

COMMUNITY WISE

Inland Revenue's community update

March 2016 • IR160

Changes to child support in 2016

Changes in child support have been made in two phases. The first phase of changes was successfully introduced on 1 April 2015. The second phase of changes come into effect on 1 April 2016.



The key changes are:

- The age children can be included in a child support assessment reduces from 19 to 18, unless the child is enrolled at and attending school. This change applies to children you pay or receive child support for and dependent children.
- The introduction of a two-stage late payment penalty. The day after the due date we'll charge an initial 2% late penalty.

A secondary penalty of 8% will be charged after a further seven days if the debt remains unpaid. Incremental 2% penalties will be applied each month the debt remains unpaid. These penalties will reduce to 1% after one year.

- We'll be able to write off penalties in a wider range of situations. Liable parents can call us on 0800 221 221 to talk about their debt.
- Two new administrative review grounds have been introduced. A ground recognising reestablishment costs after separation and a ground allowing a parent to ask for the child support they owe the other parent to be offset (or reduced) by the amount that parent owes them.
- Liable parents can now ask to have deductions made from their salary or wages. Call us on 0800 221 221 to arrange this.

For more information about child support changes and to watch our videos visit www.ird.govt.nz/childsupport

Child support annual assessments for this year

Every year in February or March we send customers information about the amount of child support they need to pay or receive.

If they're a liable parent we send a "Notice of assessment" telling them how much they need to pay for the coming year.

If they're a receiving carer we'll send a "Notice of entitlement" showing how much they'll receive from the liable parent.

Customers can check assessments and entitlements online through myIR Secure Online Services. If they don't have an account they can register for one at www.ird.govt.nz/myir

In March 2016 we'll also send out new employer deduction notices to let employers know the amount they'll need to deduct from their employee's salary or wages and pay to us. Liable parents will also receive a copy of this notice.

The new child support minimum annual assessment rate for the year 1 April 2016 to 31 March 2017 is \$893. This is equal to a monthly amount of approximately \$74.40 and a weekly amount of \$17.20.



Inland Revenue
Te Tari Taake

Welcome to Community Wise

In this issue: Changes to child support in 2016, changes to child support for sole parent students, paid parental leave, KiwiSaver contributions and *Grants and subsidies (IR249)* guide updated

If you have any suggestions for topics you'd like covered in this newsletter, email us at communitywise@ird.govt.nz



REMINDERS

April: You might receive a *Tax credit claim form (IR526)* to claim a tax credit for any charitable donations you've made during the 2015-2016 income year. You can also request this form or download it from our website www.ird.govt.nz (search keyword: IR526).

Tax credits can't be claimed until your income details are known. You can only claim donations that are made to approved donee organisations. You can't claim for any donations provided through payroll giving as you've already received these tax credits.

Changes to child support for sole parent students

From 1 March 2016, sole parent students will be entitled to keep their child support payments while receiving a jobseeker support student hardship (JSSH) benefit. In addition, if they're receiving a JSSH benefit they no longer have to apply for a formula assessment of child support.

We'll make sure they receive the full amount of any child support payments that have been collected on their behalf.

If a sole parent student wants to withdraw from child support they'll need to call us on 0800 221 221.

Paid parental leave

From 1 April 2016, paid parental leave is increasing in length. Eligible mothers will be able to receive up to 18 weeks of payments instead of 16 weeks if their baby is due or born on or after that date.

My due date is just before April, what if my baby comes late and is born after 1 April?

If your baby is due to be born before 1 April 2016 but arrives late, then you're eligible for the extra two weeks of payments as it's the birth date that matters.

If this happens, phone us and let us know your baby's date of birth and we'll make sure your payments continue for another two weeks.

What if my baby comes early and is born before 1 April 2016?

If your baby is due on or after 1 April 2016 but decides to make an early appearance, you're still eligible for up to 18 weeks of payments as it is the estimated due date that counts.

If you've already told us your due date you'll get 18 weeks of payments. If you take leave sooner than expected, phone us to let us know and we'll change the date your paid parental leave starts.

To find out more about paid parental leave and how to apply visit www.ird.govt.nz/paidparentalleave

KiwiSaver contributions



If you're a current KiwiSaver member and starting a new job earning a salary or wages, you'll need to complete

a *KiwiSaver deduction notice (KS2)* for your new employer.

Contributions will continue at the rate you choose and your employer will need to make employer contributions.

You can't opt out of KiwiSaver with your new employer, however you can request a contributions holiday if you've been a member for more than 12 months.

Grants and subsidies (IR249) guide updated

Our *Grants and subsidies (IR249)* guide outlines the tax responsibilities where an individual or group receives a payment as a grant or subsidy. The latest version released in December 2015 makes a clearer distinction between a gift and a grant or subsidy. We've also updated the quick reference table on page 6 to help you get started.

If you use this guide and hold old copies, please replace them with the December 2015 version. You can download it from www.ird.govt.nz (search keyword: IR249).

