



## Child Support changes

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September 2021

The information in the presentation is current as at September 2021



## Introducing the child support changes

### FOR

- Community groups and organisations

### TOPICS

- Introduction
- myIR upgrade
- New functionalities
- Faster payments
- New payment methods
- Administrative legislation changes
- Other changes

The information in the presentation is current as at September 2021

Welcome to this webinar about Inland Revenue's upcoming child support changes. This presentation will provide you with information on the upcoming myIR changes and also the legislative changes that are coming later this year. We're targeting late October for our final release but, as usual, we are closely monitoring any external events that may affect this timing, such as COVID lockdowns and the recent closure of our Wellington office.

This presentation may be useful for individuals, families, and the organisations who support them.

To start I'll give a quick re-cap on what child support is.

## What is child support?



Child support is financial support paid by parents who either don't live with their children, or who share the care of their children with another person.

Child support is financial support paid by parents who either don't live with their children, or who share the care of their children with another person.

Sometimes, children may be cared for by someone other than parents, such as grandparents, other family members, or Oranga Tamariki—Ministry for Children. In these cases, both parents may pay child support.

Child support aims to ensure that:

- parents take financial responsibility for their children
- financial contributions from liable parents help to cover the cost of benefits that support their children

## Introduction



We're making changes that child support customers may notice. These changes include:

- Upgrading myIR, and
- Moving child support into our new system.

It will become easier for customers to manage child support in their online myIR account.

There will be new payment methods for liable parents and payments will be passed onto the receiving carer faster.

Upcoming legislation changes also mean we'll be improving how we administer child support so that our customers have more certainty.

One of the main legislative changes is the introduction of compulsory employer deductions.

As part of the final phase of our Business Transformation we're making changes that child support customers may notice. These changes include upgrading to the latest version of myIR, and moving child support into our new system.

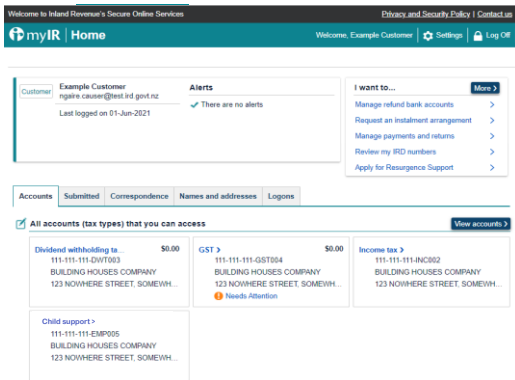
As a result of these changes

- Child support customers will be able to do more in myIR, making it easier for them to manage their account,
- Liable parents who pay manually will have new payment methods, and
- We'll be able to process and pass on payments faster

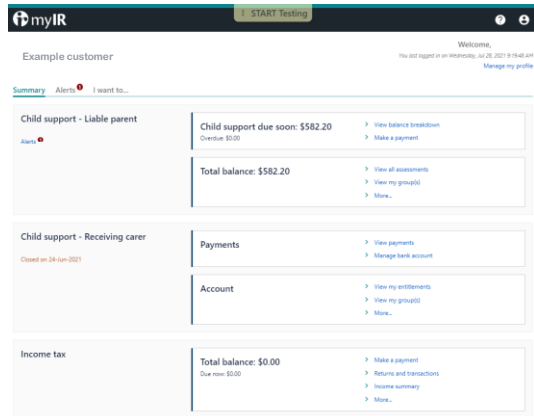
As I mentioned previously, there are also some upcoming legislation changes - these will help us improve how we administer child support, so that we can provide child support customers more certainty. One of the main legislative changes for child support customers is the introduction of compulsory employer deductions - we'll discuss these in more detail in this presentation.

Let's start by looking at the myIR upgrade and how this may impact child support customers.

## Upgrading to the latest version of myIR



**Current version**



**New version**

myIR will have a new layout which will make it easier for customers to see the most important information across all of their accounts, including their child support account.

We're upgrading our system, so customers will have the latest version of myIR.

Most of the changes are standard 'out of the box' improvements but we are customising some elements to reflect our customers' specific needs. The screenshots you see here, show some of the differences that customers will see when they log into their myIR account.

The first thing customers are likely to notice are changes to the look and feel. As you can see, the new version is cleaner and tidier making it easier to see what's on the screen including accounts, balances, payments due, tasks and alerts.

The version upgrade will reduce the need for customers to navigate through the system, as it brings more to the landing page. It will also be easier for customers to search for and find information, as there will be filtering and searching functionality.

I do want to emphasise that this is just an upgrade – like you've probably seen in other software and apps – it's not a new system.

I also want to add, we are still in the testing phase, so the designs may change slightly from what you see on screen.

## Moving child support into our new system



Child support is the final product that we are moving into our new system.

Child support customers will be able to do more in their myIR account, including:

- registering for child support and
- managing administrative review applications and objections

It will also be easier for them to manage their child support details, including being able to update their contact and bank account details, and notify us of a change of circumstances.

For more than four years we've been transforming how we deliver tax and social policy services to make it easier for New Zealanders to pay their taxes and receive their entitlements. This has included changes to policy, legislation and business processes, a new computer system. Child support is the final product that we are moving into our new system.

Moving child support into our new system means customers will be able to manage more of their child support account online in myIR.

Including:

- registering for child support, and
- applying for and responding to administrative review applications and objections in myIR, reducing the number of paper forms they need to complete.

It will also be easier for them to update their contact and bank account details, and notify us of a change of circumstances.

We'll be able to pre-populate information we already have on hand such as contact and bank account details.

Moving child support into our new system will also reduce the amount of correspondence we send by paper, as child support letters will be issued electronically for those customers with a myIR account.

## Payments processed faster



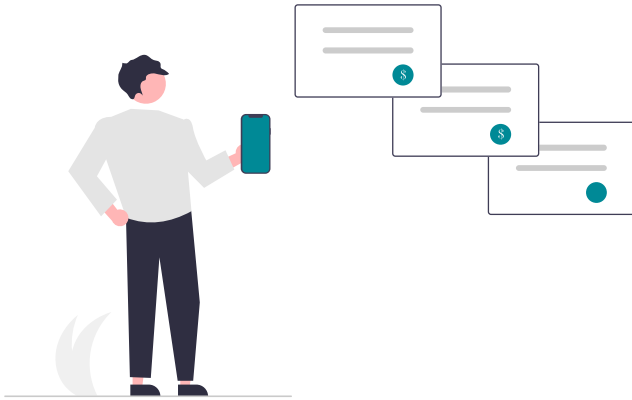
We'll be able to pay child support payments to receiving carers by the 23<sup>rd</sup> of the same month, as long as the liable parent has paid on time.

We'll be able to process child support payments faster.

Currently child support payments should be paid to Inland Revenue by the 20<sup>th</sup> of the month and Inland Revenue will pay these to receiving carers by the 7<sup>th</sup> of the following month.

We'll be able to pay child support payments to customers by the 23<sup>rd</sup> of the same month, as long as the payment has been made on time.

## New payment options for manual payers



- Direct debit via myIR
- Reoccurring direct debit – can select that we deduct their ongoing liability automatically each month or up to a specified amount each month.
- Manual payer schedule – allows liable parents to select a pay frequency and we will calculate how much they need to pay

We will be able to offer new payment methods to liable parents who are making payments manually e.g not through employer deductions.

They will have the option of being able to pay by direct credit via their myIR account, there will also be the ability to set up a 'reoccurring' direct debit which will enable an ongoing direct debit for their account. When setting this up they can choose to allow for us to deduct their monthly balance, select a maximum amount we can deduct or a fixed amount we can deduct each payment date.

There will also be a new payment plan option known as the manual payment schedule available to them. This option will let liable parents who are making manual payments to choose their payment frequency e.g., weekly, fortnightly, or monthly, and the day they want to pay, and we'll work out how much they need to pay to keep on top of their payments.



## Legislation changes



Legislative changes are due to come into effect in October and November.

The aim of the changes is to help us improve the administration of child support and to provide more certainty for child support customers.

Now let's talk about the upcoming legislation changes. The Child Support Amendment Act was enacted in March 2021 and includes changes that are due to come into effect in October and November 2021.

The aim of the changes is to help us improve the administration of child support and to allow us to provide more certainty for child support customers.

## Compulsory employer deductions



It will become compulsory for returning and newly liable (paying) parents to have their child support payments deducted from their salary or wages.

Making it compulsory for all their child support payments to be automatically deducted will help to give receiving carers more certainty.

One of the main legislative changes for child support customers is that it will become compulsory for returning and newly liable (paying) parents to have their child support payments deducted from their salary or wages. Currently it is only compulsory for a liable parent who falls behind in their child support.

Making it compulsory for all child support payments to be automatically deducted from the employment income of returning and newly liable parents will help to ensure that as many payments as possible are made, and made on time, giving more certainty to receiving parents.

We will let employers know when any of their employees require child support deductions and will provide the information they'll need to make these deductions. Deductions will be automatically co-ordinated with their pay periods, whether those periods are weekly, fortnightly or monthly.

## Changes to timeframes



- Introducing a four-year time bar on child support reassessments and applying for administrative reviews.
- Introducing a 28 day timeframe for notification of existing circumstances for first assessments.
- Introducing timeframes for applying for and providing paternity orders that must be met for child support to be backdated.

We're also introducing some new timeframes for child support.

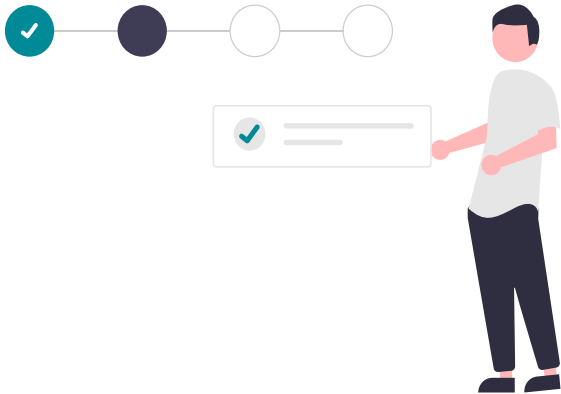
Reassessments will be restricted to a four-year period; this will include applying for administrative reviews. The time bar will start from the end of the child support year in which the assessment was given e.g. if we were looking at a child support assessment that was raised during the 2021 year, the customer would have until 31/03/2025 to request a reassessment. Reassessments outside of these periods will only occur when an exception applies e.g. a person should not have been made liable because they are not the parent of the child.

We're also introducing a timeframe for first assessments, this means customers will have 28 days from the date they are notified of their assessment to advise us of any existing circumstances (e.g. dependent children in their care). If a customer notifies us after the 28 day period has passed then the change to the assessment will be effective from the date of notification, rather than being backdated to the start of the assessment as it is currently.

We are also introducing timeframes for paternity orders. Paternity orders will need to be applied for within 2 months of applying for child support and supplied to us within 2 months of the order being granted. These timeframes have to be met for child support to be backdated.

These timeframes are intended to give all parties more certainty.

## Further legislative changes



Extending exemptions from child support for liable parents to include:

- Customers suffering with long term illness or injury who cannot earn
- Hospital patients in overseas hospitals
- Overseas prisoners

Changes to late payment penalties

- 60-day grace period introduced for newly liable or returning liable parents
- Removing \$5 minimum late payment penalty charge for the first stage of the initial penalty
- Increasing the time before the second late payment penalty is applied to 28 days

The other changes being introduced won't impact the majority of child support customers.

In certain situations, a liable parent can be temporarily made exempt from their child support assessment. We're extending the situations when customers can be exempt from child support to include:

- customers suffering with long term illness who cannot earn,
- hospital patients in overseas hospitals, and
- overseas prisoners will also qualify for an exemption

We're also making a few changes to how we apply late payment penalties.

- We will be introducing a 60-day grace period for newly liable or returning liable parents – this means no penalties will be charged during this time,
- We are also removing the \$5 minimum late payment penalty charge for the first stage of the initial penalty
- And finally, we're increasing the timeframe that we allow before we charge the second late payment penalty – currently we apply a 8% penalty 8 days after the payment was due, but with this change we'll allow customers 28 days to make the full payment before we apply the 8% penalty.

## Further legislative changes



### Changes to key age-related criteria

- Children under 16 will not be considered financially independent
- Children enrolled at and attending school past the age of 18 will cease to qualify for child support on 31 December in the year they turn 18

Discretion to reduce debts when two parents owe each other overdue child support

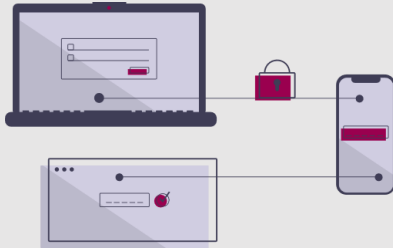
There are also two changes to key age-related criteria:

- The first change relates to when a child can be considered financially independent - currently there is no minimum age a child has to be before they can be deemed financially independent, when these changes come into effect children will need to be 16 years or older before they can be considered financially independent.
- The second change relates to children who turn 18 while still attending school. Currently children who are enrolled at and attending school past the age of 18 will qualify for child support until they turn 19 - this will change, and children attending school will only qualify until the 31<sup>st</sup> of December in the year they turn 18.

The final change introduced in the Child Support Amendment Act will allow us to initiate debt offsetting between customers. This means we will have the authority to offset child support debt that parents owe each other, saving customers the stress and time of having to apply for an administrative review.

That brings us to the end of our presentation on child support changes.

## Thank you



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- Introduction to the October 2021 changes
- Introduction to the new myIR version upgrade
- Introduction to the new navigation in myIR

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