



3 December 2025

Dear [redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 5 November 2025. You requested the following:

For each financial year since 2019 how many complaints to the IRD have related to Disability Support Services (as variously sat under Ministry of Health, Disabled People and now Social Security) relevant to DSS's funding mechanisms.

Individualised Funding (IF)

Enhanced Individualised Funding (EIF)

Enabling Good Lives (EGL)

Individualised Funding Respite (IFR)

Choice in Community Living (CiCL)

Individualised Funding Resident Family Carer (IF RFC)

Can I also request any document (including done by internal staff) setting how these DSS funding mechanisms work / apply / how they are managed by the IRD.

Please note that Inland Revenue does not manage these funding mechanisms. Our role is limited to administering the tax obligations that may arise for people who receive payments under these programmes.

Complaints related to Disability Support Services

Due to the small number of complaints received, I have decided to refuse the breakdown by financial year under section 18(c)(i) of the OIA. This is to reduce the risk of specific individuals being identified, which is contrary to the confidentiality provisions set out in section 18 of the Tax Administration Act 1994 (TAA).

I have provided a breakdown for the financial years ending 30 June 2019 to 30 June 2021 inclusive and from 30 June 2022 to 30 June 2025 inclusive.

| | 2019 to 2021 | 2022 to 2025 |
|--|---------------------|---------------------|
| Individualised Funding | 8 | 4 |
| Other funding types/funding type not specified | 4 | 4 |

Internal documents related to how funding mechanisms work

Te Mātāwai is the primary source for Inland Revenue's knowledge content. It includes instructions and guidance for tax and social policy products and Inland Revenue processes.

There is a page in Te Mātāwai relating Individualised funding for payments to support a disabled person, which I have included in Appendix A.

Information publicly available

Inland Revenue has published information on disability support services on its website. You can find it by searching for [Individualised funding](#).

Right of review

If you disagree with my decision on your OIA request, you have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the OIA. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

Thank you again for your request.

Yours sincerely



Michael Waller
Segment Management Lead

Appendix A

Te Mātāwai instructions

Individualised funding for payments to support a disabled person

Individualised Funding (IF) is a way of paying for support services, which lets disabled people (including nominated agents or family/whanau members who make decisions on their behalf) directly manage the resources they are allocated for disability supports following an assessment by a Needs Assessment and Service Coordination (NASC) organisation. It provides the disabled person with increased choice and control over how and when they use their support allocations and who provides them with this support.

How the customer arranges individualised funding

Any person who wishes to manage their support allocations using IF, must do this through an IF Host organisation that is contracted by the Ministry of Health. The Ministry has contracted with national and regional organisations to provide services to support people to manage IF. IF is currently limited to Home and Community Support Service (HCSS) allocations. Services include Household Management (HM), and Personal Care (PC) as defined by the HCSS Service Specification. Options for people using IF can range from engaging support workers and planning how their supports will be used, to employing their own care providers and managing all aspects of service delivery.

IF can be used to purchase support services provided by support workers, (employees or contracted personnel or organisations), and costs relating to the employment of support workers. Individualised Funding can be used to employ support workers as long as they are not the spouse/partner or parents of the person with the disability, and as long as they do not live in the same house as the person with the disability. IF does not cover costs related to medical supplies, equipment, home renovations, leisure, recreation and personal or family costs, and cannot be used to increase the personal income of an individual or family.

Terms used

IF Host: Service Providers contracted by Ministry of Health to provide services to support people to manage IF.

IF Client (IF Manager): Individual who receives the funding for disability services (sometimes there may be an agent, such as the parent of a child with a disability, who manages the funding on behalf of the IF Client/Manager).

IF Service Provider: The individual who will provide the care service (support workers).



Tax obligations for IF clients

Individualised Funding Clients must use allocated supports (and funds) only for the provision of services specified following an approved needs assessment process.

IF Clients are not liable to pay income tax and GST for funds used to purchase disability support services. IF Clients will therefore not be entitled to claim GST for IF expenses. IF Clients can be charged GST as part of the service provision if received from a GST registered supplier.

The IF Client will employ support services/workers. The tax obligations of an IF Client will depend on whether the support service/worker is an employee, a contractor, or a private domestic worker.

When the delivery of support services may be subject to PAYE

Between client and own employee

Will be subject to PAYE and any other deductions such as child support, KiwiSaver and Student Loans.

All employer deductions including PAYE can be managed by the IF Client directly or by an organisation that offers payroll or accountancy services (possibly an IF Host provider or an accounting business).

Even though the IF Client is registered as employer, they are not required to file an income tax return for this reason alone. Unless they receive other income that requires an income tax return, the IF Client will receive an automatic income tax assessment.

Between client and contractor

No PAYE deduction required as no employer/employee relationship.

GST charged by contractor if applicable.

Between client and private domestic worker

If the employer decides not to deduct PAYE, the employee becomes an IR56 taxpayer and accounts for the IF by returning their own PAYE and other deductions.

Being an IF client doesn't require the customer to complete an income tax return as the IF is not considered income. The IF client will receive an automatic income tax assessment, but any IF will not be included as part of the assessment.

Tax obligations for IF hosts

Individualised Funding Host Providers (IF Hosts) are liable for Income Tax and GST on the portion that they retain as a fee for providing IF host services.

IF host employees

If an IF host provides their own staff to be service providers to their clients', employer obligations in respect of tax such as PAYE, KiwiSaver, student loan and child support deductions, are the IF host's responsibility. They are required to register as an employer with Inland Revenue (if not already).

Private domestic workers

A private domestic worker takes care of their own tax affairs including employer deductions such as PAYE, KiwiSaver, student loan and child support.

An IF host cannot engage persons as private domestic workers as the employer must be one of the occupiers of premises used exclusively for residential purposes. But an IF host's clients can engage private domestic workers to provide support services.

Independent contractors

If an IF host contracts out their IF services to a self-employed person, generally no deduction from the payment is required. The recipient of the payment will take care of their own tax affairs.

When the delivery of support services may be subject to PAYE

Funding received on behalf of the client

No PAYE deduction required as no employer/employee relationship.

IF host service fee

Subject to income tax and GST.

IF host to independent contractors

In most cases no deduction from the payment is required.

This does depend upon the services that have been contracted out.

Tax obligations for IF service providers (support workers)

IF Clients are required to use allocated supports (and funds) only for the provision of services specified following an approved needs assessment process. An IF Service provider is part of this process and will receive payments for the services provided to disabled persons.

Employee

Whether employed by an IF host or by the client, deductions such as PAYE, KiwiSaver, student loan and child support will be made on the support worker's behalf. The employer is obliged to make these deductions.

Private domestic worker

If the support worker is a private domestic worker they are obliged to make deductions such as PAYE, KiwiSaver, student loan and child support from the payments received and return these to Inland Revenue. They are also required to register as a private domestic worker (IR56 taxpayers) with Inland Revenue.

Self-employed contractor

If the support worker is self-employed, generally no deductions are required to be made from the payment at the time they are received. The support worker may be required to pay provisional tax and must complete an income tax return each year. Additionally, they may be required to register for GST if total value of supplies from their taxable activities is more than \$60,000.

When the delivery of support services may be subject to PAYE

Between client and own employee

Will be subject to PAYE and any other deductions such as child support, KiwiSaver and Student Loans.

All employer deductions including PAYE can be managed by the IF client directly or by an organisation that offers payroll or accountancy services (possibly an IF host provider or an accounting business).

Between client and contractor

No PAYE deduction required as no employer/employee relationship.

GST charged by contractor if applicable.

Between client and private domestic worker

Where the employer decides not to deduct PAYE, the employee may be an IR56 taxpayer and accounts for the IF by returning their own PAYE and other deductions such as KiwiSaver, student loan and child support deductions to Inland Revenue.

