

Community-Wise

Inland Revenue's community update

What'sTax?

Making life easier for those new to the workplace

What'sTax?—Inland Revenue's new website for young people, is now live on the e-waves!

For anyone wondering what tax is all about, it just got a whole lot simpler.

The site is designed specifically for those entering the workforce for the first time, but will also appeal to parents, teachers and employers of people in this age group.

"Tax, student loans and social policy can be something of a mystery when you're new to the workforce. That's the audience **What'sTax?** has been designed for—it's a free online resource available 24/7," Inland Revenue National Advisor Geoff Oldham says.

Simply by visiting www.whatstax.govt.nz people will find all sorts of information about tax, including real life scenarios and things such as:

- what an IRD number is and how to apply for one
- understanding tax codes and making sure you choose the right one
- how tax is used to fund government programmes.

The site was first launched to local students in Wellington and Christchurch, receiving very positive feedback.

"We wanted to increase the level of tax awareness among young people and provide an easy-to-use resource constantly available to them. Students seem to find the site very interesting and informative, and we'll continue to refine it along the way," says Geoff.

"We're always looking to improve the site and welcome ongoing feedback, suggestions and ideas. It's a resource we're proud of and something we believe people will find really helpful," Geoff adds.



See inside for more information about...

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Applying for child support

How do I apply?

Fill out a *Child support formula assessment application (IR 101)* form and send it to Inland Revenue. You can get a copy of the form from www.ird.govt.nz/childsupport or by calling INFOexpress on **0800 257 773**.

What do I need to supply?

You'll need copies of your children's birth certificates or other acceptable identification (for example, copies of their passports). We require proof of paternity to process an application. A man is legally presumed to be a child's father when a child was conceived or born while he was married to the child's mother. If you're claiming child support from the child's father and weren't married when the child was conceived or born, you also need proof of who the father is.

This can include:

- the father being named on the child's birth certificate (which the father needs to sign)
- a document signed by the father acknowledging that he is the child's father
- an acknowledgment by a man during court proceedings that he is the child's father
- an adoption order naming a man as the child's father

- a paternity order naming a man as the father
- a finding by a court that a man is the child's father
- a declaration by the court that a man is a step-parent of a child.

Proof of paternity doesn't include a verbal assurance from the mother.

We also need bank account details to make the payments into.

Do I have to apply for child support?

No, unless you're receiving a sole parent benefit such as the domestic purposes benefit. Your Work and Income case manager will discuss this with you when you apply for a benefit. If you don't apply or your application is not completed correctly, your benefit may be reduced by \$22 each week for each child in your care. If you still don't apply for child support after 13 weeks your benefit will be reduced by another \$6 in total. If you're receiving an unsupported child's benefit you need to apply for child support from both parents.

The paying parent can also apply to pay child support to you. For example, they may want their child support worked out using the four-step child support formula rather than continuing with a voluntary arrangement.

Christmas message

We would like to wish you and your families a happy and safe holiday season.

If you need to get in touch with us, our contact numbers and opening hours over the holiday season are shown.



Child Support

Our phones will close from 5 pm on 23 December 2005 and re-open again from 8 am on 5 January 2006. The Child Support freephone number is **0800 221 221**.

Family assistance, student loans, and personal tax

All call centres will be closed from 24 December to 27 December 2005 (inclusive). The phones will re-open for normal business hours (8:30 am – 5:00 pm) between 28 December and 30 December 2005.

For the New Year's break, all call centres will be closed from 31 December 2005 to 3 January 2006 (inclusive). Regular hours begin again from 4 January 2006.

Family Assistance	0800 227 773
Student Loans	0800 377 778

Child support and school holidays

The end of year can often bring changes in living arrangements or personal circumstances, particularly for parents with children who are about to leave school. Changes such as holiday jobs, moving to live with the other parent for the holidays, and receipt of student allowances can all affect child support eligibility.

What if my child gets a job for the holidays?

When a child begins full-time employment the paying parent no longer needs to pay child support as the child is considered financially independent. Full-time employment means working on average for 30 hours or more each week and isn't dependent on the amount the child earns.

Employment for less than 30 hours per week doesn't affect child support eligibility.

If the child's full-time employment ends, the custodian needs to reapply for child support. Applications can be made at the time the child starts their job and we can hold this until the job finishes. This means there are no delays in stopping or starting child support payments.

What if my child spends school holidays with the paying parent?

Shared care provisions apply where the paying parent cares for the child for at least 40% of the total nights in a year. In most cases, care of the child for periods such as school holidays only is unlikely to equal this amount.

Paying parents who believe their care of the children has increased to 40% or more should contact us to discuss their circumstances as it may mean a reduction in payments.

What if my child receives a student allowance?

Child support payments continue until the child turns 19 but stop before this if the child marries or enters a civil union or de facto relationship, starts living with the paying parent, or becomes financially independent through full-time employment or receipt of a benefit or a student allowance.

Young people who receive a student allowance in the form of either a basic grant or the independent circumstances grant no longer qualify for child support as they're considered to be financially independent.

If an away from home allowance is being paid for the child, they're still considered financially dependent, and qualify for child support, because the allowance is paid to the caregiver, not the child.

Receiving a student loan has no effect on child support entitlements.

With the end of the school year, a number of children under the age of 19 will leave school and begin full-time jobs or start full-time tertiary study with a student allowance.

We need to know as soon as possible if any of these changes occur to ensure all child support entitlements and obligations are met. A change of circumstances form can be completed online at www.ird.govt.nz/childsupport or customers can call **0800 221 221** to talk to a Child Support Officer.

Language Line

Child Support is now using Language Line, a telephone interpretation service managed by the Office of Ethnic Affairs. Language Line offers an interpreter to Child Support's phone customers who do not speak English as a first language.

Language Line has been offered since March 2005. To the end of August there've been 260 successful interpreting sessions carried out. In total, 15 languages were asked for, with the most requested being Samoan (86), Tongan (33), Mandarin (29) and Cantonese (22).

The effectiveness of the service in meeting the needs of our customers, and in providing education to a section of the community who may otherwise miss out on information, will be fully evaluated in June each year.

Tax payments due 7 February

Income tax, student loan, and family assistance payments are due on 7 February 2006 (unless using a tax agent). Customers with payments due will be sent a reminder letter in January 2006.

Customers should contact us as soon as possible to discuss alternative arrangements if they can't make these payments, disagree with the amount due, or wish to alter the details of an existing arrangement they have with us.



Payments can be made:

- by cash or cheque at any Westpac branch
- online through their bank's website (visit www.ird.govt.nz to see which banks provide this service)
- using the payment slip attached to the reminder letter and posting a cheque to us (please do not post cash).

Interest and penalties will be charged on any outstanding payments from 8 February 2006 if no arrangement has been made.

There are two freephone lines dedicated to the 7 February payments, open from 8 am to 8 pm Monday to Friday, and 9 am to 1 pm on Saturdays:

Business customers	0800 162 685
Personal customers	0800 162 684

Paid parental leave increasing to 14 weeks

Paid parental leave (PPL) 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 number of weeks that PPL can be paid for is increasing from 13 to 14 from 1 December 2005. Eligible mothers and adoptive parents will be entitled to the increase if their baby is due, born or adopted on or after

1 December 2005. Paid parental leave will also be paid for a maximum of 14 weeks if a baby is due on or after 1 December 2005 but is born before then.

PPL is paid for a maximum of 13 weeks, for parental leave taken to care for a baby due and born or adopted before 1 December 2005.

For information about entitlements to parental leave and paid parental leave, please visit www.ers.dol.govt.nz or contact the Department of Labour on **0800 20 90 20**.

Family assistance change of circumstances

Customers who receive weekly or fortnightly family assistance payments have been issued with a reminder letter during November, stating that if they've any changes to their circumstances, they need to contact us as this may affect their current payments.

Such changes may include:

- a child leaving or coming into their care
- the birth of a new child
- going on or off a benefit, student allowance, veteran's pension or accident compensation
- income increasing or decreasing
- a change in relationship or marital status.

Customers must notify us of these changes as soon as they occur to avoid the possibility of missing out on payments they're entitled to, or receiving too much and needing to repay some at the end of the year.

For more information about changes in circumstances and how they affect family assistance payments, visit our website www.ird.govt.nz/familyassistance

WorkSite/PaeMahi

WorkSite/PaeMahi is an online portal to work and skills information in New Zealand found at www.worksite.govt.nz

Combining the resources of a number of Government agencies, including Inland Revenue, WorkSite/PaeMahi helps people make decisions about all matters relating to work and employment.

It provides information about education and training, career planning, finding work, tax obligations when you're working or employing someone, finding employees and establishing and operating a business as well as publications and other information about working in New Zealand. There's even an Ask an Expert tool, giving you a clever way to find answers.

WorkSite/PaeMahi is there to help if you need help finding work, help at work, help looking for staff and training.

A new tax credit for families

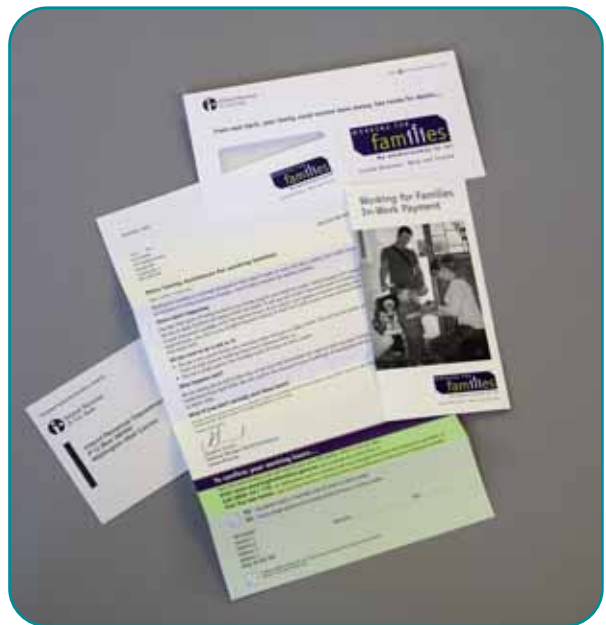
Working for Families is a government initiative aimed at providing families with greater financial support, improving the access to social assistance and making it easier to work while raising a family.

As part of *Working for Families*, a new tax credit called in-work payment (IWP) will be introduced from 1 April 2006, and will replace and pay more than the child tax credit part of the family assistance package.

You can get IWP if you or your partner are in paid work, including self-employment. You cannot get IWP if you or your partner receive an income-tested benefit or student allowance.

If you receive family assistance and you normally receive your payments either weekly or fortnightly, you will be receiving a letter and brochure in the post shortly. This letter and brochure will contain more information about IWP, and will tell you how to contact us if you meet the criteria for this new tax credit.

If you normally receive your family assistance as a lump sum payment at the end of the year, we will be contacting you next year.



Special tax codes

In some situations, the standard tax codes (for example, "M", "S", "SH" or "ST") or withholding tax rates don't deduct the right amount of tax for someone's particular circumstances. As a result the person may end up with a large tax bill or refund at the end of the year. In these situations we can work out a special tax code (STC) or deduction rate, which will help ensure a more accurate rate of tax is deducted during the year for the person.

The common situations where an STC or deduction rate may be required are, if someone:

- has a second job or other income apart from their main job
- receives an overseas pension that is taxable in New Zealand
- is a beneficiary or receiving accident compensation and working
- wants to make additional repayments on their student loan directly from their salary or wage.

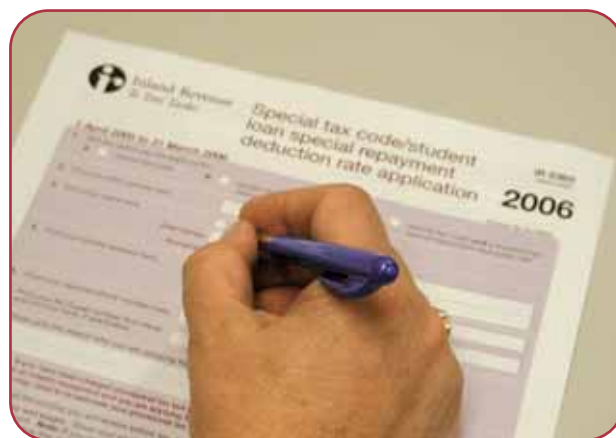
If any of these situations apply to someone or they've had a large tax refund or bill in the past, they can ask us if an STC or deduction rate may be appropriate for them. To apply for an STC or deduction, a *Special tax code/student loan special repayment deduction rate application (IR 23BS)* form must be completed. This form is available on our website or can be requested from our automated INFOexpress service on **0800 257 777**.

We will then calculate the correct rate of tax for a person's situation and send them a *Special tax code or deduction rate (IR 23)* certificate. This needs to be signed by the person and given to their employer. This authorises their employer to deduct tax at the rate (or using the code) specified on the certificate. An STC or deduction rate is valid for one tax year only.

An application for an STC or deduction rate can be made at anytime. If someone is using an STC or deduction rate it's important that they advise us of any changes in their circumstances as this may affect the tax they should be paying.

An STC or deduction rate is based on the income that a person estimates they'll receive for the year. The exact amount of tax they must finally pay, for the year, can only be worked out once they've received a personal tax summary or filed an *Individual tax return (IR 3)* at the end of the tax year.

For further information on special tax codes and deduction rates visit our website or see our booklet *How to tell if you need a special tax code or deduction rate (IR 23G)*. This booklet is available on our website or can be requested from our automated INFOexpress service on **0800 257 777**.



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	Luana Poata	Felicia Heape
Takapuna	Shannon Brady Tangi Folau	David Lasike
Manukau	Christina Fifita Helen Lisiua Hoana Parangi	Joseph Manu Brenda Vere
Hamilton	Moana Aperehama Diane Randell	Gail Hughey
Tauranga	Lorraine Morten	Kathy Whata
Gisborne	Kylie Low	Danny Fong
Napier	Nerissa Taurima	Sonia Cooper
Rotorua	Anna Jones	Johnnie Attwood
New Plymouth	Jenny Charteris	Tracey Lord
Palmerston North	Philippa McNae	Anne Lawson
Wellington	Russell Whitlock	Katie Goodridge
Nelson	Margaret King	Kaye Latham
Greymouth	Juliette Henry	
Christchurch	Pip McArtney Heather Rush	Maree Strutners
Timaru	Geoff Mayo	
Dunedin	Jon Winton Nicola Rae	Cindy Henry
Invercargill	Peter Murphy Val Smith	Mark Bell

Key dates and events

Date	Event
1 December Paid parental leave	The maximum number of weeks that paid parental leave can be paid for increases to 14 weeks. Applies to babies due, born or adopted on or after 1 December 2005.
31 December Student loans	The third non-resident assessment instalment is due for borrowers living overseas.
7 February Income tax, family assistance, student loans	End-of-year payments due for income tax, family assistance, or student loan customers who do not use tax agents.
7 – 10 February Child support	First Child Support notice of assessment mailout to customers to advise how much child support they should pay for the next child support year (starting 1 April 2007). For customers who aren't salary or wage earners, and all those who earned income overseas, or have filed an income tax return.
28 February Student loans	Student loans for courses completed before 31 December 2005 are transferred from StudyLink to Inland Revenue. Letters are sent to borrowers in March giving full details.
Early March 2006 Family assistance	Family assistance details automatically transferred to the next tax year (1 April 2006 – 31 March 2007). 1 April 2006 – 31 March 2007 certificates of entitlement sent to family assistance customers who receive payments weekly or fortnightly.
7 March Student loans	Third student loan interim instalment due.
7 – 10 March Child Support	Notice of assessment mailout to customers to advise how much child support they should pay for the next child support year. This mailout is for salary or wage earners.
7 – 10 March Child Support	Notices of entitlement sent to all custodians, advising the amount of child support payments they'll receive in the coming year.
14 – 16 March Child support	Mailout to employers and Work and Income advising of automatic deductions for customers who have their child support deducted from their salary or wages or from their benefit
31 March Student loans	Fourth non-resident assessment instalment due for borrowers living overseas.
1 April Child support	New child support year begins and the new minimum and maximum income rates come into effect.