropriation, which is not managed under Vote Revenue (DEV-22-MIN-0062 refers). Hence this is excluded from the HYEFU 2024 forecast.
7. The in-year payments will be discontinued from 2025/26, but the amounts are shown separately in the following table:

	\$ million				
<b>RDTI forecast – HYEFU 2024</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Out-years</b>
MBIE RDTI total fiscal-cost forecast	630.000	682.000	735.000	787.000	841.000
Less the in-year payment	(39.832)	(29.258)	0.000	0.000	0.000
<b>RDTI within Vote Revenue</b>	<b>590.168</b>	<b>652.742</b>	<b>735.000</b>	<b>787.000</b>	<b>841.000</b>

8. We are seeking your joint approval for the following forecast and appropriation changes within Vote Revenue since BEFU 2024:

	\$ million				
<b>Vote Revenue Minister of Science, Innovation and Technology</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Out-years</b>
Other Expenses Research, Science and Innovation: R&D Tax Incentive					
BEFU 2024	556.168	615.742	697.000	750.000	750.000
HYEFU 2024	590.168	652.742	735.000	787.000	841.000
<b>Forecast change – inc/(dec)</b>	<b>34.000</b>	<b>37.000</b>	<b>38.000</b>	<b>37.000</b>	<b>91.000</b>

9. The increases in HYEFU 2024 forecasts for 2024/25 to 2027/28 are entirely driven by an increase in the baseline estimate of R&D, which is drawn from the latest R&D Survey estimate. The estimate of the RDTI-eligible R&D expenditure derived from the 2023 R&D Survey results is significantly higher than the amount forecasted based on the 2022 R&D Survey results. These increases are offset slightly by a decrease in forecast Nominal Gross Domestic Product (GDP) in the relevant years.

10. The increase of \$91 million for the approved appropriation of \$750 million in 2028/29 is driven by two components:

- MBIE’s RDTI fiscal-cost forecast at BEFU 2024 for 2028/29 was \$803 million, \$53 million above the rolled forward appropriation.
- Since BEFU 2024, MBIE’s fiscal-cost forecast has increased by a further \$38 million due to an increase in the estimate of RDTI-eligible expenditure.

11. The Treasury and Ministry of Business, Innovation and Employment have been consulted on this report.

12. The Treasury has been consulted on this report and have made the following comment. This report proposes increases of around \$36 million from 2024/25 to 2027/28, and a \$91 million increase for 2028/29 and outyears. Although international evidence of equivalent tax schemes suggest that businesses do respond to tax schemes more significantly over the longer term, there is not currently New Zealand specific evidence. Given the forecasts have historically been very generous, this increase may be overstating the increase in expenditure that is likely to occur. The first evaluation of the RDTI will be complete by early 2025. This will provide evidence of the impact of the scheme to date. The evaluation will also provide improved data on eligible R&D expenditure and may present an opportunity to direct the Ministry of Business, Science and Innovation to recalibrate their forecasts to be more reflective of actual expenditure.

## Recommended action

13. It is recommended that you:

- (a) **note** that the appropriation limit in 2028/29 for the Vote Revenue Research, Science and Innovation: R&D Tax Incentive appropriation is currently \$750 million, as this was the appropriation limit in 2027/28 and outyears, as reported at BEFU 2024.

Noted

Noted

- (b) **note** that the appropriation limit for 2028/29 and outyears in HYEPU 2024 increases by \$91 million, to \$841 million, comprising an adjustment of \$53 million relating to the forecast increases for 2028/29 identified at BEFU 2024, and an increase in \$38 million in the forecast cost of the programme identified since BEFU 2024.

Noted

Noted

- (c) **approve** the following forecast changes to the Vote Revenue Research and Development Tax Incentive appropriation, with a corresponding impact on the operating balance:

Vote Revenue Minister of Science, Innovation and Technology	\$ million – increase / (decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Out-years
Non-departmental Other Expenses: Research, Science and Innovation: R&D Tax Incentive	34.000	37.000	38.000	37.000	91.000
<b>Total Forecast change – inc/(dec)</b>	<b>34.000</b>	<b>37.000</b>	<b>38.000</b>	<b>37.000</b>	<b>91.000</b>

Approved/Not approved

Approved/Not approved

- (d) **agree** that all proposed change to appropriations for 2024/25, as shown in recommendation (c) above, be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.

Agreed/Not Agreed

Agreed/Not Agreed

s 9(2)(a)

**Nick Bradley**

Enterprise Leader Finance Services - Chief Financial Officer  
27/11/2024

**Hon Nicola Willis**  
Minister of Finance

**Hon Judith Collins**

Minister of Science, Innovation and  
Technology

\_\_\_/\_\_\_/2024

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## Vote Revenue: 2024 Half Year Economic and Fiscal Update for non-departmental expenditure appropriations

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<b>Date:</b>	27 November 2024	<b>Priority:</b>	High
<b>Security level:</b>	In Confidence (Budget Sensitive)	<b>Report no:</b>	IR2024/441

### Action sought

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	Action sought	Deadline
Minister of Finance	<b>Approve</b> recommendations	10 December 2024
Minister of Revenue	<b>Approve</b> recommendations  <b>Refer</b> report to the Minister of Finance	4 December 2024

### Contact for telephone discussion (if required)

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Name	Position	
Nick Bradley	Enterprise Leader Finance Services (Chief Financial Officer)	s 9(2)(a)
Sandra Watson	Manager Forecasting	
Rachel Parker	Domain Lead Finance Services	

27 November 2024

Minister of Finance  
Minister of Revenue

## **Vote Revenue: 2024 Half Year Economic and Fiscal Update for non-departmental expenditure appropriations**

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### **Executive summary**

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1. Inland Revenue submitted forecasts for non-departmental appropriations to the Treasury for the 2024 Half Year Economic and Fiscal Update (HYEFU 2024) on 18 November 2024. The forecasts in this report incorporate actual results to October 2024 and are based on the Treasury's macroeconomic forecasts of 8 November 2024. The forecasts include all Cabinet and joint Minister decisions that impact Vote Revenue made up to 18 November 2024.
2. This report seeks your joint approval for the forecast changes to appropriations that are reflected in HYEFU 2024, and which are not established under a permanent legislative authority (PLA). Forecast changes to appropriations which are established under a PLA do not require approval<sup>1</sup> but are also provided for your information. A full list of the appropriations is provided in Appendix A.
3. The major forecast changes since the 2024 Budget Economic and Fiscal Update (BEFU 2024) for appropriations requiring joint Ministers' approval (not including PLAs) are:
  - The appropriation for *KiwiSaver: tax credit* has been revised down following a \$47 million below 2024 forecast result for the 2023/24 June year. Downwards revisions range from \$52 million in 2024/25 through to \$64 million in 2027/28. As well as the softer starting point relative to BEFU 2024, this revision reflects slower growth in the employed labour force and in nominal wages across the forecast period, with the latter affecting entitlements of those earning less than the full entitlement amount.
  - The current year forecast for the *Impairment of debt and debt write-offs* appropriation has increased by \$202 million for 2025/26 and subsequent out years based on forecast debt levels. This is a flow on from the increased impairment of debt and bad debt write-off expense in 2023/24 and the expectation that overdue debt levels will continue to grow, albeit at a slower rate than in recent years.
  - The *Initial fair value write-down for student loans* has decreased by \$326 million over the forecast period mainly due to a decrease in interest rates since BEFU 2024, which

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<sup>1</sup> As per the Public Finance Act, section 65ZH.

results in a decrease in discount rates. This increases the value of future repayments and decreases the write-down forecasts. This is partly offset by an increase in forecast lending which increases the related write-down.

4. For PLA appropriations, the major forecast changes since BEFU 2024 are:
  - The forecasts for *Child Support payments to custodial parents* have been reduced by between \$19 million to \$27 million per annum across the forecast period. Fewer arrangements under Inland Revenue administration, together with a softer forecast for income growth across the forecast period have led to a downwards revision in child support assessments and hence amounts collected and forwarded.
  - The forecast for *Family Tax Credit (FTC)* has been revised up by between \$25 million and \$91 million per annum across the forecast period. Higher than expected payments in 2023/24 have a flow on impact into the 2024/25 years and beyond. In addition, the softer forecast wage growth means less abatement which increases expected FTC expenditure relative to the BEFU 2024 forecast.
  - The appropriation for *KiwiSaver: Employee and Employer contributions* sent to scheme providers has been revised down by \$260 million in the 2024/25 year and \$2.6 billion across the rest of the forecast period. There has been a modelling change, calibrating to recent growth rates. Moreover, there is now less forecast nominal wage growth throughout the forecast period and hence smaller contributions to savings. This appropriation reflects a pass through of amounts collected and does not affect the operating balance.
5. A list of Ministerial decisions, anticipated decisions and forecast changes since BEFU 2024 and Joint Minister approvals that were granted at the October Baseline Update 2024 (OBU 2024) are contained within the body of the report.
6. A new non-departmental other expenses appropriation *Final-year Fees Free Payments* has been established in Vote Revenue to authorise expenditure of the final-year Fees Free payments.
7. As Inland Revenue will now be the administering agency, joint Ministers approved the fiscally neutral adjustment to transfer funding for the non-departmental final-year Fees Free payments from the *Fees-free Payments* appropriation within Vote Tertiary Education to the new Vote Revenue appropriation from 2025/26. (Final-year Fees Free Implementation paper 3, METIS: 1335474, IR 2024/367, TEC:B-24-00725, MSD: REP/24/9/843 refers). The Ministry of Education retains responsibility for forecasting the expenditure against this appropriation.
8. Through the October Baseline Update you jointly approved a fiscally neutral adjustment to transfer funding of \$130,000 from the Vote Revenue: Departmental *Services for Customers* appropriation (Vote 19) to the non-departmental *COVID-19 Resurgence Support Payment* appropriation (\$40,000), *COVID-19 Support Payment* appropriation (\$80,000) and the *Cost of Living* appropriation (\$10,000) to cover the resolution of any late disputes (IR 2024/353 refers).
9. The *Research and Development (R&D) Tax Incentive* appropriation is managed under Vote Revenue using forecasts developed by the Ministry of Business, Innovation and Employment

(MBIE). We are separately seeking approval from the Minister of Finance and the Minister of Science, Innovation and Technology for forecast changes to this appropriation (IR2024/442 refers).

10. The forecast updates are itemised in the attached Baseline Changes Report. Details of these forecast updates are contained within the body of this report. Appendix B sets out the forecast changes for Vote Revenue Crown (non-departmental) in a tabulated format. The tables include tax forecasts prepared by the Treasury.
11. HYEFU 2024 incorporates a roll-out to include the 2028/29 financial year for which BEFU 2024 had an implied repeat of 2027/28 with no explicit growth assumptions. Where the structure of this report requires a comparison to BEFU 2024, that comparison is shown in *italics* in the tables as part of the revision will reflect the inclusion of growth.
12. We have consulted on this 2024 Half Year Economic and Fiscal Update submission with the Treasury.

## Recommended action

13. We recommend that you:

- (a) **note** the HYEPU 2024 forecasts in this report incorporate actual results to October 2024, are based on the Treasury's macroeconomic forecasts of 8 November 2024, and were submitted to the Treasury on 18 November 2024.

Noted

Noted

- (b) **note** the following Fiscally Neutral Adjustment (FNA) increase to the non-departmental appropriations from Vote Tertiary Education was jointly approved by Ministers on 9 October 2024:

	\$ million – increase / (decrease)				
<b>Vote Revenue Minister of Revenue</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
Non-Departmental Other Expenses:					
Final-year Fees Free Payments	-	52.244	68.846	117.666	161.855
<b>Total Operating</b>	<b>-</b>	<b>52.244</b>	<b>68.846</b>	<b>117.666</b>	<b>161.855</b>

Noted

Noted

- (c) **note** the following Fiscally Neutral Adjustment (FNA) increases to non-departmental appropriations jointly approved by you at the October Baseline Update 2024:

	\$ million – increase / (decrease)				
<b>Vote Revenue Minister of Revenue</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
Non-Departmental Other Expenses:					
Cost of Living Payment	0.010	-	-	-	-
COVID-19 Resurgence Support Payment	0.040	-	-	-	-
COVID-19 Support Payment	0.080	-	-	-	-
<b>Total Operating</b>	<b>0.130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Noted

Noted

- (d) **approve** the following forecast changes to appropriations for non-departmental benefits or related expenses that are not established under a permanent legislative authority, with a corresponding impact on the operating balance and net core Crown debt:

	\$ million – increase / (decrease)				
<b>Vote Revenue Minister of Revenue</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
Non-Departmental Benefits or Related expenses:					
KiwiSaver: Interest	0.500	0.500	0.500	0.500	0.500
KiwiSaver: Tax Credit, Contribution and Residual Entitlement	(52.000)	(56.000)	(60.000)	(64.000)	(15.000)
Paid Parental Leave Payments	10.000	(5.000)	(10.000)	(10.000)	25.000
<b>Total Operating</b>	<b>(41.500)</b>	<b>(60.500)</b>	<b>(69.500)</b>	<b>(73.500)</b>	<b>9.500</b>

Approved/Not approved

Approved/Not approved

- (e) **approve** the following forecast changes in appropriations for non-departmental other expenses that are not established under a permanent legislative authority, with a corresponding impact on the operating balance and net core Crown debt:

	\$ million – increase / (decrease)				
<b>Vote Revenue Minister of Revenue</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
Non-Departmental Other Expenses:					
Impairment of Debt and Debt Write-Offs	-	202.000	202.000	202.000	202.000
Initial Fair Value Write-Down Relating to Student Loans	(45.000)	(59.000)	(75.000)	(91.000)	(56.000)
<b>Total Operating</b>	<b>(45.000)</b>	<b>143.000</b>	<b>127.000</b>	<b>111.000</b>	<b>146.000</b>

Approved/Not approved

Approved/Not approved

- (f) **note** the following forecast changes to non-departmental benefits or related expenses, non-departmental borrowing expenses, and non-departmental other expenses, that are established under a permanent legislative authority:

	\$ million – increase / (decrease)				
<b>Vote Revenue Minister of Revenue</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
Non-Departmental Benefits or Related Expenses - PLA:					
Best Start Tax Credit	7.000	7.000	8.000	8.000	(1.000)
Child Support Payments	(19.000)	(22.000)	(24.000)	(27.000)	(20.000)
FamilyBoost Tax Credit	-	-	-	-	(2.000)
Family Tax Credit	91.000	66.000	83.000	87.000	25.000
In-Work Tax Credit	(19.000)	(14.000)	(5.000)	7.000	(17.000)
Minimum Family Tax Credit	(1.000)	(1.600)	(1.000)	(1.500)	(1.500)
<b>Total change – inc/(dec)</b>	<b>59.000</b>	<b>35.400</b>	<b>61.000</b>	<b>73.500</b>	<b>(16.500)</b>
Non-Departmental Borrowing Expenses – PLA:					
Environmental Restoration Account interest	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Income Equalisation Account Interest	1.000	-	-	(1.000)	(1.000)
<b>Total change – inc/(dec)</b>	<b>0.900</b>	<b>(0.100)</b>	<b>(0.100)</b>	<b>(1.100)</b>	<b>(1.100)</b>
Non-Departmental Other Expenses - PLA:					
KiwiSaver: Employee and Employer Contributions*	(260.000)	(520.000)	(760.000)	(1,010.000)	(320.000)
<b>Total change – inc/(dec)</b>	<b>(260.000)</b>	<b>(520.000)</b>	<b>(760.000)</b>	<b>(1,010.000)</b>	<b>(320.000)</b>
<b>Total Operating*</b>	<b>59.900</b>	<b>35.300</b>	<b>60.900</b>	<b>72.400</b>	<b>(17.600)</b>

\* The KiwiSaver contributions appropriation does not affect the operating balance.

Noted

Noted

- (g) **note** that the *Research and Development (R&D) Tax Incentive* appropriation is managed under Vote Revenue using forecasts developed by the Ministry of Business, Innovation and Employment (MBIE) and that we are separately seeking approval from the Minister of Finance and the Minister of Science, Innovation and Technology for changes to this appropriation (IR2024/442 refers).

Noted

Noted

- (h) **agree** that all proposed changes to appropriations for 2024/25, covered by the recommendations above, be included in the 2024/25 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Agreed/Not agreed

Agreed/Not agreed

- (i) **note** that the Table 2<sup>2</sup> Baseline Changes Report (attached) for Vote 20 sets out the forecast changes for Vote Revenue Crown (non-departmental) for the 2024 Half Year Economic and Fiscal Update (HYEFU 2024 – final forecasts).

Noted

Noted

s 9(2)(a)



**Nick Bradley**

Enterprise Leader Finance Services - Chief Financial Officer

27 / 11 / 2024

**Hon Nicola Willis**

Minister of Finance

\_\_\_/\_\_\_/2024

**Hon Simon Watts**

Minister of Revenue

\_\_\_/\_\_\_/2024

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<sup>2</sup> This is a technical report from Treasury's CFISnet system which sets out the quantum and authority for each change.

## Background

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14. Inland Revenue manages a number of non-tax items which require appropriations to cover the expenditure. Authority to spend is needed for appropriations established without a Permanent Legislative Authority (PLA). A full list of the non-departmental expenditure appropriations is attached in Appendix A.
15. We update the forecasts for these appropriations during the year to feed into the Government Budget and/or half year economic and fiscal updates. With each revision to forecasts we need joint Minister authority to change the forecast for appropriations without a PLA. If the changes are jointly approved, they will be included in the 2024/25 Supplementary Estimates and in the interim, the increases will be met from Imprest Supply.
16. Inland Revenue submitted forecasts for non-departmental appropriations for the 2024 Half Year Economic and Fiscal Update (HYEFU 2024) to the Treasury on 18 November 2024. These forecasts are based on the Treasury's HYEFU 2024 macroeconomic forecasts of 8 November 2024, and they incorporate actual results to October 2024. The forecasts include all Cabinet and joint Minister decisions that impact Vote Revenue made up to 18 November 2024.
17. This report seeks your joint approval for forecast changes to appropriations that are not established under a permanent legislative authority (PLA). Forecast changes to appropriations established under PLA do not require approval and are also provided for your information. The body of the report briefly explains, at a high level, the main drivers of each change.
18. Forecasts are compared to amounts appropriated at the 2024 Budget Economic and Fiscal Update (BEFU 2024). At BEFU 2024 the 2028/29 fiscal year was outside of the forecast period and was indicated as a rollover of the 2027/28 expenditures. Comparators to BEFU 2024 for the 2028/29 fiscal year are shown in italic in the tables as these new figures now capture growth and the BEFU figures did not.
19. The forecast updates are itemised in the attached Table 2 Baseline Changes Report. Details of these forecast updates are contained within the body of this report, along with the changes from BEFU 2024.

### **Non-departmental benefits or related expense appropriations**

20. The following table sets out the forecast changes for non-departmental benefits or related expenses that are not established under a permanent legislative authority.

<b>Non-departmental benefits or related expenses</b>	<b>\$ million</b>				
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
KiwiSaver: interest					
BEFU 2024	2.500	2.500	2.500	2.500	2.500
HYEFU 2024	3.000	3.000	3.000	3.000	3.000
Forecast change - inc/(dec)	0.500	0.500	0.500	0.500	0.500
KiwiSaver: tax credit					
BEFU 2024	1,101.000	1,146.000	1,193.000	1,243.000	1,243.000
HYEFU 2024	1,049.000	1,090.000	1,133.000	1,179.000	1,228.000
Forecast change - inc/(dec)	(52.000)	(56.000)	(60.000)	(64.000)	(15.000)
Paid parental leave payments					
BEFU 2024	685.000	730.000	765.000	800.000	800.000
HYEFU 2024	695.000	725.000	755.000	790.000	825.000
Forecast change - inc/(dec)	10.000	(5.000)	(10.000)	(10.000)	25.000
<b>Total forecast change – inc/(dec)</b>	<b>(41.500)</b>	<b>(60.500)</b>	<b>(69.500)</b>	<b>(73.500)</b>	<b>10.500</b>

21. The forecast for the *KiwiSaver: interest* appropriation has been increased by \$0.5 million per annum across the forecast period. BEFU 2024 forecasts had a step down in the appropriation from \$3 million in 2023/24 to \$2.5 million in 2024/25, anticipating a decline in interest rates. Whilst this is still expected, the decline in interest rates may be more gradual in the current year, and sufficient funding is required to avoid a breach in appropriation. An additional reason to keep the appropriation higher is growth in the scheme overall, which means that Inland Revenue is processing and forwarding more contributions over time.

22. The *KiwiSaver: tax credit* appropriation covers government contributions to KiwiSaver schemes. This is calculated as 50% of annual personal contributions and capped at \$521.43 per person. Following a \$47 million below-forecast result for 2023/24, the forecast has been revised down by \$52 million in 2024/25 to \$64 million in 2027/28. There have been downward revisions in forecast nominal wage growth across the forecast period compared to BEFU 2024. For people who have not yet contributed enough for full credit entitlement, softer wage growth reduces contributions, which will lead to smaller tax credit entitlement. The growth in the size of the employed labour force has also been revised down in 2024/25. These factors, in addition to the lower starting point in 2023/24 result in a downward revision across the forecast period.

23. The forecast for the *Paid parental leave* appropriation has been revised up by \$10m in 2024/25 largely due to a changed assumption about volume growth over the year. Downwards revisions in the outyears reflect weaker growth forecasts for average weekly earnings, which reduces the indexation boost to paid parental leave.

## Non-departmental other expenses

24. The following table sets out the forecast and joint Minister approvals for non-departmental other expenses that are not established under a permanent legislative authority. The forecast changes require your joint approval.

Non-departmental other expenses	\$ million				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
COVID-19 Resurgence Support Payment					
BEFU 2024	-	-	-	-	-
HYEFU 2024	0.040	-	-	-	-
Joint Minister approval OBU-24 – inc/(dec)	0.040	-	-	-	-
COVID-19 Support Payment					
BEFU 2024	-	-	-	-	-
HYEFU 2024	0.080	-	-	-	-
Joint Minister approval OBU-24 – inc/(dec)	0.080	-	-	-	-
Cost of Living Payment					
BEFU 2024	-	-	-	-	-
HYEFU 2024	0.010	-	-	-	-
Joint Minister approval OBU-24 – inc/(dec)	0.010	-	-	-	-
Initial fair value write-down relating to student loans					
BEFU 2024	633.000	676.000	706.000	739.000	739.000
HYEFU 2024	588.000	617.000	631.000	648.000	683.000
Forecast change – inc/(dec)	(45.000)	(59.000)	(75.000)	(91.000)	(56.000)
Final-year Fees Free Payments – Student Loans					
BEFU 2024	-	-	-	-	-
HYEFU 2024	-	52.244	68.846	117.666	161.855
Joint Minister approval – inc/(dec)	-	52.244	68.846	117.666	161.855
Impairment of debt and debt write-offs					
BEFU 2024	1,676.000	948.000	948.000	948.000	948.000
HYEFU 2024	1,676.000	1,150.000	1,150.000	1,150.000	1,150.000
Forecast change – inc/(dec)	-	202.000	202.000	202.000	202.000
<b>Total forecast change – inc/(dec)</b>	<b>(45.000)</b>	<b>143.000</b>	<b>127.000</b>	<b>111.000</b>	<b>146.000</b>
<b>Total joint Minister approval – inc/(dec)</b>	<b>-</b>	<b>52.244</b>	<b>68.846</b>	<b>117.666</b>	<b>161.855</b>
<b>Total joint Minister approval OBU-24 – inc/(dec)</b>	<b>0.130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

25. At the October Baseline Update 2024, you jointly approved a fiscally neutral adjustment of \$130,000 from the Inland Revenue departmental budget to three non-departmental appropriations (*COVID-19 Resurgence Support Payment, COVID-19 Support Payment and Cost of Living Payment*). This funding provides for resolution of any late disputed claims for the COVID-19 or cost of living payments.

26. The *Initial fair value write-down relating to student loans* appropriation has decreased by between \$45 million and \$91 million per year over the forecast period. This is due to changes in discount rates and forecast lending. There has been a decrease in interest rates since BEFU 2024, which results in a decrease in the discount rate, increasing the fair value of future loan repayments. This accounts for a decrease in the write-down of \$70 million in 2024/25 and by between \$82 million and \$107 million in outyears. The lending forecasts have also been updated and future lending is forecast to increase by \$66 million in 2024/25, then between \$41 million and \$105 million in outyears. These changes have a flow on impact to the write-down forecasts.

	\$ million				
Initial fair value write-down relating to student loans	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
Breakdown in forecast changes					
Initial fair value write-down rate	(70.000)	(82.000)	(93.000)	(107.000)	(99.000)
Lending forecast changes	25.000	23.000	18.000	16.000	43.000
Forecast change – inc/(dec)	(45.000)	(59.000)	(75.000)	(91.000)	(56.000)

27. The Final-year Fees Free appropriation has increased by between \$52.2 million and \$161.9 million per annum over the forecast period as a result of the joint Minister approval to transfer appropriations for fees free from Vote Tertiary Education to Vote Revenue (Final-year Fees Free Implementation paper 3, METIS: 1335474, IR 2024/367, TEC:B-24-00725, MSD: REP/24/9/843 refers).

### **Impairments**

28. The Impairment of debt and bad debt write-offs expense is dependent on the level and quality of the debt book, the level of repayments against the debt and the value of write-offs. We are forecasting the expense to increase by \$202 million per annum from 2025/26. This is a flow on from the increased impairment of debt and bad debt write-off expense in 2023/24 and the expectation that overdue debt levels will continue to grow, albeit at a slower rate than in recent years.

29. The level of overdue debt is impacted by the economy, customer behaviour and Inland Revenue compliance effort. It is compounded by increasing penalties and interest as the core debt grows.

30. Whilst the economy is indicating a softening of inflationary impacts, we know that any inflation impacts the level of debt more than it impacts revenue, as it also impacts on our customer's ability to pay as the time value of money decreases.

31. Inland Revenue has invested in increased compliance activities in recent months, which is increasing repayments on overdue debt. Between July and September 2024, we collected \$1.2 billion overdue tax from debt activity which is 20% (\$200 million) up on the same period last year.

32. Despite our efforts, overdue tax debt continues to rise and was just over \$8.1 billion at 30 September 2024. This is an increase of just over \$150 million from June 2024, which is down from a \$264.5 million increase over the same period to September 2023. The increase

in the first quarter of the year continues to be largely related to employer taxes, indicating that our customers are still finding it tough to pay on time.

33. We are forecasting that overdue debt will reach \$9 billion by the end of the financial year and increase by between \$800 million and \$900 million each year over the forecast period. The forecast assumes inflation will continue to trend down, and our increased compliance effort will slow the growth of debt from what it would otherwise have been.
34. Historically we have looked to maintain our outyear impairment forecasts at a base level, focusing forecast changes on the current year only. As an example, the current 2025/26 appropriation has only had two forecast changes since BEFU 2021, being a \$10.1 million increase in the Pre-election Economic and Fiscal Update 2023 and a \$40 million increase in BEFU 2024 (offset by the \$54 million return for the Budget 2024 Compliance initiative and a small policy change). We have previously considered this approach appropriate, as we expected that in the long term, impairment (and debt) would fall back to pre-COVID levels.
35. We believe the impairment cost has peaked and with the slowing of the debt growth, we are forecasting the expense will be lower than the last two years, however, we no longer consider holding appropriation levels stable and at historic levels in out years realistic or sustainable and are therefore seeking approval to increase the outyears' appropriation by \$202 million per annum through HYEUFU 2024.
36. We expect further refinement of the forecast at BEFU 2025, after completion of the draft valuation of the overdue debt book, with the final expense for 2024/25 not being confirmed until August 2025 after completion of the final valuation for the year.

**Non-departmental benefits or related expenses - PLA**

37. The following table sets out the forecast changes for non-departmental benefits or related expenses which are established under a permanent legislative authority (PLA).

	\$ million				
<b>Non-departmental benefits or related expenses - PLA</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
Best Start tax credit *					
BEFU 2024	339.000	333.000	333.000	349.000	349.000
HYEFU 2024	346.000	340.000	341.000	357.000	348.000
Forecast change - inc/(dec)	7.000	7.000	8.000	8.000	(1.000)
Child support payments					
BEFU 2024	453.000	462.000	471.000	480.000	480.000
HYEFU 2024	434.000	440.000	447.000	453.000	460.000
Forecast change - inc/(dec)	(19.000)	(22.000)	(24.000)	(27.000)	(20.000)

	\$ million				
<b>Non-departmental benefits or related expenses - PLA</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
FamilyBoost Tax Credit PLA					
BEFU 2024	174.000	171.000	167.000	165.000	165.000
HYEFU 2024	174.000	171.000	167.000	165.000	163.000
Forecast change - inc/(dec)	-	-	-	-	(2.000)
Family tax credit *					
BEFU 2024	2,316.000	2,276.000	2,285.000	2,420.000	2,420.000
HYEFU 2024	2,407.000	2,342.000	2,368.000	2,507.000	2,445.000
Forecast change - inc/(dec)	91.000	66.000	83.000	87.000	25.000
In-work tax credit *					
BEFU 2024	582.000	584.000	571.000	573.000	573.000
HYEFU 2024	563.000	570.000	566.000	580.000	556.000
Forecast change - inc/(dec)	(19.000)	(14.000)	(5.000)	7.000	(17.000)
Minimum family tax credit *					
BEFU 2024	12.000	11.000	9.000	9.000	9.000
HYEFU 2024	11.000	9.400	8.000	7.500	7.500
Forecast change - inc/(dec)	(1.000)	(1.600)	(1.000)	(1.500)	(1.500)
<b>Total forecast change – inc/(dec)</b>	<b>59.000</b>	<b>35.400</b>	<b>61.000</b>	<b>73.500</b>	<b>(16.500)</b>

\* Working for Families Tax Credits

38. The *Best Start tax credit* appropriation has been increased throughout the forecast period reflecting that softer income growth results in lower abatement for families with infants over 1 year of age. As a partial offset, there is now a softer inflation profile and the next indexation of Best Start on 1 April 2027 has been revised down to 6.49%, compared to the previous forecast of 7.06%.
39. Forecasts of *Child support payments* to custodians have been revised down in each year reflecting a softer forecast for income growth and an ongoing decline in the number of child support arrangements managed by Inland Revenue. Both factors lead to a downwards revision in child support assessments and hence amounts collected and forwarded.
40. The *FamilyBoost tax credit* appropriation is new, taking effect from July 2024 but with the first claims arriving in October 2024. Claims within October have been below forecast. As the seasonality<sup>3</sup> of ongoing claims is yet to be established, the annual forecast profile remains unchanged from the BEFU 2024 fiscal estimate, other than the inclusion of the 2028/29 year. The appropriation is forecast to decline slightly over time as entitlements abate with family income growth, with this aspect expected to outweigh the impact of any increases in Early Childhood Education (ECE) fees.
41. The *Family tax credit* appropriation has been revised up by \$91 million in 2024/25 and by \$261 million over the remainder of the forecast period. Higher than expected payments in 2023/24 have a flow on impact into the 2024/25 years and beyond. An additional factor boosting forecasts since BEFU 2024 is softer forecast wage growth with a consequence of less abatement.

<sup>3</sup> Some families may wait and make a lump sum claim at year end.

42. The *In-Work Tax Credit* (IWTC) appropriation has been revised down in the near term. There is a flow on impact from the prior year to the extent that the softer than forecast result last year reflects stronger abatement rather than timing lags in filing and finalising 2023/24 entitlements. Up-front payments in the current year are also tracking lower than the BEFU 2024 forecast. The current year contains a \$25 per week entitlement increase which has the potential to bring in extra families when annual 2024/25 entitlements are squared up. The potential for this to occur has mitigated the scale of the downwards adjustment. Another factor working in the opposite direction (increasing the appropriation) is softer income growth which has a bigger impact over time.
43. The *Minimum Family Tax Credit* appropriation has had a minor downward revision in each year, reflecting the flow on implications of softer payments in the first four months of the year relative to the BEFU 2024 forecast. The appropriation declines over time as family income growth is expected to be faster than the guaranteed entitlement amount, the setting of which is linked to CPI-indexation of welfare benefits.

### **Non-departmental borrowing expenses - PLA**

44. The following table sets out the forecasts for non-departmental borrowing expenses that are established under a permanent legislative authority.

Non-departmental borrowing expenses - PLA	\$ million				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
Environmental restoration account interest					
BEFU 2024	4.300	4.300	4.300	4.300	4.300
HYEFU 2024	4.200	4.200	4.200	4.200	4.200
Forecast change - inc/(dec)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Income equalisation interest					
BEFU 2024	7.000	7.000	7.000	7.000	7.000
HYEFU 2024	8.000	7.000	7.000	6.000	6.000
Forecast change - inc/(dec)	1.000	-	-	(1.000)	(1.000)
<b>Total forecast change - inc/(dec)</b>	<b>0.900</b>	<b>(0.100)</b>	<b>(0.100)</b>	<b>(1.100)</b>	<b>(1.100)</b>

45. The environmental restoration account and income equalisation account allow for timing changes for tax on qualifying income or expenditure.
46. The environmental restoration account allows a deduction (up-front) to the extent that up-front amounts deposited in the scheme are earmarked for environmental restoration expenditure on later withdrawal. Interest is payable each year on the balance still held by the Crown. The forecast for the interest appropriation has been reduced slightly each year which is a flow on from 2023/24 results being marginally below the BEFU 2024 forecast. The scheme balance is forecast to remain stable with relatively stable interest payable.
47. The main income equalisation account allows qualifying taxpayers from the primary sector to smooth their taxable income across years. Amounts deposited in the scheme are demand driven, and deposit activity in the past year was higher than usual. The forecast for the interest appropriation has been revised up by \$1 million in 2024/25 reflecting slower

withdrawals, and hence more interest payable, than was anticipated in the BEFU 2024 forecasts. The scheme is expected to slowly return to a long-term average rate of deposits and withdrawals with the scheme balance below recent peaks. An expectation of reduced activity reduces expectations for the amount of interest payable.

### **Non-departmental other expenses - PLA**

48. The following table sets out the forecasts for non-departmental other expenses that are established under a permanent legislative authority.

	\$ million				
<b>Non-departmental other expenses - PLA</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
KiwiSaver: Employee and employer contributions					
BEFU 2024	10,220.000	11,030.000	11,880.000	12,800.000	<i>12,800.000</i>
HYEFU 2024	9,960.000	10,510.000	11,120.000	11,790.000	<i>12,480.000</i>
<b>Total forecast change – inc/(dec)</b>	<b>(260.000)</b>	<b>(520.000)</b>	<b>(760.000)</b>	<b>(1,010.000)</b>	<b>(320.000)</b>

49. The appropriation for *KiwiSaver: employee and employer contributions* sent to scheme providers covers contributions to KiwiSaver schemes made through Inland Revenue as an administrator (either directly or via PAYE from employers). The appropriation does not cover contributions made by savers directly to KiwiSaver providers. The impacts of this appropriation on the financial statements of the Government are fiscally neutral as the appropriation reflects a pass through of funds to providers.

50. There has been a modelling change calibrating forecasts to recent annual growth rates. Moreover, the forecast for nominal wage growth has been revised down since BEFU 2024 across the forecast period. Both changes, together with the lower starting point in 2023/24 have resulted in a downward revision for each year across the forecast period.

## Research and Development (R&D) Tax Incentive

51. The *Research and Development (R&D) Tax Incentive* appropriation is managed under Vote Revenue using forecasts developed by the Ministry of Business, Innovation and Employment (MBIE). We are separately seeking approval from the Minister of Finance and the Minister of Science, Innovation and Technology (IR2024/442 refers) for forecast changes relating to this appropriation. The following changes are included for your information only.

	\$ million				
<b>Vote Revenue Minister of Science, Innovation and Technology</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
Other Expenses Science, Innovation and Technology: R&D Tax Incentive					
BEFU 2024	556.168	615.742	697.000	750.000	750.000
HYEFU 2024	590.168	652.742	735.000	787.000	841.000
<b>Forecast change – inc/(dec)</b>	<b>34.000</b>	<b>37.000</b>	<b>38.000</b>	<b>37.000</b>	<b>91.000</b>

52. The increases in HYEFU 2024 forecasts are entirely driven by an increase in the baseline estimate of R&D, which is drawn from the latest R&D Survey estimate. The estimate of the RDTI-eligible R&D expenditure derived from the 2023 R&D Survey results is significantly higher than the amount forecasted based on the 2022 R&D Survey results. These increases are offset slightly by a decrease in forecast Nominal Gross Domestic Product (GDP) in the relevant years.

53. The approved appropriation for 2028/29 is \$750 million. The \$91 million forecast increase is made up of two components:

- At BEFU 2024, MBIE’s RDTI fiscal-cost forecast for 2028/29 was \$803 million or \$53 million above the approved rolled-forward appropriation.
- Since BEFU 2024, MBIE’s fiscal-cost forecast has increased by a further \$38 million due to an increase in the estimate of RDTI-eligible expenditure.

## Appendix A

The forecasts cover the following non-departmental expenditure appropriations (with an asterisk identifying expenditure items that are established under a permanent legislative authority):

### Benefits or related expenses:

- Best Start tax credit\*
- Child support payments\*
- FamilyBoost Tax Credit PLA\*
- Family tax credit\*
- In-work tax credit\*
- KiwiSaver: interest
- KiwiSaver: tax credit
- Minimum family tax credit\*
- Paid parental leave payments

### Borrowing expenses:

- Environmental restoration account interest\*
- Income equalisation interest\*

### Other expenses:

- Cost of Living payment
- COVID-19 Resurgence Support Payment
- COVID-19 Support Payment
- Final-year Fees Free Payments – Student Loans
- Initial fair value write-down relating to student loans
- Impairment of debt and debt write-offs
- KiwiSaver: Employee and Employer contributions\*
- Research, Science and Innovation: R&D Tax Incentive

There are three appropriations which currently have a nil balance and forecast for the five-year period. These appropriations will be reviewed ahead of the 2025 Budget Economic and Fiscal Update (BEFU 2025) after an interim valuation of the associated asset has been completed. These appropriations include:

### Other expenses:

- Impairment of debt and debt write-offs relating to child support
- Impairment of debt relating to the SBCS
- Impairment of debt relating to student loans

The following appropriations are still active but Inland Revenue can no longer process new claims:

- Initial fair-value write-down relating to the Small Business Cashflow Scheme COVID-19

### Capital expenditure:

- Small Business Cashflow Scheme COVID-19

## **Appendix B – Table 2 report for Vote Revenue non-departmental appropriations**

The Table 2 report attached set out the forecast changes for Vote Revenue Crown (non-departmental) in a tabulated format since BEFU 2024. The table includes tax forecasts prepared by the Treasury.

The Table 2 report attached is for:

- 2024 Half Year Economic and Fiscal Update (HYEFU 2024 - final forecasts).

**Table 2: Baseline Changes Report, 2024/25 OBU (HYEFU), Vote 20 - 0: IRD Crown - Revenue (IRD-Crown).**

	Classification	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	Authority for Change	Final Year Funding
<b>Benefits or Related Expenses</b>								
<b>Best Start Tax Credit (PLA)</b>								
<b>Non-Dept Other Appropriation</b>								
Cumulative forecasting changes impacting Best Start Tax Credit	Fcst Adj	7,000	7,000	8,000	8,000	(1,000)	CO (18) 2	On going
<b>Child Support Payments (PLA)</b>								
<b>Non-Dept Other Appropriation</b>								
Cumulative forecasting changes impacting Child Support Payments	Fcst Adj	(19,000)	(22,000)	(24,000)	(27,000)	(20,000)	CO (18) 2	On going
<b>Family Tax Credit (PLA)</b>								
<b>Non-Dept Other Appropriation</b>								
Cumulative forecasting changes impacting Family Tax Credit	Fcst Adj	91,000	66,000	83,000	87,000	25,000	CO (18) 2	On going
<b>FamilyBoost Tax Credit (PLA)</b>								
<b>Non-Dept Other Appropriation</b>								
Cumulative forecasting changes impacting FamilyBoost Tax Credit	Fcst Adj	-	-	-	-	(2,000)	CO (18) 2	On going
<b>In-Work Tax Credit (PLA)</b>								
<b>Non-Dept Other Appropriation</b>								
Cumulative forecasting changes impacting In-Work Tax Credit	Fcst Adj	(19,000)	(14,000)	(5,000)	7,000	(17,000)	CO (18) 2	On going
<b>KiwiSaver: Interest</b>								
<b>Non-Dept Annual Appropriation</b>								
Cumulative forecast changes impacting KiwiSaver: Interest	Fcst Adj	500	500	500	500	500	CO (18) 2	On going
<b>KiwiSaver: Tax Credit, Contribution and Residual Entitlement</b>								
<b>Non-Dept Annual Appropriation</b>								
Cumulative forecasting changes impacting KiwiSaver: Tax Credit, Contribution and Residual Entitlement	Fcst Adj	(52,000)	(56,000)	(60,000)	(64,000)	(15,000)	CO (18) 2	On going
<b>Minimum Family Tax Credit (PLA)</b>								
<b>Non-Dept Other Appropriation</b>								
Cumulative forecasting changes impacting Minimum Family Tax Credit	Fcst Adj	(1,000)	(1,600)	(1,000)	(1,500)	(1,500)	CO (18) 2	On going
<b>Paid Parental Leave Payments</b>								
<b>Non-Dept Annual Appropriation</b>								
Cumulative forecasting changes impacting Paid Parental Leave Payments	Fcst Adj	10,000	(5,000)	(10,000)	(10,000)	25,000	CO (18) 2	On going

	Classification	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	Authority for Change	Final Year Funding
<b>Total changes - Benefits or Related Expenses</b>		17,500	(25,100)	(8,500)	-	(6,000)		
<b>Non-Departmental Borrowing Expenses</b>								
<b>Environmental Restoration Account Interest (PLA)</b>								
<b>Non-Dept Other Appropriation</b>								
Cumulative forecasting changes impacting Environmental Restoration Account Interest	Fcst Adj	(100)	(100)	(100)	(100)	(100)	CO (18) 2	On going
<b>Income Equalisation Interest (PLA)</b>								
<b>Non-Dept Other Appropriation</b>								
Cumulative forecasting changes impacting Income Equalisation Interest	Fcst Adj	1,000	-	-	(1,000)	(1,000)	CO (18) 2	On going
<b>Total changes - Non-Departmental Borrowing Expenses</b>		900	(100)	(100)	(1,100)	(1,100)		
<b>Non-Departmental Other Expenses</b>								
<b>Cost of Living payment</b>								
<b>Non-Dept Annual Appropriation</b>								
Transfer from Departmental to Non-Dept to cover late claims for COVID-19 related payments and Cost of Living payments	FNA	10	-	-	-	-	CO (18) 2	On going
<b>COVID-19 Resurgence Support Payment</b>								
<b>Non-Dept Annual Appropriation</b>								
Transfer from Departmental to Non-Dept to cover late claims for COVID-19 related payments and Cost of Living payments	FNA	40	-	-	-	-	CO (18) 2	On going
<b>COVID-19 Support Payment</b>								
<b>Non-Dept Annual Appropriation</b>								
Transfer from Departmental to Non-Dept to cover late claims for COVID-19 related payments and Cost of Living payments	FNA	80	-	-	-	-	CO (18) 2	On going
<b>Final-year Fees Free Payments</b>								
<b>Non-Dept Annual Appropriation</b>								
Transfer funding for Fees Free Payments from Vote Tertiary Education to Vote Revenue	Other	-	52,244	68,846	117,666	161,855	s 9(2)(g)(i)	On going
<b>Impairment of Debt and Debt Write-Offs</b>								
<b>Non-Dept Annual Appropriation</b>								
Cumulative forecasting changes impacting Impairment of Debt and Debt Write-Offs	Fcst Adj	-	202,000	202,000	202,000	202,000	CO (18) 2	On going
<b>Initial Fair Value Write-Down Relating to Student Loans</b>								
<b>Non-Dept Annual Appropriation</b>								
Cumulative Forecasting Changes impacting Initial Fair Value Write-Down Relating to Student Loans	Fcst Adj	(45,000)	(59,000)	(75,000)	(91,000)	(56,000)	CO (18) 2	On going

	Classification	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	Authority for Change	Final Year Funding
<b>KiwiSaver: Employee and Employer Contributions (PLA)</b>								
<b>Non-Dept Other Appropriation</b>								
Cumulative forecasting changes impacting KiwiSaver Contributions	Fcst Adj	(260,000)	(520,000)	(760,000)	(1,010,000)	(320,000)	CO (18) 2	On going
<b>Science, Innovation and Technology: R&amp;D Tax Incentive</b>								
<b>Non-Dept Annual Appropriation</b>								
Cumulative Forecasting Changes for R&D Tax Incentive	Fcst Adj	34,000	37,000	38,000	37,000	91,000	CO (18) 2	On going
<b>Total changes - Non-Departmental Other Expenses</b>		<b>(270,870)</b>	<b>(287,756)</b>	<b>(526,154)</b>	<b>(744,334)</b>	<b>78,855</b>		
<b>Tax Revenue</b>								
<b>Companies</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting Companies	Fcst Adj	364,853	(51,895)	164,086	(328,077)	1,155,156	CO (18) 2	On going
Disposal of land to the Crown - repeal of income spreading rule	Other	14	65	84	47	14	IR2024/176 Approved by Joint Ministers	2028/29
Exclusion of interest-free loans and preference shares from non-corporate member of a wholly owned group	Other	-	(200)	(200)	(200)	(200)	IR2024/176 Approved by Joint Ministers	On going
Exclusion of interest-free loans from a settlor of a trust in calculating non-debt liabilities of the trust	Other	-	(500)	(500)	(500)	(500)	IR2024/176 Approved by Joint Ministers	On going
Qualifying Recognised Overseas Pension Schemes Taxation (Annual Rates for 2024-2025, Emergency Response, and Remedial Measures) Bill: Approval for Introduction	Cabinet	-	-	-	15,200	8,000	CAB-24-MIN-0259, CBC-24-MIN-0070	On going
	Cabinet	133	530	530	530	530	CAB-24-MIN-0320, LEG-24-MIN-0166	On going
<b>Fringe Benefit Tax</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting Fringe Benefit Tax	Fcst Adj	70,000	43,000	36,000	42,000	75,000	CO (18) 2	On going
<b>Gaming Duties</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting Gaming Duties	Fcst Adj	(4,000)	(3,000)	1,000	1,000	13,000	CO (18) 2	On going
<b>Goods and Services Tax (IRD)</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecast changes impacting Goods and Services Tax (IRD)	Fcst Adj	(391,000)	(57,150)	(44,150)	(46,150)	1,296,850	CO (18) 2	On going
Defining property developers for the purposes of a GST input tax limitation rule	Other	50	200	200	200	200	IR2024/176 Approved by Joint Ministers	On going
GST associated persons and secondhand goods remedial	Other	1,000	1,000	1,000	1,000	1,000	IR2024/176 Approved by Joint Ministers	On going

	Classification	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	Authority for Change	Final Year Funding
Omnibus Bill to Improve Collection of Duty, Fees and Levies	Cabinet	-	(50)	(50)	(50)	(50)	ECO-24-MIN-0169, CAB-24-Min-0315	On going
Special time of supply rule for accommodation supplied through online marketplaces	Other	(200)	-	-	-	-	IR2024/176 Approved by Joint Ministers	On going
Supply correction information amendment	Other	200	200	200	200	200	IR2024/176 Approved by Joint Ministers	On going
Zero- rating rules relating to international vessels exempt from import entries	Other	(50)	(200)	(200)	(200)	(200)	IR2024/176 Approved by Joint Ministers	On going
<b>Other Indirect Taxes</b>								
<b>Non-Dept Revenue</b>								
Approved Issuer Levy retrospective registration	Cabinet	10	40	40	40	40	CAB-24-MIN-0248, CBC-24-MIN-0065	On going
Cumulative forecasting changes impacting Other Indirect Taxes	Fcst Adj	42,990	27,960	25,960	30,960	17,960	CO (18) 2	On going
The Future of the Digital Services Tax Bill	Cabinet	-	(129,000)	101,000	41,000	48,000	ECO-24-MIN-0248, CAB-24-MIN-0439	On going
<b>Other Persons</b>								
<b>Non-Dept Revenue</b>								
Charities recommended for overseas donee status	Cabinet	(291)	(427)	(665)	(723)	(723)	CAB-24-MIN-0248, CBC-24-MIN-0065	On going
Cumulative forecasting changes impacting other Persons	Fcst Adj	(220,773)	114,754	(538,027)	(507,131)	55,002	CO (18) 2	On going
Disposal of land to the Crown - repeal of income spreading rule	Other	14	66	85	47	14	IR2024/176 Approved by Joint Ministers	2028/29
Foreign tax credits and trusts	Other	-	7	7	7	7	IR2024/176 Approved by Joint Ministers	On going
GST flat-rate credit and apportionment of GST-exclusive and GST-inclusive income tax deductions	Other	200	200	200	200	200	IR2024/176 Approved by Joint Ministers	On going
Qualifying Recognised Overseas Pension Schemes	Cabinet	-	-	-	(16,800)	(8,900)	CAB-24-MIN-0259, CBC-24-MIN-0070	On going
Sale of subdivided land that was acquired from a co-owner- extending the scope of the section	Other	(50)	(200)	(200)	(200)	(200)	IR2024/176 Approved by Joint Ministers	On going
Sale of subdivided land that was acquired from a co-owner- understated income amount	Other	50	200	200	200	200	IR2024/176 Approved by Joint Ministers	On going
Taxation (Annual Rates for 2024-2025, Emergency Response, and Remedial Measures) Bill: Approval for Introduction	Cabinet	(150)	(600)	(600)	(600)	(600)	CAB-24-MIN-0320, LEG-24-MIN-0166	On going
<b>Source Deductions</b>								
<b>Non-Dept Revenue</b>								
Changes to Welfare Settings to Support People into Employment and Off-benefit	Cabinet	-	(1,580)	(1,234)	(1,275)	(1,275)	CAB-24-MIN-0295, SOU-24-MIN-0096	On going
Cumulative forecasting changes impacting Source Deductions	Fcst Adj	(305,890)	(1,476,970)	(1,632,316)	(1,595,275)	1,677,725	CO (18) 2	On going
Employee vaccinations	Other	(90)	(370)	(370)	(370)	(370)	IR2024/176 Approved by Joint Ministers	On going
Taxation of Veterans' Affairs backdated lump sum payments	Other	(20)	(80)	(80)	(80)	(80)	IR2024/176 Approved by Joint Ministers	On going

	Classification	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	Authority for Change	Final Year Funding
<b>Withholding Taxes</b>								
<b>Non-Dept Revenue</b>								
Approved Issuer Levy retrospective registration	Cabinet	(60)	(240)	(240)	(240)	(240)	CAB-24-MIN-0248, CBC-24-MIN-0065	On going
Cumulative forecasting changes impacting Withholding Taxes	Fcst Adj	554,110	(121,560)	(19,560)	(72,560)	(172,610)	CO (18) 2	On going
Nature of interaction between transfer pricing rule and deemed dividend rule	Other	-	-	-	-	50	IR2024/176 Approved by Joint Ministers	On going
R&D tax Incentive: Imputation credit accounts and shareholder continuity breaches	Other	(50)	(200)	(200)	(200)	(200)	IR2024/176 Approved by Joint Ministers	On going
<b>Total changes - Tax Revenue</b>		<b>111,000</b>	<b>(1,656,000)</b>	<b>(1,908,000)</b>	<b>(2,438,000)</b>	<b>4,163,000</b>		
<b>Non-Tax Revenue</b>								
<b>Child Support Collections</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting Child Support Collections	Fcst Adj	(1,000)	-	-	-	-	CO (18) 2	On going
<b>Interest on Impaired Student Loans</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting Interest on Impaired Student Loans	Fcst Adj	(49,000)	(96,000)	(70,000)	(42,000)	(20,000)	CO (18) 2	On going
<b>Other non-tax revenue</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting Other Remedial items and secondary legislation for FamilyBoost	Fcst Adj	38,997	38,997	38,997	38,997	38,997	CO (18) 2	On going
	Other	3	3	3	3	3	s 9(2)(g)(i)	On going
<b>Small Business Cashflow Scheme interest unwind</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting SBC interest unwind	Fcst Adj	1,000	1,000	(1,000)	(2,000)	(2,000)	CO (18) 2	On going
<b>Unclaimed Monies</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting Unclaimed Monies	Fcst Adj	13,000	13,000	13,000	13,000	13,000	CO (18) 2	On going
<b>Working for Families Tax Credit Interest and Penalties</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting WfFTC Interest and Penalties	Fcst Adj	10,000	-	-	-	-	CO (18) 2	On going
<b>Total changes - Non-Tax Revenue</b>		<b>13,000</b>	<b>(43,000)</b>	<b>(19,000)</b>	<b>8,000</b>	<b>30,000</b>		
<b>Capital Receipts</b>								
<b>Income Equalisation Reserve Account</b>								
<b>Non-Dept Revenue</b>								

	Classification	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	Authority for Change	Final Year Funding
Cumulative forecasting changes impacting Income Equalisation Reserve Account	Fcst Adj	(30,000)	(20,000)	-	-	-	CO (18) 2	On going
<b>Small Business Cashflow Scheme receipts</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting Small Business Cashflow Scheme Receipts	Fcst Adj	200	3,400	13,700	(718)	(3,900)	CO (18) 2	On going
<b>Student Loans - Receipts</b>								
<b>Non-Dept Revenue</b>								
Cumulative forecasting changes impacting Student Loan - Receipts	Fcst Adj	(123,000)	(185,000)	(214,000)	(228,000)	(187,000)	CO (18) 2	On going
<b>Total changes - Capital Receipts</b>		<b>(152,800)</b>	<b>(201,600)</b>	<b>(200,300)</b>	<b>(228,718)</b>	<b>(190,900)</b>		

## Classification Key

Short Name	Description	Reference
Cabinet	Cabinet policy decision	Approvals are sought in cabinet papers (refer to cabinet manual), with authority given via a cabinet minute. The authority for change should reference both supporting documents.
ECT	Expense and Capital Transfer	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring funding within an appropriation across financial years.
ECT ip	Expense and Capital Transfer in-principle	Defined in (Cabinet Office Circular). The portion of an ECT that can't be accurately quantified so the transfer amount has been approved in-principle. 1st time can count in fiscal forecasts is OBU.
Fcst Adj	Forecast Adjustments	Defined in (Cabinet Office Circular). Adjustments to the forecast expenditure of PLAs or where there is a pre-determined cost calculation, or Crown Revenue.
FLoS	Front-Loading of Spending	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Bringing forward expenditure to create lasting cost savings.
FNA	Fiscally Neutral Adjustment	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring funding between appropriations within a financial year.
RoU	Retention of Underspend	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring underspend to the next financial year.
RoU 50%	Retention of Underspend @ 50%	Defined in CO Circular. Portion of an ROU can't accurately quantify so the transfer amount of 50% of an underspend has been approved in-principle. 1st time can count in fiscal forecasts is OBU.
Tech Adj	Technical adjustment	Defined in (Cabinet Office Circular). Technical accounting adjustments with no cash impact to the Crown, MYA spending profile changes, non-controversial appropriation title or scope changes.
SuppsJune	Offset MYA June vs Supps Difference	This is a subset of the Technical Adjustments classification for neutral changes to the MYA spending profile to offset the difference between the Supps Forecast and June Actual.
BudgetOY4	Offset MYA Budget OY4 Rollover	This is a subset of the Technical Adjustments classification for neutral changes to the MYA spending profile to offset the rollover of Budget OY4 into OBU OY4.
Return Sav	Return of savings to the Crown	Returning savings to the Crown is always encouraged. Departments can achieve this by constantly looking for efficiency gains through improvements in processes and technology.
Crwn Liab	Recognition of Existing Crown liability	Crown liabilities need to be recognised as soon as possible. These affect Non-Departmental Appropriations.
Other	Other changes outside the above criteria	There should be very few changes outside the above criteria, so if there are any they require extra scrutiny.



## **Status Report**

Weekly update for the Minister of Revenue

Week ending: Friday 6 December 2024  
Date issued: Friday 29 November 2024

## New topical issues

New items since the last Status Report (issued on 8 November 2024).

<b>Policy</b>	
<p>Petition of John Clarkson: Update the New Zealand Child Support system</p>	<p>The Clerk of the Petitions Committee has invited Inland Revenue to make a written submission commenting on the issues raised by a petition:</p> <p>That the House of Representatives update the Child Support system by:</p> <ol style="list-style-type: none"> <li>1) establishing equal shared care as the default position in custody disputes,</li> <li>2) requiring child support payments only from parents with less than 28 percent of care, and</li> <li>3) reduce payments significantly to affordable amounts.</li> </ol> <p>Note that 691 people have signed a similar petition.</p> <p>The reason the petitioner gives for the petition is, he believes:  <i>NZ Child Support is based on a 1950s outdated model of the father going to work and the mother staying behind to look after the children; in modern society, equality in the workplace has never been stronger; the current model is effectively a tax on paying parents and no longer fit for purpose; it favours receiving parents and unfairly targets paying parents with outrageous amounts.</i></p> <p>The response to this petition is due at 4pm on Wednesday 22 January. We will report to you by the end of the year with our response to the Committee.</p>
<p>Resale Right for Visual Artists Act 2023</p>	<p>The Resale Rights for Visual Artist Act establishes a royalty scheme to ensure the creators of visual art are recognised and rewarded when their work is resold on the secondary art market. A 5 percent royalty is collected by the collection agent from the art reseller and 4 percent is returned to the original artist. The remainder is retained by the collection agent as their fee. This scheme is a requirement of the European Union free trade agreement.</p> <p>Inland Revenue gave initial GST advice to the Ministry of Culture and Heritage on the tax treatment of the scheme in 2022. We subsequently finalised our advice in 2024, and this contradicted our initial advice. As a result, the Ministry and Inland Revenue sought advice from Crown Law as to the tax treatment of the payments under current law, and Crown Law has advised that both the payment from the art reseller to the collection agent and the payment from the collection agent to GST-registered artists are both taxable and subject to GST at 15 percent. The 1 percent retained by the collection agent is also subject to GST.</p> <p>Inland Revenue has been working with the Ministry and the collection agent to resolve the tax issues. You will receive a report that includes advice on the appropriate tax treatment of the scheme in due course.</p>



<p>Roundtable to improve collective efforts to address scams</p>	<p>The Minister of Commerce and Consumer Affairs, Hon Andrew Bayly, as lead for addressing scams, has announced a plan to:</p> <ul style="list-style-type: none"><li>• Coordinate work across ministerial portfolios and public sector agencies to improve information sharing.</li><li>• Collaborate with industry to develop industry-led solutions within specific sectors (for example banks) and between different sectors (such as information sharing between telecommunications and banks).</li><li>• Engage with Ministerial counterparts in Australia and Singapore to establish a coordinated regional approach.</li></ul> <p>Inland Revenue is attending a roundtable hosted by Minister Bayly on 6 December on how government can improve its collective efforts to address scams. Due to the value of entitlements, refunds and KiwiSaver payments made annually, Inland Revenue and its customers are prime targets for scammers aiming to obtain financial benefits or stealing taxpayer information for other fraudulent activities.</p> <p>Our role in scam prevention includes:</p> <ul style="list-style-type: none"><li>• Mitigating risk through robust system design to prevent fraud or to identify who is attempting to commit fraud</li><li>• Detecting and disrupting scams, such as taking down phishing sites impersonating our brand.</li><li>• Proactively identifying potential scam victims through methods such as recognising compromised credentials.</li><li>• Collecting and analysing scam reports provided by the public.</li></ul>
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## Key Performance Indicators

Key metrics form Inland Revenue’s set of service delivery measures that summarise our performance in areas covering customers filing and reporting accurately, customers paying on time, our support for customers that helps them meet their obligations, and revenue results.

<b>Key results at a glance for YTD October 2024</b>			
<b>Measure</b>	<b>YTD Oct 2024</b>	<b>YTD Oct 2023</b>	<b>Target or forecast</b>
Percent of returns filed by customers were on time	97.1%	96.9%	95%
Return on investment from all compliance activities for every dollar spent	\$12.10	\$8.45	\$10.00
Percent of calls answered	75.4%	66.6%	60%
Percent of tax and social policy registrations processed within 5 working days	92.9%	85.3%	85%
Percent of the tax payments made by customers were on time	88.9%	89.0%	90%
Percent of tax payments made on time by value	96.0%	95.8%	94%
Percent of student loan customers met their obligations	82.3%	82.7%	85%
Percent of child support assessments were paid on time	75.6%	70.5%	70%
Percent of new customer debt was resolved within 6 months	60.5%	54.2%	50%
Percent of tax debt value under an active repayment plan	14.6%	N/A	Improve on baseline (14%)
<b>Overall, IR has met 77.8% of available output measurements</b>			
<b>Revenue performance</b>	<b>YTD at Sep 24</b>	<b>YTD at Sep 23</b>	
Tax revenue	\$28.2b	\$27.2b	Forecast: \$27.3b
Tax receipts	\$30.1b	\$26.3b	Forecast: \$32.7b
<b>Departmental financial performance</b>	<b>YTD at Oct 24</b>	<b>+/- YTD budget</b>	
YTD departmental spend	\$249m	3.3% below	
Forecast full-year departmental spend	\$766m	0.2% below	

## Budget 2024 compliance performance progress

Four key result areas are being monitored to demonstrate value from the additional Budget 2024 funding for compliance activities.

Key result areas	YTD Oct-23	YTD Oct-24	YTD target range	Min. YE B24 Target
Compliance interventions	\$294.2m	\$493.0m	\$197-\$471m	\$1,038m
Overdue tax collected from debt activity	\$1,213.5m	\$1,541.6m	\$1,194-\$1,593m	\$4,080m
Revenue from overdue returns filed	\$533.9m	\$436.5m	\$435-\$537m	\$1,715m
OBB student loan repayments	\$54.9m	\$80.6m	\$60-\$77m	\$189m

Inland Revenue continues to achieve strong results from its compliance activities and overdue tax collected. Inland Revenue is 28% ahead of last year's cash collected, with teams devoted to this activity.

The value of outstanding returns is at the lower end of the target range. There is a plan underway to increase efforts seeking higher value outstanding returns which will see this result improve in the coming months.

Inland Revenue is realising the benefit of compliance efforts commenced over the last year, leading to early positive outcomes, with revenue tracking ahead of YTD targets. It's expected that this will fall back a little in coming months as increased training for newer staff occurs. Inland Revenue has closed 52% more audits than for the same period last year.

Overseas Based Borrower (OBB) student loan repayments for Oct-24 were up 42.1% (\$6.0 m) compared to Oct-23.

## Bills

<b>Bill title</b>
The Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill
<b>Approximate date of enactment</b>
End of March 2025
<b>Current status</b>
<p>The Bill was introduced into the House on 26 August 2024. It received its First Reading on 29 August 2024 and was referred to the Finance and Expenditure Committee.</p> <p>The closing date for submissions was 9 October 2024, and oral submissions have been heard. Officials continue to liaise with stakeholders on aspects of the Bill.</p> <p>The Committee has set 17 January 2025 as the date for lodging the Departmental Report.</p>

<b>Bill title</b>
Digital Services Tax Bill
<b>Approximate date of enactment</b>
To be confirmed
<b>Current status</b>
<p>The Digital Services Tax Bill was introduced into the House on 31 August 2023, has been reinstated, and is awaiting its First Reading. The Cabinet Legislation Economic Policy Committee has decided to retain the Bill on the legislative programme s 9(2)(g)(i)</p>

## Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR	Holding the Minimum Family Tax Credit Threshold at Current Level	ECO	04/12/2024
MoR	Taxation (Use of Money Interest Rates) Amendment Regulations 2024	LEG	05/12/2024
MoR	Student Loan Scheme (Repayment Threshold for 2025-26 Tax Year and Subsequent Tax Years) Regulations 2024	LEG	<del>05/12/2024</del> 12/12/2024
s 9(2)(f)(iv)			

## Upcoming Cabinet papers

<b>Agency</b>	Ministry of Social Development
<b>Committee</b>	Cabinet Legislation Committee (LEG) – 5 December 2024
<b>Paper title</b>	Social Security Amendment Bill: Approval for Introduction
<b>Summary</b>	<p>The paper seeks agreement to introduce the Social Security Amendment Bill to the House, following Cabinet’s previous agreement to the policy proposals of the Traffic Light System and 26-week reapplication process for Jobseeker Support.</p> <p>This Bill introduces Phase 2 of the Traffic Light System. Phase 1 was implemented on 12 August 2024 and consisted of changes which did not require amendments to legislation, such as the introduction of traffic light colours to give MSD clients a clear indication of their compliance with their obligations.</p> <p>This Bill includes four key policy amendments:</p> <ul style="list-style-type: none"> <li>• introduction of non-financial sanctions, specifically Money Management and Community Work Experience, as an option in response to the first failure of a work-related or social obligation</li> <li>• introduction of a requirement for applicants of certain benefits to complete a mandatory Jobseeker Profile as a pre-benefit activity</li> <li>• changing the expiry date for Jobseeker Support from 52-weeks to 26-weeks and requiring recipients (and any partner included in their Jobseeker Support benefit) to reapply in order to continue to receive a benefit</li> <li>• extension of the period over which work-related and social obligation failures are counted against a client from 12 months to 24 months.</li> </ul> <p>§ 9(2)(f)(iv)</p>
<b>Inland Revenue view</b>	Inland Revenue has no comments on this paper.

<b>Agency</b>	Ministry of Business, Innovation and Employment
<b>Committee</b>	Cabinet Economic Policy Committee (ECO) - TBC
<b>Paper title</b>	Capital markets: initial policy decision, targeted consultation and 2025 work programme
<b>Summary</b>	This paper proposes removing regulatory barriers that add costs for companies, consult on potential improvements to the climate related disclosures regime, consul on changes to enable KiwiSaver providers to invest into private (i.e. unlisted assets), and review various settings to ensure they are supporting investment and confidence in New Zealand's capital markets.
<b>Inland Revenue view</b>	s 9(2)(g)(i)

## Upcoming reports

### Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2024/208	MoR, MoF: Agree	2025 GST Issues Paper	Advising Ministers on a potential officials' GST issues paper.		06/12/2024
s 9(2)(f)(iv)					
BN2024/472	MoR: Note	Taxation of non-residents in the film industry and other industry sectors	The briefing note provides a summary and comparison of the tax treatment of non-residents working in the film industry, as overseas fishing crew and as RSE workers.		06/12/2024
s 18(c)(i), s 9(2)(f)(iv)					

<b>IR Reference</b>	<b>Referral to and/or action sought from Ministers</b>	<b>Title</b>	<b>Description</b>	<b>Cabinet paper (include date &amp; committee)</b>	<b>Due to Minister (Week ending)</b>
IR2024/397	MoR, MoF: Agree to recs	Summary of submissions and recommended changes for the Departmental Report for the Taxation (Annual Rates for 2024-25, Emergency Response, and Remedial Measures) Bill: policy items	Seeks your and the Minister of Finance's approval on recommendations impacting policy to be included in the Departmental Report to the Finance and Expenditure Committee (FEC) on the Emergency Response Bill.		06/12/2024
s 9(2)(f)(iv)					
s 9(2)(f)(iv)					

<b>IR Reference</b>	<b>Referral to and/or action sought from Ministers</b>	<b>Title</b>	<b>Description</b>	<b>Cabinet paper (include date &amp; committee)</b>	<b>Due to Minister (Week ending)</b>
s 9(2)(f)(iv)					
s 9(2)(f)(iv)					
s 9(2)(f)(iv)					
IR2024/478	MoR: Note	Inland Revenue response to John Clarkson petition	The Clerk of the Petitions Committee has invited Inland Revenue to make a written submission commenting on a petition for the House of Representatives to update the Child Support system.		13/12/2024

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2024/481	MoR: Agree	Trust disclosures post-implementation review recommendations	Summary of conclusions from the trust disclosures post-implementation review, including recommended legislative changes for inclusion in the current tax Bill.		13/12/2024
s 9(2)(f)(iv)					
s 9(2)(f)(iv)					
s 9(2)(f)(iv)					

**ED&I, Enterprise Services, CCS-I, CCS-B, & TCO**

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (Yes or no, if yes when)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
s 9(2)(f)(iv)					
BN2024/475	MoR: Note	Follow up on missed and management of insolvency activity	This note responds to questions from the Ministers office around how IR follow's up on missed PAYE payments (process, automated reminders, human intervention, etc...) considerations around timeframes for payment plans (up to 3 years), and an overview of the liquidation process and what more we could do to prevent liquidations from occurring.		06/12/2024
IR2024/402	MoR to note and agree recs and sign and forward to MoF (MoF to agree).	Approval to increase Inland Revenue's foreign currency counterparty exposure limit	This report seeks joint approval to increase Inland Revenue's foreign currency counterparty exposure limit from the standard NZD 5 million per counterparty to NZD 40 million per counterparty.	Yes	<del>01/11/2024</del> <del>29/11/2024</del> 07/02/2025

## Upcoming meetings/events

03 December	Minister of Revenue meeting
04 December	Asteron site visit
10 December	Minister of Revenue meeting
13 December	Meeting with Mayor Phil Mauger
17 December	Minister of Revenue meeting

## IR publicity

Date	Topic	IR
5 June 2024 – 30 June 2025	FamilyBoost campaign. Digital advertising and social media campaign raise awareness of the new payments, encourage them to register in October and remind them to claim each quarter.	Targeted digital advertising and social media.
Late Aug 2024 – Dec 2024	Outstanding returns pilot campaign. Targeting customers who our data indicates have under reported income and/or need to register for GST.	Direct letters, outbound calling.
July/Aug 2024 – June 2025	Student loan campaign. Targeted to overseas based customers or those thinking of moving overseas to raise awareness of their repayment obligations and make required payments.	Targeted digital advertising, social media, and direct letters.
Oct 2024 – June 2025	Getting It Right (GIR) advertising campaign. Digital advertising and social media campaign to remind business owners of their tax and employee obligations. Focus on book-keeping, cash-handling and electronic point of sale practices. Primary audience: Liquor and vape outlets. Secondary: high risk retail/personal services still to be confirmed e.g. nail bars, barbers, hairdressers, tattooists.	Targeted digital advertising, social media, and radio.

## Official Information Act requests

MoR OIAs – for Minister to respond.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 169-24 [25OIA1589]	Received	02/12/2024	s 9(2)(a)	Any letters (i.e. formal correspondence under ministerial letterhead) sent from the minister to any ministerial colleague, including the prime minister, in the past six months
MOIA 171-24 [25OIA1560]	Received	03/12/2024	Member of the public	Advice provided to or requested by the Minister regarding administrative burdens to administer and potential effects of phasing out FamilyBoost.
MOIA 172-24 [25OIA1576]	Received	02/12/2024	Member of the public	Child Support obligations in relation to Benefit Traffic Light sanctions.
MOIA 176-24 [25OIA1600]	03/12/2024	11/12/2024	s 9(2)(a)	All aide memoirs, briefings, memos, notes, reports, speaking notes, or any other advice received by the MoR or his office that relates to the Tax Policy Work Programme published 13 November 2024
MOIA 168-24 [25OIA1543]	22/11/2024	Extended to: 13/12/2024	s 9(2)(a)	Request for copies of five reports, six briefing notes and four Weekly Status Reports.  Ten of these were addressed to the offices of the MoR and MoF and five to the office of the MoR.

## FOR MINISTERS' OFFICE USE

<b>Ref no.</b>	<b>Date due to MoR office</b>	<b>Statutory deadline</b>	<b>Requester</b>	<b>Subject</b>
MOIA 184-24 [25OIA1645]	13/12/2024	20/12/2024	s 9(2)(a)	Request copies of all handwritten comments from the Minister of Revenue, written on briefings or any other documents provided by Inland Revenue, from 29 February 2024 to 31 March 2024
WILLIS 821 [25OIA1654]	16/12/2024	23/12/2024	s 9(2)(a)	Copy of 5 Status Reports and 11 emails relating to FamilyBoost updates released in the reply to WPQ 73572 (2024).
WILLIS 839 [25OIA1665]	16/12/2024	24/12/2024	Member of the public	Any advice the MoF has received regarding increasing compulsory KiwiSaver contributions and the impact that may have on inflation, investment flows, productivity, and the current account deficit.

FOR MINISTERS' OFFICE USE

**CIR OIAs** – for Minister's office to note or consultation.

<b>Ref no.</b>	<b>Date due to MoR office</b>	<b>Statutory deadline</b>	<b>Requester</b>	<b>Subject</b>
25OIA1559	02/12/2024	03/12/2024	Member of the public	Whether Inland Revenue used Fujitsu or Oracle products during the years 2000-2020.
25OIA1650	03/12/2024	04/12/2024	Member of the public	Policy/procedures IR followed to use personal information for targeted advertising, copy of email confirming data file was deleted
25OIA1643	03/12/2024	04/12/2024	Member of the public	Information provided to the media regarding the use of customer audience to reflect that complaints have been received as to not attempt to nullify concerns regarding this practice of providing information to external parties.
25OIA1586	16/12/2024	(Extended) 17/12/2024	Member of the public	all correspondence, including emails, text messages, Teams messages, between staff members at General Manager level (Tier 3) and above, up to and including the Chief Executive, related to the recent data breach involving the leaking of New Zealanders per

## FOR MINISTERS' OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA1629	13/12/2024	16/12/2024	Special interest group  Tax Lawyer	Terms of agreement for the customer audience lists, copy of work IR has done during the internal review of the unintended disclosure, details of the unintended disclosure and what layers of security do social media platforms have
25OIA1627	13/12/2024	16/12/2024	s 9(2)(a)	Total times adult entertainment websites have been blocked by filter on staff devices or any work environment, broken down by month.
25OIA1613	11/12/2024	12/12/2024	Member of the public	Steps IR took to consult with the public on the use of custom audience lists
25OIA1605	11/12/2024	12/12/2024	Member of the public	Reasons for sharing personal data with social media companies and consequences of unintended disclosure
25OIA1606	10/12/2024	11/12/2024	Special interest group  Consulate	Number of employees using NSW tax code for last 5 financial years
25OIA1602	5/12/2024	11/12/2024	s 9(2)(a)	Internal correspondence relating to OIAs on media advertising; correspondence created when responding to media enquiries, and a copy of briefings or memoranda presented to MoR on use of custom audience lists.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA1591	3/12/2024	9/12/2024	s 9(2)(a)	Targeted marketing practices in the last 5 years involving personal data, particularly where individuals or groups are identified and communicated with on digital platforms
25OIA1618	5/12/2024	6/12/2024	Special interest group  Lawyers	IR investigations into issues relating to monies that are given as "gifts" within churches/to church Ministers
25OIA1575	4/12/2024	5/12/2024	Member of the public	Details of what was shared with Meta, the decision framework used to determine disclosure was not notifiable, how the data was stored on IR systems.
25OIA1574	4/12/2024	5/12/2024	Member of the public	Inland Revenue's next steps regarding unintended disclosure with Meta and if there is a report on the incident
25OIA1568	3/12/2024	4/12/2024	Member of the public  FYI.org.nz	What encryption method used, what is IR's policy on appropriate methods to secure personal information, and Can IRD be sure that there have been no other occasions of personal information being shared with third parties, in a non-approved manner

## FOR MINISTERS' OFFICE USE

<b>Ref no.</b>	<b>Date due to MoR office</b>	<b>Statutory deadline</b>	<b>Requester</b>	<b>Subject</b>
25OIA1564	3/12/2024	4/12/2024	Member of the public	Tax treatment of employer-provided accommodation specifically relating to apply to government officials and diplomats.
25OIA1562	3/12/2024	4/12/2024	s 9(2)(a)	IR's carbon neutral public service targets and total spend (including but not limited to internal staff numbers, external spend, capital spend, offset spend)
25OIA1549	2/12/2024	3/12/2024	Special interest group s 9(2)(a)	Inland Revenue's approach to analysing, measuring, estimating and quantifying tax compliance and administration costs, and any data or statistics available on that.
25OIA1676	24/12/2024	16/01/2024	Member of the public	The number of all Departmental OIAs that have provided to the MoR or his office from 15 May 2024 until 15 November 2024



**Inland Revenue**  
Te Tari Taake

## Briefing note

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Reference: **BN2024/486**

Date: 29 November 2024

To: Private Secretary, Minister of Revenue – Angela Graham  
Private Secretary, Minister of Revenue – Helen Kuy  
Private Secretary, Minister of Finance – Emma Grigg

Copy to: James Grayson, Deputy Commissioner  
Sue Gillies, Customer Segment Lead - Families  
Joanne Petrie, Executive Support Advisor to Commissioner  
Carolyn Patchell, Management Support to Deputy Commissioner

From: Sue Gillies, Customer Segment Lead - Families

Subject: **FamilyBoost update**

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### **Purpose**

1. The purpose of this note is to provide an update on FamilyBoost numbers and planned marketing and engagement activities for quarter two.

### **FamilyBoost registration and claim numbers**

2. Since FamilyBoost registrations opened until 25 November 2024, inclusive, we have received 57,097 registrations and created 56,610 accounts.
3. Since FamilyBoost claims opened until 25 November 2024, inclusive, we have received 55,327 claims and paid out \$15,189,087.31 to 40,047 households.
4. Our modelling was for 100,000 families to be eligible for FamilyBoost in the first year (to September 2025), and 140,000 children.
5. We are continuing to promote and educate families about FamilyBoost through a range of channels including social and digital media advertising.
6. As we have only processed the first quarter of FamilyBoost, it is early days in understanding customer behaviours. While some households have completed their first claim, others may choose to wait and make multiple claims together (for example submit four quarters at the same time). Households have up to four years to submit claims.

### **Ongoing Marketing and Communications activities to support uptake of FamilyBoost**

7. We have had a successful launch with education and awareness activity running across multiple channels from June to October.
8. We will continue to promote and raise awareness via a continuous layer of 'always on' advertising and this will be boosted with additional targeted activity at the end of each quarter, encouraging registrations and claims.

9. We will continue to work with our advertising agency and key stakeholders to refine our approach and identify new opportunities to reach the target audience.

### **Providing support to stakeholders and the community**

10. We are continuing to work with the Student Management Software (SMS) providers and sharing information that they can pass on to their ECE's. We will send a reminder email to them in early December confirming quarter two dates.
11. We are meeting with the Early Childhood Advisory Committee (ECAC) and other relevant organisations as required.
12. Our Community Compliance team are liaising with community organisations, key industry bodies and other Government organisations that support caregivers to ensure they are promoting FamilyBoost to their customers, if applicable. Our Front of House people are assisting customers when needed, to register and submit claims.
13. The Community Compliance Kaitakawaenga Māori officers are working with the Te Kōhanga Reo's to ensure they are getting the guidance they need to support whānau to claim FamilyBoost.

Sue Gillies  
Customer Segment Lead - Families  
s 9(2)(a)