

Hon Peter Dunne

Minister of Revenue

19 May 2011

\$119.3m of tax compliance funding pays off

The \$119.3 million allocated over four years in Budget 2010 to help Inland Revenue chase down tax evaders has already helped assess or bring in an additional \$115.2 million of tax in the first nine months.

“This is well ahead of the targets set,” Revenue Minister Peter Dunne says.

The extra funding has been used for Inland Revenue audits focused on seasonal workers, the hospitality industry and the property sector, with an additional \$46.8 million of tax assessed between July 2010 and 31 March 2011.

“It is fully expected that the return on investment targets in these areas will be exceeded when the first full 12 months are completed at the end of June.”

The audit activities have centred on the hidden economy, where people tend to do cash transactions to avoid paying tax.

“In these difficult times, anything short of full compliance with tax obligations is effectively stealing from the honest New Zealand taxpayers paying their due. I am committed to following up on tax evaders,” Mr Dunne says.

“The \$46.8 million in extra tax assessed represents a return on investment of \$5.74 for every \$1 invested. This is 13 per cent above the agreed targets for the hidden economy and property sector at 31 March this year.”

Inland Revenue has also used the additional funding to focus on early debt collection through targeted campaigns for selected groups.

“This approach has helped Inland Revenue recover an additional \$68.4 million from July last year to 31 March this year. That is a return on investment of \$8.75 for every \$1 invested, which is also 13 per cent above the set targets. While the results are a very positive start, we will continue to closely monitor this investment. For New Zealanders to have confidence in the tax system, we all need to pay our fair share.”

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