26OIA2292

Inland Revenue
Te Tari Taake

12 June 2026

[redacted]

Dear [redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 14 May 2026. You requested the following:

> *1. All operational statements, interpretation statements, policy documents, internal guidance, manuals, or technical instructions that relate to:*
> ** ACC Loss of Potential Earnings (LOPE) payments, and*
> ** eligibility for the In-Work Tax Credit (IWTC) under section MD 9.*
> *2. Any documents, memos, legal opinions, or technical advice that Inland Revenue relies upon when determining that ACC LOPE recipients are excluded from IWTC under section MD 9.*
> *3. Any documents that explain or distinguish between:*
> ** ACC LOPE payments, and*
> ** ACC weekly compensation or other ACC income-tested payments, for the purposes of Working for Families tax credits.*
> *4. Any internal guidance or policy explaining why some ACC LOPE recipients (including those with pre-2002 injury dates) are assessed as eligible for IWTC while others are not.*
> *5. Any anonymised examples, case notes, or precedent decisions used internally to support decisions relating to LOPE and IWTC eligibility.*

Background

It may help to explain that eligibility for the In-work tax credit (IWTC) is determined under the Income Tax Act 2007. Section MA 7 defines “earner” for Working for Families tax credits, and section MD 9 sets out the requirements for entitlement to the IWTC.

Eligibility is assessed by applying these provisions to a customer’s circumstances for the relevant entitlement periods, including whether the person meets the definition of an earner and whether qualifying income is derived.

Customers receiving payments from the Accident Compensation Corporation (ACC), including Loss of Potential Earnings (LOPE) payments, are assessed under these same legislative provisions. The receipt of such payments does not, on its own, establish entitlement to the IWTC.

Outcomes differ based on how the legislation applies to the facts of each individual case. Three documents have been identified as in scope of your request and explain how ACC payments are treated for Working for Families purposes and how the legislation is applied in practice.

You may also be interested to read an earlier OIA response that Inland Revenue has published on the topic of tax treatment of LOPE, available on our website: https://www.ird.govt.nz/-/media/project/ir/home/documents/oia-responses/february-2026/2026-02-18-tax-treatment-of-backdated-loss-of-potential-earnings-payments-from-acc.pdf

Information released

Questions 1, 3 and 4: I have identified one document in scope, attached as **Appendix A,** extracted from our internal guidance pages titled *In-work tax credit*.

Information withheld

Question 2: Two documents within scope of your request have been withheld and refused in full under the following sections of the OIA:

- 18(c)(i) – where making the requested information available would be contrary to the provisions of a specified enactment, namely Inland Revenue's confidentiality obligations in section 18(1) of the Tax Administration Act 1994 (TAA), and
- 9(2)(h) – to maintain legal professional privilege.

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this instance, I do not consider that to be the case.

Sensitive revenue information

We have considered question 5 your request for anonymised examples, case notes, or precedent decisions.

Inland Revenue does not produce or retain anonymised customer case examples or precedent decision sets for the purpose of determining eligibility for the IWTC for customers receiving LOPE payments. Decisions are made by applying the legislation to the facts of each individual case.

Any extract of customer information from Inland Revenue systems would be highly specific and, even if anonymised, may still contain sufficient contextual detail to identify an individual. Inland Revenue officers may also only access customer records where there is a legitimate business purpose. This information is therefore considered sensitive revenue information.

Sensitive revenue information can only be released in certain circumstances, as set out in section 18D to 18J and schedule 7 of the TAA. In this case, there are no grounds that permit me to release this information to you. Accordingly, your request for this information is refused under section 18(c)(i) of the OIA, as release would be contrary to the confidentiality obligations in section 18(1) of the TAA.

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.

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely

Sue Gillies
Customer Segment Leader - Families

Appendix A

Entitlement components

In-work tax credit

Published 27/03/2026

Information about the requirements and special conditions of the In-work tax credit component of Working for Families (WfF)

On this page

- Eligibility requirements
- Grace period
- Maximum entitlement
- Type of income effects on eligibility
- Common situations affecting eligibility
- Special situations
- Related reading

In-work tax credit (IWTC) is a component of Working for Families (WfF) that is payable to families who are in paid work.

From 1 April 2021, customers receiving the in-work tax credit can keep receiving the payments for up to two weeks when taking an unpaid break from work (a grace period). This could be either as they transition between jobs, are unpaid for a period, or leave employment.

From 1 July 2020, the 'hours of work' requirement was removed as part of the COVID-19 Response (Taxation and Social Assistance Urgent Measures) Act 2020. Up to 30 June 2020, customers were required to work:

- 20 hours or more per week for a single parent family, or
- 30 hours or more per week for a two-parent family.

On 1 April 2006, In-work tax credit (IWTC) replaced the child tax credit (CTC) for families who meet the eligibility requirements set out below.

Eligibility requirements

To be eligible for IWTC a principal caregiver and/or their spouse or partner must be an earner and derive an income in the week they are an earner (e.g. be in paid work in a week).

Families cannot receive IWTC if either person is on a student allowance or a main benefit. For more information about benefits, refer to Main benefits

Grace period

Customers receiving IWTC can keep receiving the payments for up to two weeks when taking an unpaid break from work (a grace period).

The grace period will apply from the time when the employment ends, not when IR is notified. This means that IWTC will continue to be paid if an employee has a two-week gap in employment, regardless of whether they are moving into new employment or finishing work altogether.

Customers must have qualified for IWTC in the week before the employment stop date to be entitled to the two-week grace period. START will automatically calculate the grace period when you update a stop date in the IWTC dates section of the work details tab, provided the grace period drop-down box has been changed to yes.

Customers who go on a benefit or student allowance:

- Within the first week of the two-week grace period do not qualify for the grace period
- During the second week of the two-week grace period only qualify for one week of the two-week grace period.

Customers are entitled to multiple two-week grace periods during an entitlement period. An example of this is a teacher aide who may stop employment at each school break.

Customers who have received a grace period will be notified on their notice of entitlement. To see if a customer has a grace period:

1. From the FAM period springboard, select the breakdown tab, work details subtab
2. Select the start date under the IWTC column
3. If the Grace period applies box is checked, the customer has received a grace period.

Maximum entitlement

From 1 April 2026 IWTC has temporarily increased by $50 a week. It will now be up to a maximum of $147 each week for the first 3 children and a further $15 for each additional child.

The IWTC may reduce back to a maximum of $97 each week if the cost of petrol drops below $3 a litre for 4 consecutive weeks. After 31 March 2027, the maximum entitlement will return to $97 each week.

For previous rates, refer to Working for Families end of year entitlement and abatement rates

IWTC may abate depending on the family's income, but it is not apportioned for shared care.

Type of income effects on eligibility

When determining eligibility, it is important to consider whether the principal caregiver and/or their partner would 'normally' meet the requirements through their employment.

Click to expand the below for how specific types of income affect eligibility.

Schedular payments

Benefits, pensions, allowances, and Veteran's compensation

Self employed (sole trader)

Income derived outside NZ

Income protection insurance payments

Weekly accident compensation from ACC

From 1 July 2020

The hours requirement was removed, so if the parent was in paid work for any number of hours before receiving ACC then they remain eligible for IWTC.

Up to 30 June 2020

The family is eligible if the principal caregiver or their spouse/partner would normally have worked the required hours and are receiving weekly compensation for incapacity due to a personal injury by accident suffered 1 January 2006 or later.

The family is not eligible unless the principal caregiver or their spouse/partner also worked the required hours, if they are receiving weekly compensation for incapacity due to personal injury by accident suffered 31 December 2005 or earlier.

The date of incapacity (inability to physically work) can be later than the date of the injury/accident.