

Hon Peter Dunne

Minister of Revenue

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More money for successful tax compliance

Budget 2012 will provide Inland Revenue with an extra \$78.4 million over the next four years to bolster its successful tax compliance activities in dealing with the hidden economy, debt collection, and following up on unfiled returns, Revenue Minister Peter Dunne says.

In Budget 2010, the Government allocated an additional \$119.3 million over four years for the department to strengthen its compliance and debt activities.

The return on investment from that funding in the first year was encouraging, Mr Dunne says.

Extra tax of \$86.9 million was assessed, representing a return of \$6.62 for every dollar invested in the hidden economy and the property sector. An additional \$115.3 million of tax debt was recovered – a return of \$9.50 for every dollar invested.

The extra compliance activities in Budget 2012 are estimated to have a net positive impact on the operating balance of \$345.4 million over the four years to 2015/16.

“The great majority of New Zealanders meet their tax obligations voluntarily,” Mr Dunne says. “However, when people do not pay their fair share, everyone else suffers because there is less money for health, education, and other essential services for our community.

“So it is important that Inland Revenue focuses on those people undermining the tax administration and its systems through fraudulent activity.

“The additional funding will allow Inland Revenue to continue to strengthen the integrity of the tax system.”

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