

Hon Peter Dunne

Minister of Revenue

20 May 2010

More money to improve tax compliance, audits

Budget 2010 provides increased funding for Inland Revenue to support the Government's package of tax reforms and increase tax compliance activities.

The extra focus on audit and compliance is estimated to have a net positive impact on the operating balance of \$745 million over four years, Revenue Minister Peter Dunne says.

"Budget 2010 introduces a package of tax changes to rebalance the tax system and support the Government's economic goals of growth, savings and investment rather than the consumption, borrowing and unproductive property investments of the past.

"Among them are measures to improve the fairness, coherency and integrity of the tax system so people pay their fair share of tax," Mr Dunne says. "It is anticipated the additional Budget funding for Inland Revenue of \$119.3 million over four years will enhance Inland Revenue's compliance activities, including audit and debt collection.

"It will improve Inland Revenue's ability to detect and take action against those who deliberately structure their affairs to avoid paying the tax they should."

It will also allow Inland Revenue to reduce the levels of overdue debt owed in relation to unpaid taxes, Mr Dunne says.

"This includes 'hidden economy' activities, when people deliberately choose cash transactions to avoid paying tax, and other instances when taxpayers do not honour their tax obligations."

"When people do not pay their share, everyone else suffers because there is less money for health, education and other essential services.

"The additional funding will allow Inland Revenue to strengthen its work to improve voluntary compliance with the tax laws and reduce tax debt so everyone contributes their fair share towards New Zealand's economic future."

Media contact: Mark Stewart 04 817 6985 or 021 243 6985