

Community-Wise

Inland Revenue's community update

Getting out in the community

The best part of getting out in the community is leaving people satisfied that their tax and social policy issues are sorted out.

That's according to Manukau-based Community Liaison Officer (CLO) Joseph Manu, one of Inland Revenue's many employees tasked with getting out and about to help people learn more about dealing with Inland Revenue.

"Inland Revenue is a big part of New Zealanders' lives, whether it relates to income tax, child support, student loans or social assistance programmes like *Working for Families*. Many groups we meet with don't like phone contact and prefer seeing someone in person. It's very rewarding to help them," he says.

Our Social Policy Liaison Officers (SPLOs) and CLOs work with a variety of community groups such as Citizens' Advice Bureaux, Barnardos, the Salvation Army and training providers, and often they work together on joint presentations.

Joseph's current focus is high schools, where he and SPLO Raewyn Bates give presentations and workshops to students on a range of topics.



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“Often these kids are already working in part-time jobs or about to go into the adult world. Many of us take income tax for granted, but it’s a whole new area for these kids. Educating them about financial matters early is vital, and we’re pleased to contribute to that. And we’re also talking to the students about child support, explaining that if they have a baby and live apart from their child, there are financial implications.”

Raewyn believes the most important aspect of talking face to face with people in the community is showing that Inland Revenue is approachable and ready to help.

“We need to show we’re making an effort to get out and see people. It’s amazing how many people come up to us when we have stalls at expos who feel a lot better because they’ve dealt with us personally.”

Christchurch SPLO Liz Manuel agrees, although she says they often need more time to answer everyone’s questions.

“When we provide workshops to community groups, we’re usually allocated about an hour—but we invariably go over that time, as one question leads to another. The groups really appreciate us coming to speak to them.”

Our CLOs and SPLOs love meeting with new groups and developing relationships with community groups. Their work further enhances Inland Revenue’s aim of being visible in the community and making compliance easier by being professional, approachable, effective and efficient.

If you’d like one of our SPLOs or CLOs to come and talk to your group, please give us a call. The contact details of the SPLOs and CLOs in your area can be found on page 11.



Liz at one of the many expos she attends



Reciprocal agreement with Australia

New Zealand has a reciprocal agreement with Australia to collect child support where parents live on opposite sides of the Tasman.

The agreement has been in place for five years but before this there was no process for the collection of child support when the paying parent lived in the other country.

We're planning reciprocal agreements with other countries as well. This would mean payments due to New Zealand-based families could be collected from paying parents living in any country that signs an agreement. Inland Revenue would also then collect payments from paying parents living in New Zealand to support their families living in those countries.

Since July 2000 we've been able to refer approximately 3850 cases to Australia for collection, resulting in \$5 million being collected for the support of New Zealand-based families in the last year.

Inland Revenue Child Support has collected \$4.9 million in the last year from Australian paying parents living in New Zealand. This money is transferred to Australia to help support Australian-based families.

How does the reciprocal agreement process work?

The country where the custodian lives issues an assessment to the paying parent. For instance, if a New Zealander living in Australia applies for child support, and the paying parent stays in New Zealand, the paying parent is assessed using Australia's formula.

Before we can transfer a case for collection, the Australian agency needs to confirm the paying parent is living in Australia. This part of the process can take time, depending on factors such as the number of people with the same name, and whether the individual is currently registered for employment or a benefit. The process is the same for cases coming to New Zealand for collection.

Once residency is confirmed, the case is referred to Australia for collection. If the custodian lives in New Zealand and the paying parent goes to Australia, the Australian agency uses its own collection and enforcement abilities to collect the debt and ongoing payments. The payments are then transferred to Child Support in New Zealand to be paid out.

The process involves sharing information between New Zealand and Australia and is closely governed by legislation. We're required to protect the privacy of everyone involved, and treat information in confidence, as with any child support case. This prevents us from giving custodians detailed information about the location, income, or living arrangements of the paying parent.

Child Support displays

Community liaison officers (CLOs) will soon have new material—including pamphlet stands, posters, a leaflet and bookmark—to use at expos, shopping malls, or anywhere CLOs set up stands informing the community about child support.

The new leaflet supplements the existing booklet *Helping to you understand child support (IR 100)*. The booklet is comprehensive and aims to provide a reference guide for those who are in the child support system and need detailed information. However, the new leaflet, *What is child support? (IR 198)*, provides an introduction to child support and is more suited for education of the general public.

Posters to be printed may have a new design for Child Support. The posters' aim will be to draw people's attention at displays where there may be a lot of organisations competing to attract people to their stands. An addition to the existing image is being considered to better represent the connection between parents and their children, and also between Child Support and the community. Look out soon for professional-looking Child Support displays at expos around the country!



Turuki Tamariki

Child Support now has a Māori name, Turuki Tamariki.

With tamariki meaning “children” and turuki meaning “to grow up, in addition, anything supplementary or by way of support,” the name provides a translation of the concept of child support as a payment to support children, and also of Child Support, the organisation.

Child Support’s adoption of the name supports Inland Revenue’s Māori language strategy, *Tuia Ki Te Reo*, and makes te Reo more visible for both staff and the community. This follows other parts of Inland Revenue that have already adopted Māori names, as well as Inland Revenue as a whole which has had a Māori name, Te Tari Taake, since 1989.

A ceremony to adopt the name was held on 30 June. Wellington Kaumatua Sam Jackson, and Kuia June Jackson, guided the Child Support team and other Inland Revenue members through the ceremony.

The name Turuki Tamariki will be progressively added alongside Child Support on stationery as it comes up for reprinting, including business cards, signage and our website.



Child Support National Manager David Udy (Centre) with Kaumatua Sam Jackson and Kuia June Jackson

Changes to encourage identification of children

The Social Security (Social Assistance) Amendment Act 2005 came into law on 4 April this year. There are three significant provisions in the Act, one of which relates primarily to child support.

Previously, parents in receipt of a sole parent benefit (such as the Domestic Purposes Benefit) who didn't identify the other parent or apply for child support, received a \$22 reduction in their benefit for each child. The Act provides for an increase of \$6 to the total reduction from 1 July 2005. This additional amount doesn't depend on the number of children, so for instance, if one child is involved, the total reduction will be \$28 (\$22 + \$6), and for two children, \$50 (\$22 + \$22 + \$6).

The Act introduces two new exemptions from the reductions. For these additional exemptions, the penalty will not be made where:

- the sole parent or their children would be at risk of violence if they name the other parent or apply for child support
- there are "compelling circumstances" around why the parent will not name the other parent and the collection of child support payments is unlikely in the foreseeable future. This can include, for example, where the other parent is missing or dead, or where the custodian is not the parent of the child and the natural mother has not established paternity.

The changes are part of a wider package the Ministry of Social Development is introducing to encourage sole parents to name the other parent and apply for child support. This includes:

- providing information about establishing paternity to pregnant single women who apply for a sickness benefit
- development of an information pack to help lead maternity carers to provide advice to expectant mothers, where appropriate
- providing beneficiaries who've received the benefit reduction with an opportunity to reconsider their decision by participating in an early intervention programme which includes a home visit by a field officer.

Confirming parents' income

In February and March each year, notices of assessment are sent to paying parents. The notices let parents know how much they have been assessed to pay in child support for the coming year commencing 1 April. Those whose income is from salary, wages, a benefit, or interest and dividends, have assessments based on actual income from the previous April to January, and an estimated income for the remaining two months of the Child Support year (February and March).

In July, actual figures are available for February and March, so we make another assessment, the salary and wage income finalisation, based on actual earnings. Anyone with income different to the estimated amount may have a change in their assessment, and this may result in either a credit or a debit.

If there's a difference of more than \$500 between the amount of income used in the initial assessment and actual income earned, we issue a new assessment in July and notify the paying parent. We also send a new notice of entitlement to any custodians whose entitlements have changed.

Any changes in assessment are backdated to 1 April 2005 with the first payment based on the new assessment due in August. If any overpayments have occurred, they are credited towards upcoming payments. Any debt created by the reassessment is due 30 days after the reassessment.

Visit Inland Revenue at any time!

The online *Look at Account Information* service on Inland Revenue's website allows all individual customers to view their Inland Revenue account balances, transaction details, earnings information and due dates online in real time. Currently, this service is only available to individual customers and tax agents.

The *Look at Account Information* service was updated recently to include earnings information from employers. This means if you want to find out how much you have earned during the year, rather than picking up the phone and calling us, you can log onto the internet and see for yourself. Before using this service, you must register for a user ID and password.

As an example of the information available, Child Support customers can view information about:

- start and stop dates of relationships
- assessments, entitlements, and liabilities
- payments received or due.

Student loan borrowers can also use this service to track progress on their student loan repayments, and view information about:

- their loan balance
- current interest charges
- interest write-offs
- deductions made from their employers
- their refund details.

Family assistance customers can view their weekly or fortnightly payments online, and salary or wage earners can view the details from their personal tax summary online (for the 2005 tax year only at this stage).

To register for access to the service, you can find *Look at Account Information* at <http://www.ird.govt.nz/online-services/service-name/services-l/online-look-acct-info.html>

Customers can also apply for the secure email *Send and Receive Mail* service at the time of registering, as an alternative channel of communication with Inland Revenue.





New-look forms, returns and calculators

Inland Revenue is currently updating and improving all of our online forms, returns and calculators. These improvements include:

- clearer language with less jargon
- improved flow—users will be taken directly to the next part of the online return and only questions they need to answer will be visible. This eliminates unnecessary scrolling and reduces the chance of confusion
- better “help text” so it’s clear what information each section requires.

The PAYE calculator 2006 is the first online calculator to be redeveloped, and it can be previewed at:

www.ird.govt.nz/news-updates/liketoknow-online-forms.html

This calculator is used to work out how much PAYE (income tax and earners’ levy) is deducted from a person’s salary or wages each week, fortnight, four weeks, or month.

Employers can use this calculator when working out their staff’s pay details, as well as anyone else who wishes to know what their income will be either before or after PAYE has been deducted. If a student loan tax code is used, then loan deductions will be incorporated into the calculation.

Inland Revenue is committed to giving our online users the best product possible. The email link (located within the above address) can be used to send us thoughts and ideas for improvement for this calculator.

Over time, we will be previewing more redeveloped online forms, returns and calculators. Visit the *News and Updates* section of our website www.ird.govt.nz for regular updates.

Understanding your student loan statements

If a student loan borrower is having difficulty making sense of their student loan statements, we have a section on our website specifically designed to help understand them.

An example of a statement, with highlighted sections to explain the key terms, is available for borrowers living in New Zealand and overseas under our "Forms and guides" section.

More detailed definitions and explanations are also available at:

www.ird.govt.nz/studentloans > Managing your loan > Student loan statements > Understanding your student loan statement

Student loans – do borrowers still studying have to make repayments?

The student loan repayment threshold for the year 1 April 2005 to 31 March 2006, is \$16,588. Any student loan borrower (living in New Zealand) who is earning over this amount, or expecting to earn over this amount, needs to start making repayments to their loan regardless of whether they are studying or not.

For example, if a borrower is studying part-time, and working 30 hours a week for \$12 an hour, they'll earn approximately \$18,720 a year. This means they are \$2,132 over the repayment threshold, and must start repaying their student loan.

Family assistance – applications

If you think a family might be eligible to receive family assistance, you can request a *Family assistance registration (IR 200)* pack for more information.

Included in this pack are the *Family assistance registration (FS 1)* form, *IRD number applications for children (IR 594)*, a payment chart showing how much family assistance a family is likely to receive, and information regarding eligibility for the different types of payments.

The pack can be requested by phoning our automated phone service, INFOexpress, on **0800 257 773**.

To complete the registration form, include the following:

- details about the person claiming, and their partner details (if applicable)
- details about the children and their IRD numbers (if they don't have IRD numbers, complete the IR 594 applications and send in with the registration form)
- copies of birth certificates for the children (if applying for their IRD numbers)
- an estimate of their income for the year (if they want to receive payments weekly or fortnightly).





Weekly family assistance payments

In April a weekly payment option was introduced for family assistance customers. This means they can now choose to receive their payments weekly, fortnightly or in a lump sum at the end of the tax year.

The new weekly payment option is intended to ease budgeting issues for families moving from a benefit to work, and like fortnightly payments, is paid directly into the principal childcarer's bank account.

All customers are given the choice of payment frequency and the ability to alter it during the year if they wish to do so. For example, they could receive a fortnightly payment this week and a weekly payment the next.

If families are happy to continue receiving fortnightly payments they don't need to do anything. If weekly payments would suit them better, they can give us a call on **0800 227 773**.



Working for Families update

Families with children under 14 may be eligible for help with childcare costs from Work and Income—through the childcare subsidy for preschoolers and the OSCAR (out of school care and recreation) subsidy for school-age children.

As part of the *Working for Families* package, the rates for childcare and OSCAR subsidies increased from 4 October 2004. Income limits have also been raised, meaning more families may qualify for a childcare or OSCAR subsidy.

From 3 October 2005 childcare and OSCAR subsidies will increase by another 10%.

What are the maximum hours for a subsidy?

Parents who are working, studying, or have special circumstances which mean they need help with childcare, can get:

- a childcare subsidy for up to 50 hours per week
- an OSCAR subsidy for up to 20 hours per week during term time, and up to 50 hours during school holidays.

If parents are not working or studying they may still get a childcare subsidy for up to nine hours a week.

Find out more about childcare assistance by visiting www.workingforfamilies.govt.nz or by calling **0800 774 004**.

Personal tax summaries and refunds

A personal tax summary (PTS) is an income statement that shows all an individual's income details and tax deductions for the year (sent to us by their employer). It's only for those who receive salary or wages, a benefit or pension, interest, dividends or taxable Māori authority distributions. We use this information to compare the tax actually paid with the tax a customer should've paid for the year (1 April to 31 March). In some cases this results in a refund.

From the beginning of July customers can request a PTS to see if they're entitled to a refund. Possible reasons why someone may receive a refund include:

- not working for the full year
- using a secondary tax code (S) and earning under \$38,000
- being entitled to a child rebate or earning under \$9,880
- earning under \$38,000 and received dividends
- holding more than one job during the year
- having expenses to claim.

Customers can request a PTS from our website www.ird.govt.nz or by phoning INFOexpress, our automated phone service, on **0800 257 444**.

Alternatively, they can use the PTS calculator on our website as an easy way to check entitlements to a refund before requesting a PTS. They'll need their income information for the year, which they can get by phoning **0800 257 778** and requesting a summary of earnings.



KiwiSaver

KiwiSaver is a voluntary, work-based savings scheme, due to start in April 2007, to help New Zealanders save. Inland Revenue will administer the scheme using the existing PAYE tax system.

The initiative was announced in Budget 2005 as part of the *Securing Your Future* package. The Government expects to introduce legislation towards the end of 2005, so that the scheme can be passed into law in 2006.

More information about KiwiSaver is available on Inland Revenue's website www.ird.govt.nz/kiwisaver

Paid parental leave maximum payment increase

Paid parental leave is a government-funded entitlement paid to working mothers, while they take parental leave from their job(s). These payments go towards the loss of income that working mothers experience when they take parental leave from work to care for a new baby or adopted child (under the age of six).

The maximum payment has increased from \$346.63 per week (before tax), to \$357.30 per week (before tax) from 1 July 2005. This means

an eligible mother or adoptive parent can claim 100% of their normal gross pay, up to a maximum of \$357.30 per week (before tax), for up to 13 weeks of their parental leave.

For information about eligibility for paid parental leave, please visit www.ers.dol.govt.nz or contact the Department of Labour on **0800 800 863**.

Contacting our liaison officers

If you would like to speak to one of our Community Liaison Officers or Social Policy Liaison Officers, or if you would like them to come and talk with you or your group, call us on our freephone numbers and ask for the CLO/SPLO in your area.

Location	SPLOs 0800 227 773	CLOs 0800 221 221
Whangarei	Margaret Gunson	Mathew Hemara
Takapuna	Shannon Brady	David Lasike
Manukau	Christina To'ofoho Helen Lisiua Hoana Parangi	Joseph Manu Sophie Chungson
Hamilton	Jo Hall Diane Randell	Gail Hughey
Tauranga	Lorraine Morten	Jan Hoare
Gisborne	Kylie Low	Danny Fong
Napier	Nerissa Taurima	Jo Damen
Rotorua	Anna Jones	Johnnie Attwood
New Plymouth	Jenny MacDonald	John McMahon
Palmerston North	Philippa McNae	Gina Christensen
Wellington	Kaisara Ierome	Tracey Taylor
Nelson	Margaret King	Kaye Latham
Greymouth	Juliette Henry	
Christchurch	Liz Manuel	Angela Moylan
Timaru	Geoff Mayo	
Dunedin	Jon Winton Nicola Rae	Peter Read
Invercargill	Peter Murphy Val Smith	Mark Bell

Key dates and events

Date	Event
July Child support	<p>New notices of assessment are sent to paying parents if there's been a change of more than \$500 between the income used to work out their income for their assessment sent in February or March and the income actually earned for the year 1 April 2004 to 31 March 2005 (see item on page 5 for more information).</p> <p>New notices of entitlement are sent to custodians where appropriate. Employers who deduct child support for employees may receive a new child support deduction notice if there's been a change in the paying parent's assessment.</p>
July Personal tax	Taxpayers who've not already received a personal tax summary can now request one.
Late August Child support	End of year "square-up" completed for paying parents who estimated their income for the previous child support year (1 April 2004 – 31 March 2005).
30 September Student loans	Student loan borrowers living overseas need to pay the second instalment of their non-resident assessment.
3 October Working for Families	Childcare and OSCAR subsidies increase by 10%.
October Student loans	All student loan borrowers will receive their six-monthly student loan statement and newsletter.
7 November Student loans	The second student loan interim instalment is due. Borrowers earning over the threshold who are self-employed or earn income from other sources, and won't automatically have repayment deductions made from their income, need to make interim repayments.