

D Bruce
fyi-request-689-78d0975a@requests.fyi.org.nz,

14 January 2013

Dear D Bruce

Thank you for your request made under the Official Information Act 1982, received on 15 December 2012. You requested the following:

- *Under what section of which legislation is the IRD operating when it collects child support contributions?*
- *Is a person who is receiving no income obliged to pay child support?*
- *Is it the responsibility of the taxpayer or the IRD to establish what level of income a person paying child support is receiving at any given time, and adjust the payment levels accordingly?*

I will answer the questions you have raised under the relevant headings below.

Under what section of which legislation is the IRD operating when it collects child support contributions?

Inland Revenue collects child support contributions under Part 8 of the Child Support Act 1991 ("the Act"). I have attached Part 8 of the Act for your information. Specifically, Inland Revenue operates under section 128 of the Act when collecting child support contributions.

128 Debt due to the Crown

Any amount of financial support payable under this Act (including any penalty or interest imposed thereon) is a debt due to the Crown.

Section 129 of the Act allows people liable to pay child support to choose their payment method, unless they default on payments or receive a benefit through Work and Income.

Is a person who is receiving no income obliged to pay child support?

A minimum rate of child support payable is calculated every year in accordance with section 72 of the Act (attached). This minimum rate, payable on an annual basis, applies even if a paying parent earns below that level, unless they qualify for an exemption due to being a long-term hospital patient, or being in prison for longer than 13 weeks.

Is it the responsibility of the taxpayer or the IRD to establish what level of income a person paying child support is receiving at any given time, and adjust the payment levels accordingly?

Inland Revenue calculates an annual assessment for paying parents prior to the child support year, which commences on 1 April each year. If the paying parent is self-employed, their income from two years earlier is used as the basis for that assessment (with the addition of an inflation factor).

For paying parents who work for salary/wages, Inland Revenue makes an initial assessment by using their income figures from the previous April to January, to estimate earnings for the whole 12-month period. This is revisited once the final income figures are known in July/August. The assessment is then adjusted according to the actual income earned (provided there is more than \$500 difference between the gross income and the initial assessment).

We are unable to consistently check all paying parents' income throughout the year to see what they are earning, so we rely on customers advising us of a change in their circumstances. We can then work with them to see what options are available, for example, estimating their income (if their income decreases by 15% or more from what they are assessed on), or looking at options under the administrative review process.

This fully covers the information you requested. Thank you for your enquiry.

Yours sincerely



Justin McCready
Business Manager – Child Support

Encl: Child Support Act 1991, Part 8 Collection of financial support
Child Support Act 1991, Part 5 Assessment of child support and domestic maintenance, section 72
Child Support Act 1991, Part 5A Exemptions, Subparts 1 and 2