

Inland Revenue report



Vote Revenue: 2026 Pre-election Economic and Fiscal Update for non-departmental expenditure appropriations

Date	24 August 2026	Priority	High
Security level		Report number	IR2026/239

Action sought		Deadline
Minister of Finance	Approve recommendations	3 September 2026
Minister of Revenue	Approve recommendations Refer report to the Minister of Finance	28 August 2026

Purpose
This report seeks your approval of the forecast changes to non-permanent legislative authority Vote Revenue appropriations and outyear baselines for inclusion in the 2026 Pre-election Economic and Fiscal Update, and your agreement to refer it to the Minister of Finance for her approval.

Contact for phone discussion, if required			
Name	Position	Phone number	First contact
Fergus Welsh	Enterprise Leader Finance (Chief Financial Officer)	s 9(2)(a)	☐
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Vote Revenue: 2026 Pre-election Economic and Fiscal Update for non-departmental expenditure appropriations

Executive summary

- 1) This report seeks the Minister of Revenue and the Minister of Finance (joint Ministers) approval of the forecast changes to non-permanent legislative authority Vote Revenue appropriations and outyear baselines for inclusion in the 2026 Pre-election Economic and Fiscal Update (PREFU 2026).
- 2) It also advises you of forecast changes to permanent legislative authority (PLA) appropriations and Cabinet and joint Minister decisions made since the 2026 Budget Economic and Fiscal Update (BEFU 2026) which impact on Vote Revenue appropriations.

Background

- 3) Inland Revenue updates the forecasts for its appropriations during the year for inclusion in each economic and fiscal update. Each revision to forecasts for appropriations without permanent legislative authority (PLA) requires joint Minister authority (Ministers of Finance and Revenue).
- 4) Inland Revenue submitted updated PREFU forecasts for tax revenue and all non-departmental appropriations to the Treasury on 17 August 2026. These forecasts reflect Treasury's updated macroeconomic assumptions as at 7 August 2026, actual unaudited results to June 2026, and all Cabinet and joint Minister decisions affecting Vote Revenue to 17 August 2026.
- 5) The forecasts also roll out the revenue forecasts and appropriation baselines by an additional year to 2030/31. This roll out preserves a five-year planning horizon within the Treasury Crown Financial Information System. Any changes to the 2029/30 rolled out baseline to reflect 2030/31 forecasts are treated as a forecast change and require joint Minister authority.
- 6) The updated forecasts, as submitted, incorporate forecasts for the following appropriations as well as revenue items (not covered in detail in this report), which have been prepared by other agencies:
 - The tax revenue forecast has been prepared by the Treasury.
 - The student loans lending forecast has been prepared by the Ministry of Social Development.
 - The *Final-year Fees Free Payments* appropriation forecast, and the amount of annual student loan lending expected to be forgiven through final-year fees free settlements, have been prepared by the Ministry of Education.

- The forecast for the *Science, Innovation and Technology: R&D Tax Incentive* appropriation has been prepared by the Ministry of Business, Innovation and Employment (MBIE).
- 7) This report explains forecast changes to appropriations and outyear baselines since BEFU 2026 and seeks your joint approval for these changes to non-PLA appropriations. Forecast changes to appropriations established under a PLA do not require approval but are also provided for your information. However, all forecast changes will be included in the 2026/27 Supplementary Estimates of Appropriations and the 2027/28 Estimates of Appropriations as appropriate.
 - 8) We are seeking approval for one buffer (appropriation upper limits) for the *Impairment of Debt and Debt Write offs* appropriation as part of this submission, as this is a demand driven appropriation driven largely by customer repayment behaviour and macro-economic conditions.
 - 9) The revised appropriations for 2026/27 and outyear baselines after the PREFU forecast changes are included in Appendix A for your information.
 - 10) The *Science, Innovation and Technology: R&D Tax Incentive* appropriation is managed under Vote Revenue. We are separately seeking approval from the Minister of Finance and the Minister of Science, Innovation and Technology as appropriation Minister (IR2026/258 refers) for forecast changes relating to this appropriation and have included the forecast changes for completeness.

Revised forecasts

Forecast changes to appropriations not established under a Permanent Legislative Authority

- 11) Explanations for forecast and appropriation changes across the forecast period since BEFU 2026 for Non-Departmental non-PLA appropriations which require joint Ministers' approval are as follows:

Non-Departmental Other Expenses

	\$ million – increase / (decrease)					
Vote Revenue Minister of Revenue	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears	Total Forecast Period
Non-Departmental Other Expenses:						
(a) Impairment of Debt and Debt Write-Offs						
Forecast change	-	-	64.600	99.400	109.400	273.400
Buffer change	150.000	-	-	-	-	150.000
Total change for approval	150.000	-	64.600	99.400	109.400	423.400
(b) Initial Fair Value Write-Down Relating to Student Loans	(99.385)	(64.165)	(45.228)	(32.368)	(3.082)	(244.228)
(c) Final-year Fees Free Payments	-	-	-	(0.285)	(0.199)	(0.484)
Total forecast and buffer changes	50.615	(64.165)	19.372	66.747	106.119	178.688

- a) The forecast for the *Impairment of Debt and Debt Write-offs* appropriation in 2026/27 has increased by \$150 million. This increase reflects the addition of a buffer to provide an upper expenditure limit for appropriation management purposes due to the economic and demand driven nature of this appropriation.

Excluding this buffer, forecast expenditure for 2026/27 and 2027/28 is unchanged from BEFU 2026. Forecast expenditure increases by a total of \$273.400 million across the remaining forecast period from 2028/29 onwards.

Inland Revenue's focus in 2025/26 has been on preventing debt where possible, intervening early when debt does arise, and providing targeted support to resolve debt before it becomes harder to recover. On 30 June 2026, overdue tax and entitlements debt totalled \$9.661 billion, which was \$0.371 billion below the BEFU 2026 forecast. While debt levels remain high, annual growth has slowed to 4% compared with 13.7% in the previous year.

The impairment expense is mainly driven by the level of new debt entering the debt book. While the PREFU debt forecast assumes a continued slow-down in new debt growth and

a gradual decline in new debt as a proportion of revenue, the impairment expense is still forecast to increase modestly across the forecast period. This is because the decline in the proportion of revenue becoming new debt is more than offset by growth in the underlying tax revenue base, which is forecast to increase by \$40.620 billion over the forecast period, from \$119.450 billion in 2026 to \$160.070 billion in 2031.

Although the impairment expense for 2025/26 is lower than forecast, this was largely due to a modelling refinement in the valuation process following the inclusion of provisional tax in the overdue debt valuation in 2024/25. Based on current debt forecasts, we expect impairment to stabilise at around \$1.4 billion per annum, with small incremental growth expected each year to reflect the growth in revenue. The baseline increases requested for 2028/29 to 2030/31 increase the funding in line with this.

- b) The forecast for the *Initial Fair Value Write-Down Relating to Student Loans* appropriation has decreased by \$244.228 million over the forecast period. This mainly reflects a \$108 million reduction from lower forecast new lending since BEFU 2026, and a \$132 million reduction from updated initial fair value write-down rates reflecting changes in discount rates and cash flow assumptions.
- c) The forecast for the *Final-year Fees Free Payments* appropriation has decreased by \$285,000 for 2029/30 to align the forecast with the baseline and by \$199,000 for 2030/31 to remove the impact of the roll out of a Budget 2025 policy decision, which had an irregular outyear impact and is no longer required following the Budget 2026 initiative to end the Final-year Fees Free Scheme by 31 December 2026.

Non-Departmental Benefits or Related expenses

	\$ million – increase / (decrease)					
Vote Revenue Minister of Revenue	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears	Total Forecast Period
Non-Departmental Benefits or Related expenses:						
d) KiwiSaver: Tax Credit, Contribution and Residual Entitlement	(89.600)	(92.300)	(98.600)	(94.400)	(70.000)	(444.900)
e) Paid Parent Leave Payments	(25.000)	(25.000)	(25.000)	(25.000)	20.000	(80.000)
Total Forecast Change	(114.600)	(117.300)	(123.600)	(119.400)	(50.000)	(524.900)

- d) The *KiwiSaver: Tax Credit, Contribution and Residual Entitlement* appropriation forecast has decreased by \$444.900 million over the forecast period, reflecting a weaker-than-expected outturn in 2025/26, which flows into outyears.
- e) The forecast decreases of \$80 million over the forecast period for the *Paid Parent Leave Payments* appropriation reflect a weaker-than-expected uptake in 2025/26, which flows into 2026/27 and outyears. The increase in 2030/31 reflects the revision to forecasts required after the roll forward of the baseline from 2029/30 to 2030/31.

Forecast changes to appropriations under Permanent Legislative Appropriation (PLA)

12) Inland Revenue also administers appropriations authorised under specific sections of the Public Finance Act 1989 in the form of PLAs. Explanations of movements in forecasts since BEFU 2026 are provided below for Minister's information only and do not require your approval. The tables below reflect forecast changes unrelated to policy decisions.

Non-Departmental Benefits or Related Expenses

	\$ million – increase / (decrease)					
Vote Revenue Minister of Revenue	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears	Total Forecast Period
Non-Departmental Benefits or Related expenses – PLA:						
a) Best Start Tax Credit*	-	0.600	1.300	1.300	6.300	9.500
b) Child Support Payments	5.000	5.000	1.000	(2.000)	(4.000)	5.000
c) FamilyBoost Tax Credit	-	-	-	(4.000)	(9.000)	(13.000)
d) Family Tax Credit *	(11.000)	(10.500)	(12.800)	(8.900)	38.100	(5.100)
e) In-Work Tax Credit *	(9.000)	(17.000)	(18.900)	(11.000)	(26.000)	(81.900)
Total Forecast Changes	(15.000)	(21.900)	(29.400)	(24.600)	5.400	(85.500)

* Working for Families Tax Credits

- a) The *Best Start Tax Credit* (BSTC) PLA forecast increased by \$9.500 million over the forecast period. The forecasts from 2027/28 have been revised upward from the BEFU 2026 forecast to reflect a small increase in families receiving BSTC than had been previously forecast. The increase in 2030/31 reflects a forecast CPI indexation change to BSTC entitlement of 6.41% on 1 April 2031 and its impact from that period.
- b) The *Child Support Payments* PLA forecast has increased by \$5 million over the forecast period. The increase is primarily driven by updated forecast assumptions, resulting in higher forecast expenditure from 2026/27 to 2028/29. From 2029/30 onwards, the continuing decline in case volumes is now built into the forecast and is expected to partially offset this increase.
- c) The *FamilyBoost Tax Credit* PLA forecast has decreased by \$13 million over the forecast period. The decreases in 2029/30 and 2030/31 better reflect the impact of entitlement abatement as wages grow.
- d) The *Family Tax Credit* (FTC) PLA forecast has decreased by \$5.100 million over the forecast period. The \$11 million decrease in 2026/27 reflects the lower spend in 2025/26, which in part flows into outyears. In addition, from 2027/28, the forecast CPI indexation of entitlements on 1 April 2028 has been revised down to 5.53% (from the 5.69% assumed at BEFU 2026) which reduces cost. The increase in 2030/31 reflects a

forecast CPI indexation of FTC entitlements of 6.41% on 1 April 2031 (previously outside the forecast window).

- e) The *In-Work Tax Credit (IWTC)* PLA forecast has decreased by \$81.900 million over the forecast period. This is mainly due to higher forecast income growth in 2026/27 and 2027/28, which increases abatement and reduces expenditure. The forecast also reflects lower Family Tax Credit (FTC) indexation. Although IWTC is not indexed, it is affected by the indexation of FTC as FTC and ITWC are abated together, with FTC abating first as incomes grow. The lower forecast FTC entitlements increase the impact of abatement on IWTC, reducing forecast IWTC expenditure. The decrease in 2030/31 mainly reflects forecast updates resulting from the roll forward of the baseline to that year. This is partially offset by an increase of IWTC expenditure following the forecast CPI Indexation of FTC on 1 April 2031.

Non-Departmental Other Expenses

	\$ million – increase / (decrease)					
Vote Revenue Minister of Revenue	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears	Total Forecast Period
Non-Departmental Other Expenses – PLA:						
f) KiwiSaver: Employee and Employer Contributions	(940.000)	(840.000)	(610.000)	(550.000)	450.000	(2,490.000)
Total Forecast Changes	(940.000)	(840.000)	(610.000)	(550.000)	450.000	(2,490.000)

- f) The forecast for KiwiSaver employee and employer contributions has decreased by \$2,490 million over the forecast period as a result of a lower spend in 2025/26 than previously forecast. The reduction in KiwiSaver employee and employer contributions is expected to flow into 2026/27 and out-years. This reduction is partially offset by higher expected nominal wage growth, which increases future contribution levels. While forecast contributions are lower than previously expected, they continue to grow year-on-year as wages and employment are expected to increase. The increase in 2030/31 reflects the addition of a new forecast year following the baseline roll-forward, rather than a change in policy assumptions. As pass-through transactions, these contributions do not affect the operating balance.

Other decisions affecting the appropriations

Cabinet and joint Minister decisions

13) The following decisions impacting appropriation forecasts and baselines have been made up to 17 August 2026 and are included in the final appropriation and baselines changes submitted for PREFU 2026;

Cabinet:

- Approval for Approved Information Sharing Agreement between Inland Revenue and Customs – ECO-26-MIN-0133, CAB-26-MIN-0239.

Joint Ministers:

- Final-Year Fees Free Payments – IR2026/154 Vote Revenue 2026 June Technical Adjustment Request.

14) In addition, the roll out to 2030/31 of the *Initial Fair Value Write-Down relating to Student Loans* and the *Final-year Fees Free Payments* appropriations are impacted by several decisions from previous Cabinet and joint Minister approvals which have irregular outyears.

15) Appendix B includes Table 2, the CFIS schedule detailing the changes to revenue and appropriations for Vote Revenue Crown (non-departmental) since BEFU 2026 in a tabulated format for PREFU 2026.

Consultation

16) We have consulted with the Treasury on this submission.

Next steps

17) If you agree with the proposed changes outlined in this report, please sign the report and forward to the Minister of Finance for her consideration and approval by 1pm, 3 September 2026.

Recommendations

We recommend that you:

1. **Note** the PREFU 2026 forecasts in this report incorporate actual results to June 2026, are based on the Treasury's macroeconomic forecasts of 7 August 2026, and were submitted to the Treasury on 17 August 2026.

2. **Approve** the following forecast changes to non-departmental other expenses appropriations, with a corresponding impact on the operating balance and net core Crown debt:

	\$ million – increase / (decrease)				
Vote Revenue Minister of Revenue	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Non-Departmental Other Expenses:					
Impairment of Debt and Debt Write-Offs	150.000	-	64.600	99.400	109.400
Initial Fair Value Write-Down Relating to Student Loans	(99.385)	(64.165)	(45.228)	(32.368)	(3.082)
Final-year Fees Free Payments	-	-	-	(0.285)	(0.199)
Total Operating	50.615	(64.165)	19.372	66.747	106.119

Approved/Not Approved

Minister of Finance

Approved/Not Approved

Minister of Revenue

3. **Note** the forecast change in 2026/27 in recommendation 2 above for the *Impairment of Debt and Debt Write-Offs* appropriation relates to the addition of a buffer of \$150 million that impacts operating balance but not budget allowances.

Approve the following forecast changes to appropriations for non-departmental benefits or related expenses, with a corresponding impact on the operating balance and net core Crown debt:

	\$ million – increase / (decrease)				
Vote Revenue Minister of Revenue	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Non-Departmental Benefits or Related expenses:					
KiwiSaver: Tax Credit, Contribution and Residual Entitlement	(89.600)	(92.300)	(98.600)	(94.400)	(70.000)
Paid Parent Leave Payments	(25.000)	(25.000)	(25.000)	(25.000)	20.000
Total Operating	(114.600)	(117.300)	(123.600)	(119.400)	(50.000)

Approved/Not Approved

Minister of Finance

Approved/Not Approved

Minister of Revenue

4. **Agree** that all proposed changes to appropriations for 2026/27, covered by recommendations 2 and 4 above, be included in the 2026/27 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Agree / Disagree

Minister of Finance

Agree / Disagree

Minister of Revenue

5. **Note** the following forecast changes to non-departmental benefits or related expenses and non-departmental other expenses that are established under Permanent Legislative Authority, with a corresponding impact on the operating balance and net core Crown debt:

	\$ million – increase / (decrease)				
Vote Revenue Minister of Revenue	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Non-Departmental Benefits or Related expenses – PLA:					
Best Start Tax Credit	-	0.600	1.300	1.300	6.300
Child Support Payments	5.000	5.000	1.000	(2.000)	(4.000)
FamilyBoost Tax Credit	-	-	-	(4.000)	(9.000)
Family Tax Credit	(11.000)	(10.500)	(12.800)	(8.900)	38.100
In-Work Tax Credit	(9.000)	(17.000)	(18.900)	(11.000)	(26.000)
Non-Departmental Other Expenses – PLA					
KiwiSaver: Employee and Employer Contributions	(940.000)	(840.000)	(610.000)	(550.000)	450.000
Total Operating	(955.000)	(861.900)	(639.400)	(574.600)	455.400

6. **Note** that the changes referred to in recommendation 6 above for 2026/27 will be reported and disclosed in the 2026/27 Supplementary Estimates.

7. **Note** that the Table 2¹ Baseline Changes Report (attached – Appendix B) for Vote 20 sets out the forecast changes for Vote Revenue Crown (non-departmental) for the 2026 Pre-election Economic and Fiscal Update.

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Fergus Welsh

Enterprise Leader - Chief Financial Officer

Finance | Inland Revenue

24 August 2026

Hon Nicola Willis
Minister of Finance
/ /2026

Hon Simon Watts
Minister of Revenue
/ /2026

¹ This is a technical report from Treasury’s CFISnet system which sets out the quantum and authority for each change.

Appendix A

Overview of appropriations

- 18) The following tables show the final appropriation as submitted to the Treasury on 17 August 2026 and are included for your information. Explanations for forecast changes, and background on Cabinet and joint Ministers decisions are included in the main body of the report. The baseline shown against BEFU 2026 for 2030/31 in italics is the rolled forward baseline from 2029/30.

Non-Departmental Benefits or Related Expenses appropriations – non-PLA

	\$ million				
Non-Departmental Benefits or Related Expenses – Non-PLA	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
KiwiSaver: Interest					
BEFU 2026	4.500	4.500	5.000	5.000	<i>5.000</i>
Forecast change	-	-	-	-	-
PREFU 2026	4.500	4.500	5.000	5.000	5.000
KiwiSaver: Tax Credit, Contribution and Residual Entitlement					
BEFU 2026	578.600	603.600	634.200	654.300	<i>654.300</i>
Forecast change	(89.600)	(92.300)	(98.600)	(94.400)	(70.000)
PREFU 2026	489.000	511.300	535.600	559.900	584.300
Paid Parental Leave Payments					
BEFU 2026	785.000	825.000	865.000	910.000	<i>910.000</i>
Forecast change	(25.000)	(25.000)	(25.000)	(25.000)	20.000
PREFU 2026	760.000	800.000	840.000	885.000	930.000
Total Non-Departmental Benefits or Related Expenses – Non-PLA PREFU 2026	1,253.500	1,315.800	1,380.600	1,449.900	1,519.300

Non-Departmental Benefits or Related Expenses - PLA

	\$ million				
Non-Departmental Benefits or Related Expenses - PLA	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Best Start Tax Credit *					
BEFU 2026	286.000	275.000	281.000	274.000	<i>274.000</i>
Forecast change	-	0.600	1.300	1.300	6.300
Cabinet decisions	-	(0.600)	(1.300)	(1.300)	(1.300)
PREFU 2026	286.000	275.000	281.000	274.000	279.000

	\$ million				
Non-Departmental Benefits or Related Expenses - PLA	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Child Support Payments					
BEFU 2026	408.000	404.000	404.000	405.000	405.000
Forecast change	5.000	5.000	1.000	(2.000)	(4.000)
PREFU 2026	413.000	409.000	405.000	403.000	401.000
FamilyBoost Tax Credit					
BEFU 2026	168.000	166.000	163.000	163.000	163.000
Forecast change	-	-	-	(4.000)	(9.000)
PREFU 2026	168.000	166.000	163.000	159.000	154.000
Family Tax Credit *					
BEFU 2026	2,585.000	2,619.000	2,700.000	2,653.000	2,653.000
Forecast change	(11.000)	(10.500)	(12.800)	(8.900)	38.100
Cabinet decision	-	(5.500)	(11.200)	(11.100)	(11.100)
PREFU 2026	2,574.000	2,603.000	2,676.000	2,633.000	2,680.000
In-Work Tax Credit *					
BEFU 2026	844.000	621.000	594.000	568.000	568.000
Forecast change	(9.000)	(17.000)	(18.900)	(11.000)	(26.000)
Cabinet decision	-	(2.000)	(4.100)	(4.000)	(4.000)
PREFU 2026	835.000	602.000	571.000	553.000	538.000
Minimum Family Tax Credit *					
BEFU 2026	8.400	7.900	7.700	7.500	7.500
Forecast change	-	-	-	-	-
PREFU 2026	8.400	7.900	7.700	7.500	7.500
Total Non-Departmental Benefits or Related Expenses - PLA PREFU 2026	4,284.400	4,062.900	4,103.700	4,029.500	4,059.500

* Working for Families Tax Credits

Non-Departmental Borrowing Expenses - PLA

	\$ million				
Non-Departmental Borrowing Expenses - PLA	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Environmental Restoration Account Interest					
BEFU 2026	4.200	4.200	4.200	4.200	4.200
Forecast change	-	-	-	-	-
PREFU 2026	4.200	4.200	4.200	4.200	4.200
Income Equalisation Interest					
BEFU 2026	8.000	8.000	8.000	8.000	8.000
Forecast change	-	-	-	-	-
PREFU 2026	8.000	8.000	8.000	8.000	8.000
Total Non-Departmental Borrowing Expenses - PLA PREFU 2026	12.200	12.200	12.200	12.200	12.200

Non-Departmental Other Expenses – Non PLA

	\$ million				
Non-Departmental Other Expenses – Non PLA	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Payments to Settle Residual Claims					
BEFU 2026	-	-	-	-	-
Joint Ministers	0.102	-	-	-	-
PREFU 2026	0.102	-	-	-	-
Ex Gratia Payments					
BEFU 2026	0.050	0.050	0.050	0.050	0.050
Forecast change	-	-	-	-	-
PREFU 2026	0.050	0.050	0.050	0.050	0.050
Initial Fair Value Write-Down Relating to Student Loans					
BEFU 2026	823.385	850.165	866.228	885.368	885.368
Forecast change	(99.385)	(64.165)	(45.228)	(32.368)	(3.082)
Roll out of prior decisions	-	-	-	-	0.714
PREFU 2026	724.000	786.000	821.000	853.000	883.000
Final-year Fees Free Payments					
BEFU 2026	33.394	7.634	0.243	-	-
Forecast change	-	-	-	(0.285)	(0.199)
Joint Ministers	-	-	-	0.285	-
Roll out of prior decision	-	-	-	-	0.199
PREFU 2026	33.394	7.634	0.243	-	-
Impairment of Debt and Debt Write-offs Relating to Child Support					
BEFU 2026	5.000	5.000	5.000	5.000	5.000
Forecast change	-	-	-	-	-
PREFU 2026	5.000	5.000	5.000	5.000	5.000
Impairment of Debt and Debt Write-Offs					
BEFU 2026	1,375.000	1,385.000	1,330.000	1,305.000	1,305.000
Forecast change	-	-	64,600	99.400	109.400
Cabinet decision	-	(1.500)	(4.600)	(4.400)	(4.400)
Buffer change	150.000	-	-	-	-
PREFU 2026	1,525.000	1,383.500	1,390.000	1,400.000	1,410.000
*Science, Innovation and Technology: R&D Tax Incentive					
BEFU 2026	703.700	740.850	799.600	852.600	852.600
Forecast change	(40.000)	(48.000)	(55.000)	(57.000)	1.000
PREFU 2026	663.700	692.850	744.600	795.600	853.600
Total Non-Departmental Other Expenses – Non PLA Revised PREFU 2026	2,951.246	2,875.034	2,960.893	3,053.650	3,151.650

* Approval is not required as part of this paper. We are separately seeking approval from the Minister of Finance and the Minister of Science, Innovation and Technology (IR2026/258 refers) for forecast changes relating to this appropriation.

Non-Departmental Other Expenses – PLA

	\$ million				
Non-Departmental Other Expenses - PLA	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
KiwiSaver: Employee and Employer Contributions					
BEFU 2026	12,350.000	13,150.000	14,290.000	15,410.000	<i>15,410.000</i>
Forecast change	(940.000)	(840.000)	(610.000)	(550.000)	450.000
PREFU 2026	11,410.000	12,310.000	13,680.000	14,860.000	15,860.000
Total Non-Departmental Other Expenses - PLA Revised PREFU 2026	11,410.000	12,310.000	13,680.000	14,860.000	15,860.000

Appendix B - Table 2 Baseline Changes Reports for Vote Revenue Non-departmental

The attached Table 2 Baseline Changes Reports sets out the forecast changes for Vote Revenue Crown (non-departmental) since BEFU 26 in a tabulated format. The table includes tax forecasts prepared by the Treasury.

Table 2: Baseline Changes Report, 2026 PREFU, Vote 20 - 0: IRD Crown - Revenue (IRD-Crown).

	Classification	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	Authority for Change	Final Year Funding
Benefits or Related Expenses								
Best Start Tax Credit (PLA)								
Non-Dept Other Appropriation								
Approval for Approved Information Sharing Agreement between Inland Revenue and Customs	Cabinet	-	(600)	(1,300)	(1,300)	(1,300)	ECO-26-MIN-0133, CAB-26-MIN-0239	On going
Cumulative forecasting changes impacting Best Start Tax Credit	Fcst Adj	-	600	1,300	1,300	6,300	CO (18) 2	On going
Child Support Payments (PLA)								
Non-Dept Other Appropriation								
Cumulative forecasting changes impacting Child Support Payments	Fcst Adj	5,000	5,000	1,000	(2,000)	(4,000)	CO (18) 2	On going
Family Tax Credit (PLA)								
Non-Dept Other Appropriation								
Approval for Approved Information Sharing Agreement between Inland Revenue and Customs	Cabinet	-	(5,500)	(11,200)	(11,100)	(11,100)	ECO-26-MIN-0133, CAB-26-MIN-0239	On going
Cumulative forecasting changes impacting Family Tax Credit	Fcst Adj	(11,000)	(10,500)	(12,800)	(8,900)	38,100	CO (18) 2	On going
FamilyBoost Tax Credit (PLA)								
Non-Dept Other Appropriation								
Cumulative forecasting changes impacting FamilyBoost Tax Credit PLA	Fcst Adj	-	-	-	(4,000)	(9,000)	CO (18) 2	On going
In-Work Tax Credit (PLA)								
Non-Dept Other Appropriation								
Approval for Approved Information Sharing Agreement between Inland Revenue and Customs	Cabinet	-	(2,000)	(4,100)	(4,000)	(4,000)	ECO-26-MIN-0133, CAB-26-MIN-0239	On going
Cumulative forecasting changes impacting In-Work Tax Credit	Fcst Adj	(9,000)	(17,000)	(18,900)	(11,000)	(26,000)	CO (18) 2	On going
KiwiSaver: Tax Credit, Contribution and Residual Entitlement								
Non-Dept Annual Appropriation								
Cumulative forecasting changes impacting KiwiSaver: Tax Credit, Contribution and Residual Entitlement	Fcst Adj	(89,600)	(92,300)	(98,600)	(94,400)	(70,000)	CO (18) 2	On going
Paid Parental Leave Payments								
Non-Dept Annual Appropriation								
Cumulative forecasting changes impacting Paid Parental Leave Payments	Fcst Adj	(25,000)	(25,000)	(25,000)	(25,000)	20,000	CO (18) 2	On going
Total changes - Benefits or Related Expenses		(129,600)	(147,300)	(169,600)	(160,400)	(61,000)		
Non-Departmental Other Expenses								

	Classification	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	Authority for Change	Final Year Funding
Final-year Fees Free Payments								
Non-Dept Annual Appropriation								
Cumulative forecasting changes impacting Final-year Fees Free Payments	Fcst Adj	-	-	-	(285)	(199)	CO (18) 2	On going
Final-Year Free Payments	Fcst Adj	-	-	-	285	-	IR2026/154 Approved by JM CO (18) 2	On going
Rollout: Delivering Quality and Timely Primary Care: Next Steps and Implementation	Cabinet	-	-	-	-	199	CAB-25-MIN-0045	On going
Impairment of Debt and Debt Write-Offs								
Non-Dept Annual Appropriation								
Approval for Approved Information Sharing Agreement between Inland Revenue and Customs	Cabinet	-	(1,500)	(4,600)	(4,400)	(4,400)	ECO-26-MIN-0133, CAB-26-MIN-0239	On going
Buffers on Impairment and Demand-Driven Appropriations	Fcst Adj	150,000	-	-	-	-	CO (18) 2	On going
Cumulative forecasting changes impacting Impairment of Debt and Debt Write-Offs	Fcst Adj	-	-	64,600	99,400	109,400	CO (18) 2	On going
Initial Fair Value Write-Down Relating to Student Loans								
Non-Dept Annual Appropriation								
Cumulative forecasting changes impacting Initial Fair Value Write-Down Relating to Student Loans	Fcst Adj	(99,385)	(64,165)	(45,228)	(32,368)	(3,082)	CO (18) 2	On going
Rollout: Delivering Quality and Timely Primary Care: Next Steps and Implementation	Cabinet	-	-	-	-	72	CAB-25-MIN-0045	On going
Rollout: Disregarding EFTS for students receiving partial tuition fee refunds as a result of Covid-19	Cabinet	-	-	-	-	(41)	CAB-20-MIN-0164	2030/31
Rollout: Increasing Medical School Enrolments for the 2024 Intake	Cabinet	-	-	-	-	67	CAB-23-MIN-0207.01	On going
Rollout: Increasing Student Loan Scheme Overseas Interest Formula - Impacts Related to Student Loans	Cabinet	-	-	-	-	6	CAB-24-MIN-0148.69	2030/31
Rollout: Increasing Tuition Fees - Impacts Related to Student Loans	Cabinet	-	-	-	-	516	CAB-24-MIN-0148.69	On going
Rollout: Training 25 More Doctors - Impact on Student Loans	Cabinet	-	-	-	-	25	CAB-24-MIN-0148.69	On going
Rollout: Training Incentive Allowance – Supporting Eligible Ministry of Social Development Clients to Study	Cabinet	-	-	-	-	69	Decision 11 April 2023	On going
KiwiSaver: Employee and Employer Contributions (PLA)								
Non-Dept Other Appropriation								
Cumulative forecasting changes impacting KiwiSaver: Employee and Employer Contributions (PLA)	Fcst Adj	(940,000)	(840,000)	(610,000)	(550,000)	450,000	CO (18) 2	On going
Payments to Settle Residual Claims								
Non-Dept Annual Appropriation								
JPECT IPET Payments to Settle Residual Claims	ECT ip	102	-	-	-	-	IR2026/154 Approved by JM CO (18) 2	On going

	Classification	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	Authority for Change	Final Year Funding
Science, Innovation and Technology: R&D Tax Incentive								
Non-Dept Annual Appropriation								
Cumulative forecasting changes impacting Science, Innovation and Technology: R&D Tax Incentive	Fcst Adj	(40,000)	(48,000)	(55,000)	(57,000)	1,000	CO (18) 2	On going
Total changes - Non-Departmental Other Expenses		(929,283)	(953,665)	(650,228)	(544,368)	553,632		
Tax Revenue								
Companies								
Non-Dept Revenue								
Black hole expenditure from abandoned software development	Other	(210)	(840)	(840)	(840)	(840)	IR2026/158 Approved by JM CO (18) 2	On going
Cumulative forecasting changes impacting Companies	Fcst Adj	2,049,835	165,140	(364,860)	(528,860)	577,140	CO (18) 2	On going
Debt-to-equity swap - financial arrangements rules	Other	(200)	(200)	(200)	(200)	(200)	IR2026/158 Approved by JM CO (18) 2	On going
Extending Investment Boost to aircraft engines	Other	(34,000)	(14,000)	(9,000)	(9,000)	(9,000)	IR2026/158 Approved by JM CO (18) 2	On going
Extending Investment Boost to aircraft engines	Fcst Adj	34,000	14,000	9,000	9,000	9,000	IR2026/158 Approved by JM CO (18) 2	On going
Incorporated Societies Act 2022: consequential changes to tax legislation (aligning distribution requirements)	Other	(425)	(100)	(100)	(100)	(100)	IR2026/158 Approved by JM CO (18) 2	On going
Fringe Benefit Tax								
Non-Dept Revenue								
Cumulative forecasting changes impacting Fringe Benefit Tax	Fcst Adj	24,000	33,000	45,000	59,000	114,000	CO (18) 2	On going
Gaming Duties								
Non-Dept Revenue								
Cumulative forecasting changes impacting Gaming Duties	Fcst Adj	(12,000)	(5,000)	(6,000)	(3,000)	8,000	CO (18) 2	On going
Goods and Services Tax (IRD)								
Non-Dept Revenue								
Correcting errors and inaccuracies	Other	70	280	280	280	280	IR2026/171 Approved by JM CO (18) 2	On going
Cumulative forecasting changes impacting Goods and Services Tax	Fcst Adj	308,615	563,463	447,463	465,463	1,957,463	CO (18) 2	On going
Deductions for goods and services acquired before GST registration	Other	325	1,300	1,300	1,300	1,300	IR2026/171 Approved by JM CO (18) 2	On going
GST - Technical issues with fiscal implications, zero rated supplies by non-resident supplier	Other	40	157	157	157	157	IR2026/171 Approved by JM CO (18) 2	On going
Technical issues with fiscal implications, interest in unincorporated body	Other	(50)	(200)	(200)	(200)	(200)	IR2026/171 Approved by JM CO (18) 2	On going
Other Indirect Taxes								
Non-Dept Revenue								

	Classification	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	Authority for Change	Final Year Funding
Cumulative forecasting changes impacting Other Indirect Taxes	Fcst Adj	24,000	32,000	37,000	31,000	20,000	CO (18) 2	On going
Other Persons								
Non-Dept Revenue								
Aligning cash basis person rules for deceased estates	Other	(25)	(100)	(100)	(100)	(100)	IR2026/158 Approved by JM CO (18) 2	On going
Allowing RWT on dividends to be deducted at a maximum of 39%	Other	-	(4,100)	(77,700)	(44,600)	(44,600)	IR2026/218 Approved by JM CO (18) 2	On going
Cumulative forecasting changes impacting Other Persons	Fcst Adj	471,075	434,600	334,000	259,900	784,900	CO (18) 2	On going
Incoherence in deduction outcomes between look-through company and limited partnership rules	Other	-	(200)	-	-	-	IR2026/158 Approved by JM CO (18) 2	On going
Land improvements – recommendations following targeted consultation	Other	(50)	(200)	(200)	(200)	(200)	IR2026/187 Approved by JM CO (18) 2	On going
Source Deductions								
Non-Dept Revenue								
Cumulative forecasting changes impacting Source Deductions	Fcst Adj	261,000	491,000	421,000	486,000	4,583,000	CO (18) 2	On going
Withholding Taxes								
Non-Dept Revenue								
Allowing RWT on dividends to be deducted at a maximum of 39%	Other	-	44,100	44,300	44,500	44,500	IR2026/218 Approved by JM CO (18) 2	On going
Cumulative forecasting changes impacting Withholding Taxes	Fcst Adj	362,000	517,900	450,700	424,500	624,500	CO (18) 2	On going
Total changes - Tax Revenue		3,488,000	2,272,000	1,331,000	1,194,000	8,669,000		
Non-Tax Revenue								
Interest on Impaired Student Loans								
Non-Dept Revenue								
Cumulative forecasting changes impacting Interest on Impaired Student Loans	Fcst Adj	10,934	(588)	(17,362)	(22,789)	4,311	CO (18) 2	On going
Small Business Cashflow Scheme interest unwind								
Non-Dept Revenue								
Cumulative forecasting changes impacting SBC interest unwind	Fcst Adj	1,835	205	101	99	3	CO (18) 2	On going
Working for Families Tax Credit Interest and Penalties								
Non-Dept Revenue								
Cumulative forecasting changes impacting Interest on Working for Families Interest and Penalties	Fcst Adj	(3,000)	(3,000)	(3,000)	(4,000)	(2,000)	CO (18) 2	On going
Total changes - Non-Tax Revenue		9,769	(3,383)	(20,261)	(26,690)	2,314		
Capital Receipts								
Small Business Cashflow Scheme receipts								
Non-Dept Revenue								

	Classification	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	Authority for Change	Final Year Funding
Cumulative forecasting changes impacting Small Business Cashflow Scheme receipts	Fcst Adj	27,790	670	(248)	348	(252)	CO (18) 2	On going
Student Loans - Receipts								
Non-Dept Revenue								
Cumulative forecasting changes impacting Student Loan - Receipts	Fcst Adj	4,268	130	(5,501)	(12,810)	60,190	CO (18) 2	On going
Total changes - Capital Receipts		32,058	800	(5,749)	(12,462)	59,938		

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 Underspends	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring underspends to the next financial year.
RoU 50%	Retention of Underspends @ 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.