MARCH 2003

Inland Revenue
Te Tari Taake

Community-Wise

Inland Revenue's community update

Spreading the word

Social Policy Liaison Officers (SPLOs) armed with posters, display stands and balloons took to the streets recently to promote Family Assistance.

"Family Assistance awareness week" was an excellent opportunity for SPLOs to proactively promote Family Assistance and raise their visibility in their communities.

"The week was a great way to show the community that we are committed to making it easier for people to get what they are entitled to," says Paula Barkley, Acting National Advisor.

It was also a chance to remind people about the changes that may affect their Family Assistance entitlements.

"SPLOs came up with imaginative ways of promoting Family Assistance, with a message and phone number displayed on an electronic message display board in Gisborne, display stands set up in malls and other public areas, and posters placed in day care centres, Plunket waiting areas and libraries," says Paula.

Manukau SPLOs were interviewed for TV One's Tangata Pasifika programme.

"Taking part in the programme was a great opportunity to raise awareness, both in Manukau and nationwide", says Emmie Lemalu, SPLO.

Wellington SPLOs organised a community services information expo which included information stands from a range of other organisations, including Work and Income, Victoria University, Pacific Health Services, Sport Wellington Region and Newtown Community and Cultural Centre.

The objective of the expo was to equip the community with all the information they need, all in one place.

Manukau SPLOs Charleen and Emmie set up shop at the Manukau markets

An electronic message for Gisborne residents

Student loans

On the move

The amount of money a borrower can earn before they need to start repaying their student loan will increase from 1 April 2003 from $15,496 to $15,964.

There will also be a change to the income level that part-time or part-year borrowers can earn to have interest on their loans fully written-off. This will rise from $25,378 to $25,909.

The increases are in line with changes to the domestic purposes benefit.

The interest rate on student loans will stay at 7% for another year. This is made up of 4.2% for base interest and 2.8% for the interest adjustment rate.

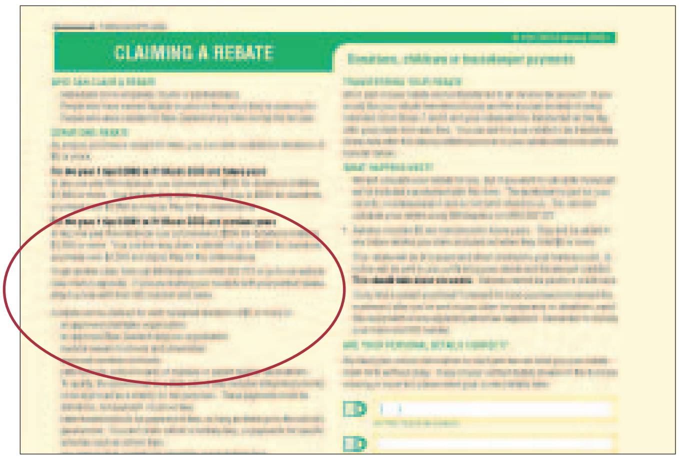
Clearing up confusion

In the past there has been some confusion about what qualifies as "school fees" when claiming rebates.

Donations to primary and secondary schools are sometimes referred to as "school fees" and these can be claimed as a rebate, but this does not apply to the compulsory fees portion that can be borrowed for a student loan.

There have been cases where students have claimed a rebate from us for the compulsory fees portion paid to their tertiary education or training institution. It is important that all students are aware that they cannot claim money back from us for fees.

If students think they may have incorrectly claimed for a donation rebate for tuition and education fees they can call us on 0800 377 774.



Watch this space

The student loan section of our website is currently undergoing some changes.

"The website is being redesigned to make it more of a resource for borrowers wanting information on managing their loan," says Darren Lee, National Advisor, Student Loans.

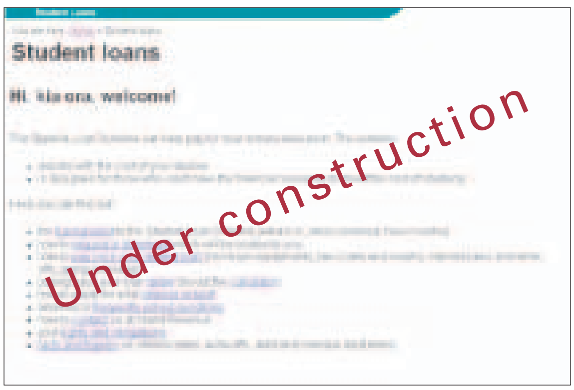
The student loan site has proved popular with people using it to find out how to make repayments, look for information about interest write-offs, or check what to do if they're thinking of going overseas.

"We've found they like using the student loan site as they get the information instantly. They are also high internet users so it makes sense for us to ensure our website meets their needs.

"We asked a group of borrowers to use the current student loan pages to find out what they thought worked, and what could be improved. We also sat down with borrowers one-on-one and watched them use the website to see how we could make the section more user-friendly," says Darren.

As a result of the research we're making changes to the content and internal navigation. We're also working on making the site a dynamic resource where borrowers, or those students looking at taking out a student loan, can go to find out simple and up-to-date information about student loans.

So, watch this space! The redeveloped student loan site is due to go live in early May.



Student loans

This might be of interest…

Student loan borrowers might be interested to know that they may be eligible to get a portion of the interest on their loan written off.

Interest write-offs and reduction entitlements were introduced by government to ensure that:

- the loan balance for a borrower, who is not in a position to make repayments (due to study, or not earning income), does not increase beyond the rate of inflation
- at least 50% of any repayments made are credited against the interest adjustment rate and principal loan balance.

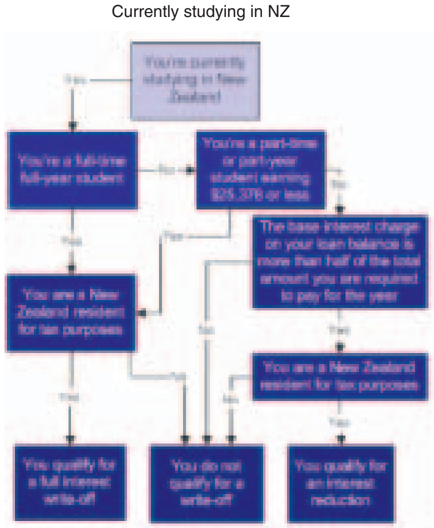
So how do these write-offs occur? And how can someone work out if they are eligible?

The type of interest write-off or reduction a borrower is entitled to will be determined by their study or how much they earn. In most instances, a write-off or reduction will be automatically calculated and processed.

Students can receive a full interest write-off if they are in full-time, full-year study (which is a minimum of 32 weeks) and are a New Zealand resident for tax purposes. Any interest write-off will appear on the statement Inland Revenue sends to borrowers in early May.

Part-time or part-year students can receive a full interest write-off if they earn $25,909 or less in the tax year (1 April 2003 – 31 March 2004) and are a New Zealand resident for tax purposes.

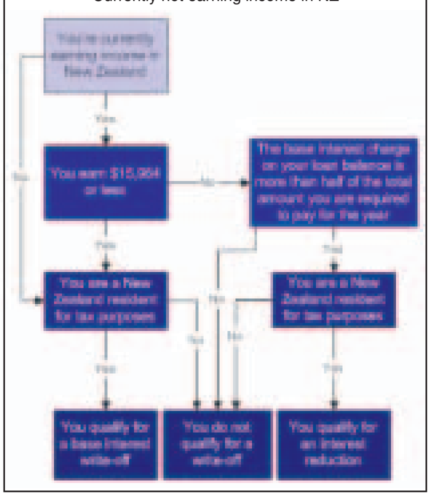
Currently studying in NZ



Those borrowers who are not studying but earn $15,964 or less and are a New Zealand resident for tax purposes may be entitled to a base interest write-off.

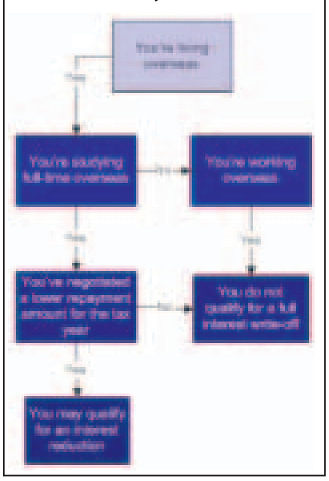
Borrowers who are earning over $15,964 could get an interest reduction for each year that the base interest charged on their loan balance is more than half of the total amount required to be paid for the year.

Currently earning income in NZ
Currently not earning income in NZ



For all other write-off and reduction entitlements the amount will appear on the statement we send borrowers, shortly after they complete an IR 3 tax return or receive a personal tax summary and end-of-year repayment calculation from us.

Currently overseas



To find out more about interest write-offs and reductions visit our website.

Booking travel?

Our Social Policy Liaison Officers have been out and about recently talking to travel agents about student loans.

As travel agents are often the first point of call for students and graduates planning an overseas working holiday, we saw this as an opportunity to work with them and help student loan borrowers understand their obligations when leaving New Zealand.

"We have been sending letters to travel agents outlining student loan borrowers' obligations when travelling overseas," says Darren Lee, National Advisor.

"The letter asks travel agents to provide our *Going overseas (IR 223)* brochure if a borrower asks about their student loan obligations when they're booking their travel."

If you would like copies of the *Going overseas* brochure, call our automated stationery service on 0800 257 773, or check out our website.

Wellington SPLO Vanessa has been talking with local travel agents about student loans

Frequently asked questions – interest write-offs

What do current students need to do to get a write-off?

If the borrower gave their IRD number to the tertiary provider when they completed their enrolment form (all course enrolment forms include a section for this) then they don't have to do anything. Their write-off will be processed automatically.

If they haven't done this, or are not sure whether they did this, they can apply online or contact us with their student ID and tertiary provider code. This information will then be sent to the Ministry of Education to confirm whether they studied full-time or part-time.

What do other borrowers need to do to get a write-off?

A write-off entitlement will be automatically calculated and processed when the borrower either:

- completes an IR 3 income tax return, or
- receives a personal tax summary and end-of-year repayment calculation from us in July

When does a borrower need to complete an IR 3 income tax return?

A borrower needs to file an IR 3 individual tax return if, during the income year, they:

- earn income that has had no tax deducted from it, such as from a business, partnership, interest, dividends, rent or royalties
- receive withholding payments
- receive income from a trust or estate
- receive either free or below market value shares from their employer
- pay tax as an IR 56 taxpayer (eg as a part-time home help, nanny, gardener, embassy staff member, overseas company representative)
- are assessed for provisional tax
- received income from overseas (including income from a social security pension through the special banking option).

Focusing on long-term debt

Internationally New Zealand Child Support is considered a leader in child support collection, with around 87% of child support payments collected and paid out over time. However, a key focus for Child Support is to continue to take steps to collect any debts that do occur.

So, how do we do this?

The first step is to contact new customers and tell them about their rights and obligations, to encourage them to make their payments in full and on time. We tell them how they can help, by providing us with information about any changes in their details (like their address) or personal circumstances (such as if their income changes) so that they pay or receive the correct amount of child support. If parents do fall into arrears, we contact them to get them on track as soon as possible.

We have also set up a National Collections Unit which works with customers who have not paid their child support and as a result have a large debt.

Carreen Disher, National Collections Unit Team Leader, says most of the unit's customers need to be reminded about their obligations.

"Many of the customers that we have contacted have not been in touch with Child Support for a significant period, and when we speak to them they need to be talked through what is expected from them," says Carreen.

"The unit has been able to recover lump sum amounts and/or set up ongoing repayment arrangements where the customer has demonstrated that they cannot repay the debt in full, which may not have been possible prior to the unit being set up."

Of the customers the unit has contacted to date and made arrangements with to repay the debt, 95% have kept to their arrangements.

"We find that with a lot of the cases we are able to clear the debt after talking to the customer. Sometimes, for instance, people have got back together and not told us," says Carreen.

Assessment time

We send notices of assessment to all paying parents in February and March. The notices show the amount of child support we calculate a paying parent is due to pay for the coming year (1 April 2003 to 31 March 2004). The amount is based on their circumstances, like current income and how many children they support.

If any information on the notice is incorrect, it is important that the paying parent calls us on 0800 221 221 so we can update our records.

Notices of entitlement are also sent to custodians outlining how much child support they will receive for the year.

The first payment based on the assessment is due on 20 May and custodians should receive their money on 7 June.

Members of the National Collections Unit – helping to clear outstanding child support debt

Child Support

Change of circumstances

We recently ran a national advertising campaign to highlight the importance of customers advising us of any change in their personal circumstances.

Margaret Hawkes, Child Support National Advisor, says a wide range of radio stations were used to promote the change of circumstances message.

"The aim of our advertising is to educate customers about what they need to tell us about, so we can ensure they are paying or receiving accurate child support payments," says Margaret.

Customers can visit our website to advise us of any changes in their circumstances. We can also update most of the changes over the phone.

Our Child Support Community Liaison Officers

If you would like to speak to one of our Community Liaison Officers (CLOs), or if you would like them to come and talk with you or your group, call us on freephone 0800 221 221 and ask for…

CLOs	… who cover the following locations and surrounding areas
Mihaka Panapa	Whangarei
Alan Marino (prisons and men's groups)	Auckland
Sharon Tongalea, Sophie Chungson	Auckland
Jean Tu	Auckland
Rata Nepe	Gisborne
Erica Nelson	Hamilton
Jan Hoare	Tauranga
Diana van den Akker	Rotorua
Wendy King	New Plymouth
Jo Damen	Napier
Paul Smith	Palmerston North
Whetu Ranfurly	Wellington
Pip Mcartney	Christchurch
Peter Read	Dunedin
Lynley Ballantine	Invercargill

Frequently asked questions – administrative reviews

Why does Inland Revenue require financial information for an administrative review?

An administrative review can be applied for when a parent thinks a formula assessment to pay child support needs to be changed because of special circumstances. Financial details are needed to help the review officer reach a decision about the assessment. The review officer will consider the financial position of both parties to decide whether a change is fair to everyone.

Do both parties see the information supplied for an administrative review?

All the information provided, including financial details, will be given to the other party if they want to be part of the review. The applicant will also receive the information they provide for the review. This is so both parties know all the information a review officer will be considering, and can respond to the other person's information.

The review officer will only consider the information both people have seen. If one party does not agree to the other person seeing the information, the review officer will not consider it in making a decision about the assessment.

New Wellington CLO
Whetu Ranfurly

Applying for an administrative review

Administrative reviews provide an opportunity for either a custodian or paying parent to query the amount of child support they either receive or pay under a formula assessment.

An administrative review may be applied for if either parent feels that there are special circumstances that the formula does not take into account.

"The administrative review process is a fair, impartial process that looks at all the factors and works on an outcome that, hopefully, is acceptable to both parties," says Prema Waghorn, National Advisor Child Support.

"A review can be applied for if the reason for the application meets at least one of a set of criteria that includes things like the extra it costs to cover children's special needs like high medical costs. The criteria are set by law," says Prema.

What's the process?

Step 1 An application is made for the amount of child support paid to be reviewed. The person applying will be asked to provide details of their financial situation. We'll let the other parent know that we have received an application for a review and give them the opportunity to be involved.

The other parent will be allowed to have a copy of the application and any extra information that is provided.

The person making the application will also be given the opportunity to see any response and supporting information from the other party.

"We need to keep both parties informed of what's happening, and to give each person the opportunity to respond," says Prema.

The review officer will only look at information that both parties know about and have a chance to respond to.

Step 2 We check to see if the reason for the application fits in with at least one of the ten criteria. If we decide that a person is eligible for an administrative review, we appoint a review officer. This person is not an Inland Revenue staff member.

Step 3 Both parties will be given the opportunity to attend a hearing. The hearing can either be over the phone or in person, or the review officer can consider the case from written submissions.

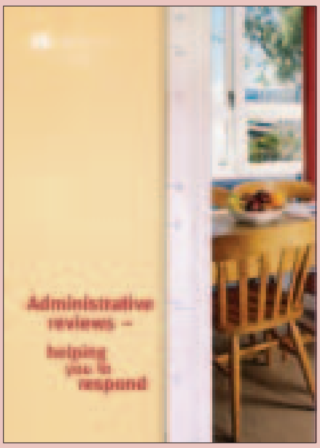
Step 4 The review officer looks over the information provided and considers the special circumstances to see if a change would be fair to both parties and the children, and if it would be otherwise proper (which means the aims of the Child Support Act 1991 and the public interest are considered). The review officer will not give a decision at the hearing, but a copy of the written decision is sent to both parties.

"On average administrative reviews take about seven to ten weeks to complete," says Prema.

Application forms can be found in our booklet *Child support administrative reviews – how to apply (IR 172)*. Contact our automated stationery service on 0800 257 773 or call us on 0800 221 221 for a copy.

New look guide for administrative reviews

We have produced a new look version of one of our administrative review booklets and given it a new name. It's now called *Administrative reviews – helping you to respond (IR 173)*. The content of the booklet is the same as before. Keep an eye out for the booklet with its new cover and A5 size.



Family Assistance

Registering for Family Assistance

Did you know that families can register for Family Assistance at any time of the year? To apply, a person needs to request a *Family Assistance registration pack (IR 200*) – the *Family Assistance registration (FS 1)* is found in the pack. All they need to do is have their IRD number handy and call our automated stationery service on 0800 257 773.

What information do we need?

- details about themselves and their partner (if applicable)
- their child's IRD number (they can get one by filling in an IR 594 application form, also included in the *Family Assistance registration pack*)
- an estimate of their income for the year
- their child's birth certificate (if their child does not already have an IRD number)
- any other information about other income they receive (for example, from self-employment).

There are two options for receiving Family Assistance payments. To receive payments fortnightly, customers need to give us an estimate of how much they'll earn in the year they are applying for the payments.

The other option is for customers to receive a lump sum payment at the end of the tax year. If customers choose this option they don't need to give us their yearly income details. We receive that information from their employer.

Birth certificates

If a customer who is applying for Family Assistance is waiting for a copy of their child's birth certificate from Births, Deaths and Marriages, they can still send in their completed *Family Assistance registration form (FS 1)* and we will start making payments.

Family Assistance eligibility

You may not be aware that to be eligible for Family Assistance the person looking after the child needs to be either:

- a New Zealand resident and have been living in the country continuously for at least 12 months at any time. They need to be a tax resident and be resident in New Zealand when they apply for Family Assistance payments, or
- caring for a child who is both resident and present in New Zealand.

Paula Barkley, Acting National Advisor, says if a person has recently arrived in New Zealand and meets residency conditions, they need to include a copy of their residence permit with their *Family Assistance registration (FS 1)*.

"A residence permit allows a person to live in New Zealand for an indefinite period of time," says Paula.

"From the day their child (or children) is given a residency permit, and is living in the country, they can claim Family Assistance payments."

If the child has a residency permit but the parent does not, they can still receive Family Assistance for that child. We will still require a copy of the child's residency permit.

If they are coming back to New Zealand, and are a New Zealand citizen, they can also claim Family Assistance payments as long as they meet the Family Assistance qualifying criteria.

Family Assistance cannot be granted if the person applying:

- is in New Zealand illegally
- is here on a visitor's permit
- only has a temporary work permit, or
- is here on a study permit.

End-of-year check up

Personal tax summaries will be sent to all Family Assistance customers in June.

People will receive a personal tax summary if they:

- received Family Assistance payments from us from 1 April 2002 to 31 March 2003 (including those registered with us who have chosen to receive a lump sum payment rather than fortnightly payments), or
- received Family Assistance payments from Work and Income from 1 April 2002 to 31 March 2003, and earn over $20,000.

Family Assistance customers will also receive a *Family Assistance end-of-year statement (IR 541*).

"This shows the information we have on our records. It also shows the Family Assistance entitlement and whether the customer received the correct payment for the tax year," says Paula Barkley, Acting National Advisor.

"It is important that customers check both the personal tax summary and end-of-year statement to make sure the details are correct. If there are any changes they should get in touch with us," says Paula.

Changes can be made by phoning us on 0800 227 773, or customers can make the changes on their form and send it back to us.

If there are any overpayments to pay back, customers can call us to discuss payment options. Payments are due by 7 February of the following year or 7 April if they have a tax agent.

Changes to the rebate claim process

Customers who claim a rebate this year will notice a few changes to the claim process.

The most important change for people claiming a rebate for childcare and housekeeping is that we now need all receipts to be attached to the *Rebate claim (IR 526)* form.

"This year people claiming a rebate for child care and housekeepers will also need to provide receipts, as well as advising us of the name of the childcare organisation or housekeeper used," she says.

We are writing to all childcare organisations to let them know about this new requirement.

Rebate claim forms are automatically sent out in April to those who claimed a rebate last year.

Anyone who has not received a form, or would like to claim a rebate this year, can visit our website to download a copy or call our automated stationery service INFOexpress on 0800 257 773.

We need your help!

Have you seen a copy of our personal tax summaries booklet? *What you need to know about personal tax summaries (IR 522)* explains all you need to know about personal tax summaries—who must and who should request one, information about child rebates and contact details for Inland Revenue.

If you have not received a copy but think this booklet would be useful when working through customers' tax affairs, or if you have seen the booklet and want to provide feedback about its usefulness, we'd appreciate hearing from you.

Please send any comments to **communitywise@ird.govt.nz** by 14 April.

Family Assistance

Frequently asked questions – income estimation

How can I estimate my income when my hours of work change each week?

If a person is unsure of their income, they can:

- get fortnightly payments based on an income estimate for the maximum hours that they would work. If Inland Revenue works out that their actual income at the end of the tax year is less than this estimate, we pay them the additional amount they are entitled to, or
- get Family Assistance in a lump sum at the end of the tax year.

What happens if I'm overpaid Family Assistance?

At the end of the tax year we "square up" Family Assistance entitlements to ensure that a family has received the correct amount. If they are overpaid they will need to pay back the extra amount they received. Families should contact us as soon as possible to allow time to make arrangements to pay or discuss payment options. Payments are due on 7 February of the following year, or 7 April if the family has a tax agent.

If a family is underpaid their Family Assistance entitlement, we will refund this amount at the end of the tax year.

Why should I bother looking at the Family Assistance end-of-year statement from Inland Revenue?

The end-of-year statement should be checked carefully to make sure the information we have is correct. With the correct details we can work out how much Family Assistance a family is entitled to.

Who to call

If you would like one of our Social Policy Liaison Officers (SPLOs) to come and talk to a group or organisation that you are involved in about Family Assistance or student loans, call us on freephone 0800 227 773 and ask for…

SPLOs	… who cover the following locations and surrounding areas
Margaret Gunson	Whangarei
Shannon Brady, Vanessa Bowles	Takapuna
Charleen Vili, Denise Savea, Emmie Lemalu	Manukau
Helen Richards, Diane Randell	Hamilton
Lorraine Morten	Tauranga
Colleen Lynch	Gisborne
Frances Mott	Napier
Sarah Roper	Rotorua
Jenny MacDonald	New Plymouth
Sarah Manderson	Palmerston North
Vanessa Pierre, Alisa Tonu'u, Penoa Tuigamala	Wellington
Margaret King	Nelson
Juliette Henry	Greymouth
Anna O'Keefe	Christchurch
Debbie Gard	Timaru
Jenni Mattingly	Dunedin
Peter Murphy, Mary Rae	Invercargill

Wellington SPLOs Vanessa, Penoa and Alisa, at the community services information expo held recently

The 2003 income tax timetable

Inland Revenue is running a nationwide public awareness campaign from April through to July to help explain taxpayers' obligations and rights at tax time.

Paula Barkley, National Advisor, says Inland Revenue is aware that tax can be a complex issue.

"We are, therefore, committed to working with taxpayers to make it easier for them to get the information they need to meet their tax obligations, and ensure they receive any refunds they are due."

Who needs to fill in a tax return?

Most salary and wage earners don't need to fill in a tax return. But some will need a personal tax summary, which shows their income and tax deductions for the year. These will automatically be sent out in June to those that need an end of year square-up. However, there will also be some people who need to request a personal tax summary in July. We will be letting people know how to do this through advertising in late June.

Who needs to fill in an IR 3 income tax return?

People need to fill in an IR 3 income tax return if they received income from:

- self-employment
- a rental property
- withholding payments
- a partnership.

These will be sent out in April and early May.

If a person files an IR 3 income tax return and also receives salary, wages or withholding payments, they will need a summary of earnings. We will be sending these out in late May.


2003

Who can claim a rebate?

If people claimed for donations, childcare or housekeeper rebates last year we will automatically send them a rebate claim form. If they haven't received a form by the end of April and want to claim, they can visit our website to get one, or call our automated stationery service INFOexpress on 0800 257 773. They need to have their IRD number handy.

"It is also important that when making a claim all receipts are sent in," says Paula.

Rebates can also be claimed for donations to primary and secondary schools. Tuition fees or payments for specific activities, such as school trips, and university or polytechnic fees cannot be claimed as a rebate.

What about tax refunds?

A salary or wage earner may get a refund if they:

- are able to get a low-income rebate—for example, the child rebate and/or received salary and wages less than $9,880
- received less than $38,000 and were paid dividends
- had more than one job during the year
- didn't work a full income year
- are able to deduct expenses from their income.

If any of these apply in the tax year ended 31 March 2003, people can check out the personal tax summary calculator on our website, or call us and we will send them a worksheet to fill out. This is an easy way to check if they could receive a refund before they ask for a personal tax summary.

What if someone can't pay on time?

The best advice if someone thinks they will be unable to pay their tax on time is to contact us early to discuss their situation—we will talk through payment options and work out a repayment option that suits them. This means they may be able to pay off the amount by instalments over time.

Key dates and events

11 – 15 March (Child Support)	New child support assessments are issued to paying parents, new entitlements are issued to custodial parents and new deduction notices are issued to employers for child support due in the 1 April 2003 – 31 March 2004 year
19 – 30 March (Student loans)	Borrowers whose loan was transferred to Inland Revenue from StudyLink will receive a letter notifying them of their balance details
24 – 27 March (Family Assistance)	Certificate of entitlement sent to customers informing them of their entitlement and confirming what they will receive for the period 1 April 2003 – 31 March 2004
24 – 27 March (Family Assistance)	Certificate of ineligibility issued to customers not entitled to Family Assistance based on income information held by us
1 April (Student loans)	Repayment threshold increases to $15,964. Part-time or part-year student write-off threshold increases to $25,909. New interest rates apply
1 April (Child Support)	New child support year begins, and the new minimum and maximum assessments come into effect
April (Personal tax season)	Rebate claim forms sent to those people who claimed a donation, childcare or housekeeper rebate last year
14 April (Family Assistance)	End-of-year statements issued to businesses and self-employed customers. The statements list family and income details that we have on record
14 April (Family Assistance)	Business adjustment forms sent to business customers receiving Family Assistance to confirm if details held by us are correct
April / May (Personal tax season)	IR 3 income tax returns sent out
30 April – 15 May (Student loans)	Borrowers in New Zealand and overseas are sent their April statement
May (Personal tax season)	Summary of earnings sent to people who are required to file an IR 3 income tax return
May (Child Support)	Annual statement run for paying parents—statements show their current balance
June (Personal tax season)	Personal tax summaries sent to taxpayers who need an end of year "square-up"
July (Personal tax season)	Those taxpayers who did not receive a personal tax summary can request one
July (Child Support)	Salary and wage income finalisation run—new notices are sent to paying parents if there is a change of more than $500 between the income we used for the notice sent in February/March, and the income actually earned for the year 1 April 2002 – 31 March 2003