

Penalties and payment agreements

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If you are behind with your child support payments we can help you clear your debt faster.

Note

The best way to avoid penalties is to make sure you make your payments in full and on time.

What are late payment penalties?

If you don't pay your child support in full and on time, we're required to charge you a penalty. You will be charged an initial late payment penalty of either \$5 or 10% of the unpaid amount (whichever is the greater). A further 2% penalty, called an incremental penalty, is added for each extra month the amount remains unpaid.

For example, if you don't pay a monthly assessment of \$100 on time, you'll get a \$10 penalty. If the outstanding amount remains unpaid for a further month, you'll get an additional penalty of \$2. If this balance continues to remain unpaid and you don't have a repayment agreement with us, additional incremental penalties will be added every month.

What are payment agreements?

When you make a payment agreement with us to clear your overdue child support and initial late payment penalties, we'll cancel all the incremental penalties outstanding on that balance, provided you make all payments as agreed.

We'll review your payment agreement every 26 weeks starting from the date you made the agreement with us. If you have kept to the payment agreement up to that point, a portion of your incremental penalties will be cancelled. The amount cancelled is based on the amount you've paid towards your overdue child support and late payment penalties.

Example

You have overdue child support and initial late payment penalties of \$5,000 and incremental penalties of \$2,000. You contact us on 1 February to make a payment agreement and offer to pay \$50 a week, starting from 8 February, towards your debt. Your agreement is accepted and after 26 weeks we'll review your payment agreement. We calculate that you should have paid \$1,250 towards your debt up to that point. If you have paid this, you'll have \$500 incremental penalties cancelled.

Your account will continue to be reviewed every 26 weeks. As long as you stick to your payment agreement, you'll continue to have a portion of your incremental penalties cancelled at each review.

What happens if I miss a payment?

If you think you're going to have trouble making a payment, it's important that you contact us as soon as possible so we're aware of your situation. If you don't contact us your payment agreement may be cancelled and further penalties applied to the overdue amount. This could also mean that you no longer qualify to have your incremental penalties cancelled.

How do I set up a payment agreement?

You can negotiate a payment agreement by calling us on **0800 221 221** or write to us with a suggestion for a payment agreement. You can also email us through Inland Revenue's online services website. To register for this service go to www.ird.govt.nz/online-services/

If you send us a letter or email we may need more information from you so please include a daytime phone number.

For more help

To talk to a Child Support Officer please call us on **0800 221 221** between 8 am and 6 pm weekdays.

You can get more copies of this factsheet or any of our forms:

- through www.ird.govt.nz/childsupport/
- by calling INFOexpress on **0800 257 773** between 6 am and 12 midnight.

Please have your IRD number and the form or booklet number ready before you call.