



Inland Revenue
Te Tari Taake

20 August 2020

Anatoly Kern
fyi-request-13369-39b48fc2@requests.fyi.org.nz

Dear Mr Kern

Thank you for your request made under the Official Information Act 1982 (OIA), received on 23 July 2020. You asked:

What policy (Legislation, executive orders, management letters) does the department rely on in their actions to act in every possible way to increase child support payments to the level of inability to pay and profiting on penalty payments at the cost of broken families?

You made the following comments:

I have an FOI request arising from "Briefing for the incoming minister of revenue" dated Oct 2017 and specifically the statement "Child support: we collected \$468 million from over 166,000 liable parents who pay child support, and distributed \$279 million to carers." (...) So it is \$279m distributed to parents while having \$855m of penalties issued for \$189m crown profit, meaning each family that got into this system pays close to twice as much under threat of several times multiplied penalties.

The policy for child support assessments and penalties

Child support is assessed and collected under the legislatively fixed standards in the Child Support Act 1991 (CSA). You can read the CSA online at <http://www.legislation.govt.nz>.

The legislation that allows Inland Revenue to charge penalties is in Part 8, section 134 of the CSA, *Penalties for late payment of financial support debts*. The link to this section is: <http://www.legislation.govt.nz/act/public/1991/0142/latest/DLM256023.html>

Further information

Proposal to repeal child support incremental penalties

You may be interested to know that a repeal of child support incremental penalties has been proposed. A Supplementary Order Paper (SOP) to the Child Support Amendment Bill was released by the Minister of Revenue, Hon Stuart Nash, on 9 July 2020. The proposed changes in the SOP would repeal child support incremental penalties and simplify the penalty write-off provisions. The changes would apply from 1 April 2021.

You can read about the proposals, and about the Child Support Amendment Bill, on Inland Revenue's Tax Policy website at: <http://taxpolicy.ird.govt.nz/news/2020-07-09-repeal-child-support-incremental-penalties-proposed>

Penalties

The balance between what Inland Revenue collects and distributes is partly penalties and partly the amount that is retained by the Crown to help offset the cost of benefits.

Inland Revenue wrote off \$244 million of liable parent child support debt in the 2018-19 year. This information is available in our *2019 Annual Report*. Our *Annual Reports* provide yearly information about the collection of child support. You can read our *Annual Reports* on our website at: <https://www.ird.govt.nz/about-us/publications/annual-corporate-reports/annual-report>

Background to child support

The standard child support formula assessment is set out in section 30 of the CSA. The formula is based on the percentage of the combined income of the parents, the amount of care provided by the parents when that care is 28% or more of the time, and the child expenditure amount. The components of the formula used to assess child support are fixed by law.

Applying to change the child support formula assessment

If a parent believes that there are special circumstances that their child support formula assessment should account for, they can apply for an administrative review under section 96B of the CSA. Information about administrative reviews is on our website at: <https://www.ird.govt.nz/tasks/apply-for-an-administrative-review>

The information in all the links is refused under section 18(d) of the OIA, as it is publicly available.

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 my decision. You can contact the Office of the Ombudsman at: info@ombudsman.parliament.nz.

Thank you for your request. I trust the information provided is of assistance to you.

Yours sincerely



Sue Gillies
Customer Segment Lead—Families