



29 October 2024

[REDACTED]
[REDACTED]

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 18 September 2024. The information you requested is outlined in **Appendix A**.

On 2 October 2024, we transferred part of your request concerning appropriations for the R&D tax credit scheme (Questions 9, 10 and 11) to the Ministry of Business, Innovation and Employment.

On 2 October 2024, you clarified your request to:

For each year from 2015 to present:

1. *What is the total dollar value of R&D tax credits that has been approved by Inland Revenue and has been made available to the customer? (this includes any money that may be transferred within tax types, sitting as a credit balance or has been disbursed to a bank account.)*
2. *What is the total dollar value of R&D tax credits that customers have claimed for each year?*
 - a. *What is the total dollar value that were declined each year?*
 - b. *What is the total dollar value that were fully approved each year?*
 - c. *What is the total dollar value that were partially approved each year?*
3. *What is the number of approved and declined eligibility requests for the programme each year?*
4. *What, if any, is the value of R&D tax credit returns approved but not posted (credit not added to their account) each year? (E.g. Is there any customers that had either a significant wait time from the notification of an approval to receiving the funds or any that still have yet to receive their funds)*
5. *Are there any R&D tax credit returns approved but not posted (credit not added to their account) as at 2 October 2024?*

6. *If, at the end of a tax year there are any R&D tax credit returns approved but not posted (credit not added to their account) what is that amount per tax year? (I.e. how much does the IRD owe to applicants at the end of that year.)*
7. *Have there been any complaints with regards to the length of time it has taken to receive the applied for fund? Please provide these, if any. (You wish to know the subject and basic content of these complaints, to ascertain if any customers have laid complaint regarding the amount of time it has taken to receive funds after an approval)*
8. *What is the criteria for declining, approving or partially approving an R&D tax credit claim?*
9. *What checks are made on a claim after being approved for the R&D tax credits incentive, to determine if the claimant is still eligible to be in the incentive scheme?*
10. *Are there any R&D tax credit claims that have been approved, partially approved or are still under consideration that have been at that stage but not actioned/worked on by Inland Revenue for any period of time longer than 6 months?*
 - a. *Of the numbers in the above question – what were the reason(s) for these claims not being actioned or worked on by Inland Revenue?*

Background

The research and development loss tax credit offers a tax credit up to 28% of an entity's tax losses from R&D activity. Generally, an entity carries tax losses forward to the next income year. When an entity gets the R&D loss tax credit, they do not carry R&D business losses forward to use against income in future years. An entity must repay R&D loss tax credits when their business either begins to make a profit or owes repayment tax following a loss recovery event. The research and development loss tax credit was introduced in the 2015/2016 tax year.

The research and development tax incentive (RDTI) offers a tax credit at the rate of 15% of eligible R&D expenditure, up to \$120 million. It operates by offsetting tax to pay and in some circumstances it is refundable. The research and development tax incentive scheme was introduced for application in the 2019/2020 tax year.

Data in this response is correct as at 15 October 2024 and does not include any adjustments that may be applied later.

The 2024 tax year claims are currently in progress and the information is not complete. Returns for the 2024 tax year are not due until 30 April 2025 for customers with an extension of time.

Filing for 2023 tax year claims is now closed. However, there are claims that are still in progress.

Question 1**Research & Development Loss Tax Credit**

The below table outlines the total value of R&D tax loss tax credits disbursed for the tax years 2016 to 2024.

Tax Year	Value of R&D loss tax credits approved and made available (\$)
2016	13,677,438
2017	22,835,609
2018	35,004,777
2019	44,224,325
2020	48,181,357
2021	50,253,070
2022	71,040,400
2023*	88,943,072
2024*	50,692,691

Research & Development Tax Incentive Credit

The below table outlines the total value of R&D tax incentive credits approved for the tax years 2020 to 2024.

Tax Year	Value of R&D tax incentive credits approved and made available (\$)
2020	104,262,182
2021	117,814,941
2022	242,518,243
2023*	267,016,210
2024*	44,149,242

*The 2023 and 2024 tax years are not finalised. There are cases awaiting completion for 2023 and returns for the 2024 tax year are not due until 30 April 2025 for customers with an extension of time.

Question 2

Research & Development Loss Tax Credit

The total value of R&D tax losses claimed for the 2016 and 2017 tax years are not available as the system holding this information has been decommissioned. Therefore, your request for this information is refused under section 18(g) of the OIA, as the information is not held by Inland Revenue, and we do not believe it is held by another agency.

The below table outlines the total value of R&D tax losses claimed for the tax years 2018 to 2024.

Tax Year	Value of R&D loss tax credits claimed (\$)
2018	36,096,595
2019	47,727,331
2020	49,718,610
2021	52,051,067
2022	73,051,067
2023*	91,630,560
2024*	50,399,709

*The 2023 and 2024 tax years are not finalised. There are cases awaiting completion for 2023 and returns for the 2024 tax year are not due until 30 April 2025 for customers with an extension of time.

Research & Development Tax Incentive Credit

Inland Revenue's system does not allow for the comparison of original claim values vs the final approved or declined values as once decisions have been made, the final version replaces the original claim version for data query purposes.

Collating data to accurately provide the values of original claims vs the amounts in the final claims would require substantial manual collation. Collating this material would be a significant undertaking requiring business crucial resources and would impose a substantial burden on Inland Revenue.

I estimate collating the answers to these questions would take one staff member 551 hours to complete, which would have a significant impact on other critical work they undertake. I have considered whether charging, extending the time limit or reducing the scope of your request would enable Inland Revenue to provide the information requested. However, in this case, those options would not enable us to grant this part of your request.

Consequently, I have decided to refuse this part of your request under section 18(f) of the OIA, as the information requested cannot be made available without substantial collation.

Question 2a, 2b and 2c**Research & Development Loss Tax Credit**

The R&D Loss Tax Credit does not require pre-approval, a taxpayer provides their tax position when the R&D Loss Tax Credit statement and the associated Income Tax return are filed. Therefore, your request for this information is refused under section 18(g) of the OIA, as the information is not held by Inland Revenue, and we do not believe it is held by another agency.

Research & Development Tax Incentive Credit

Inland Revenue's system does not allow for the comparison of original claim values vs the final approved or declined values as once decisions have been made, the final version replaces the original claim version for data query purposes.

Consequently, I have decided to refuse this part of your request under section 18(f) of the OIA, as the information requested cannot be made available without substantial collusion.

Question 3**Research & Development Loss Tax Credit**

The R&D Loss Tax Credit does not require approval, a taxpayer provides their tax position when the R&D Loss Tax Credit statement and the associated Income Tax return are filed. Therefore, your request for this information is refused under section 18(g) of the OIA, as the information is not held by Inland Revenue, and we do not believe it is held by another agency.

Research & Development Tax Incentive Credit

The below table outlines the total number of R&D tax incentive credit applications approved and declined for the tax years 2020 to 2024.

Tax Year	Approved R&D tax incentive credit eligibility requests	Declined R&D tax incentive credit eligibility requests
2020	557	86
2021	580	21
2022	860	57
2023	862	48
2024	231	8

Question 4,5 and 6**Research & Development Loss Tax Credit**

Once the R&D Loss Tax Statement has been processed, the R&D loss tax credit becomes available to the customer. We are unable to determine what credits have been approved but not refunded, as once the credit is posted, many factors can influence what happens with the funds. Therefore, your request for this information is refused under section 18(g) of the OIA, as the information is not held by Inland Revenue, and we do not believe it is held by another agency.

Research & Development Tax Incentive Credit

Once a return has been finalised, the R&D tax incentive credit becomes available to the customer. We are unable to determine what credits have been approved but not refunded, as once the credit is posted, many factors can influence what happens with the funds. Therefore, your request for this information is refused under section 18(g) of the OIA, as the information is not held by Inland Revenue, and we do not believe it is held by another agency.

Question 7

Your request for information relating to complaints for the calendar years 2015 and 2016 is refused under section 18(g) of the OIA, as the information is not held by Inland Revenue, and we do not believe it is held by another agency. Inland Revenue does not hold any complaints data for the years prior to 2017.

The below table outlines the total number of complaints for the calendar years 2017 to 2024

Calendar Year	Number of complaints about the length of time it took to receive R&D tax credits
2017	1
2022	2

I note that your amended request sought "the subject and basic content of these complaints".

The complaints are summarised as follows:

- Unable to contact the RDTI team by phone.
- Unhappy with advice given which resulted in a smaller timeframe to file for approval.
- Delayed tax credit issuing due to system issue.

Your original request to provide the complaints themselves would have been refused. That is because customer complaint details are considered sensitive revenue information. The information is reasonably capable of being used to identify an entity and is therefore subject to a statutory obligation of confidentiality (under section 18 of the Tax Administration Act 1994 (TAA)).

Question 8

Research & Development Loss Tax Credit

Your request for the eligibility criteria for R&D loss tax credits is refused under section 18(d) of the OIA, as the information is publicly available on the Parliamentary counsel office's legislation website: [Income Tax Act 2007 No 97 \(as at 31 July 2024\), Public Act Subpart MX—Tax credits for R&D tax losses – New Zealand Legislation](#)

Research & Development Tax Incentive Credit

Your request for the eligibility criteria for R&D tax incentive credits is refused under section 18(d) of the OIA, as the information is publicly available on the Parliamentary counsel office's legislation website: [Income Tax Act 2007 No 97 \(as at 31 July 2024\), Public Act Subpart LY—Research and development tax credits – New Zealand Legislation](#)

For further information, please refer to [Inland Revenue's Research and Development Tax Incentive guidance document](#) (IR1240.) This document provides information on how the eligibility criteria is applied.

Question 9

Research & Development Loss Tax Credit

The R&D Loss Tax Credit does not require pre-approval to claim, and therefore does not require checks to be completed to ensure an entity still qualifies to be eligible to claim. Your request for this information is refused under section 18(g) of the OIA, as the information is not held by Inland Revenue, and we do not believe it is held by another agency.

Research & Development Tax Incentive Credit

Checks are completed as part of business-as-usual activities. Once approved, the R&D tax incentive credit application allows a customer to claim tax credits for eligible business activities for a period of 3 years. If an entity changes the business activity originally approved for, they must make a further application to have this activity considered.

Question 10 & 10a

Inland Revenue strives to complete work within a reasonable timeframe. Over a period of 6 months, an R&D return will be worked on at least once if not more to try and get a resolution. Reasons a claim may take longer than 6 months to finalise are listed below:

- Awaiting the filing of the associated income tax return
- Awaiting further information from the applicant
- Disputes process underway
- Awaiting consultation from internal specialist areas

Inland Revenue's system does not record statistical data on the frequency of how often claims and returns are processed or if they have been inactive for over six months. Gathering this

information accurately would require extensive manual data collection, which would impose a substantial administrative burden on Inland Revenue's resources.

Consequently, I have decided to refuse this part of your request under section 18(f) of the OIA, as the information requested cannot be made available without substantial collation.

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.

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.

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) 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.

Thank you again for your request.

Yours sincerely



Tony Morris
Customer Segment Leader, Significant Enterprises

Appendix A – Original request

Can I please have the following provided in a tabled form per tax year going back to the introduction of R&D tax credits. Please note that any mention of tax credits is referring to R&D tax credits.

- 1. What is the total value of R&D tax credits approved and dispensed since the programme's introduction?*
- 2. What is the value of tax credits applied for each tax year since the programmes introduction?*
- 3. What is the value of tax credits applied for and denied since the programmes introduction?*
- 4. What is the value of tax credits applied for and approved since the programme's introduction?*
- 5. Please provide per tax year the number of approved and declined eligibility requests for the programme, and approved or denied returns. Denied returns being those who are successful in eligibility but for whatever reason have their returns denied.*
- 6. What, if any, is the value of tax credit returns approved but not dispensed each year since the programmes introduction?*
- 7. What is the current (as of the date of this email and appropriate tax year), tax credits approved but not dispensed?*
- 8. If at the end of a tax year there are undispensed but approved tax credits, what is that amount per tax year since the programmes introduction? (I.e. how much does the IRD owe to applicants at the end of that year.)*
- 9. Have any funds that were previously allocated to the R&D tax credit programme been reallocated or removed at any stage since the programme's inception.*
- 10. Have there been any changes to the amount of funds required to be held for the initiative since its inception? If so, what reasons were given, what were they reallocated to, and how was that decision made, (i.e. who made the call?)*
- 11. have there been any discussions via text, signal, email, call or any other form of communication about the reallocation of the funds for the R&D tax incentive programme?*
- 12. Have there been any complaints with regards to the length of time it has taken to receive the applied for funds, if so, please provide these.*