

## MAKING TAX SIMPLER

### BETTER ADMINISTRATION OF SOCIAL POLICY

[makingtaxsimpler.ird.govt.nz](http://makingtaxsimpler.ird.govt.nz)

## Do you pay or receive Child Support?

*The Government wants your views on proposals to make Child Support easier for parents*

### **Proposed changes would base payments on more up-to-date information**

The Government wants to improve how Inland Revenue manages the collection and payment of Child Support and is interested in your views.

Child Support is money that Inland Revenue collects from parents who don't live with their children full time or who share care of their children. Inland Revenue passes the money on to the other parent or person who cares for the children.

The changes would make it easier and simpler for parents who pay, and more certain for the parents who receive it.

The main proposal is to base Child Support payments on more recent information about both parents' income. All income would be taken into account, not just salary and wages.

Child Support payments would be deducted from salary or wages automatically, to help parents get it right from the start. You wouldn't have to make separate payments, or worry about missing a payment and going into debt.

Inland Revenue would pass on the payment more quickly to the other parent.

### **Making Tax Simpler is a chance to improve the way Inland Revenue manages Child Support**

The Government is modernising the tax administration system so it's less work and easier for you to do the right thing.

Other changes already underway mean Inland Revenue will get information from your employer more quickly and from your bank about any interest you get from investments.

With more up-to-date information, and a modernised computer system, Inland Revenue will be able to make Child Support easier.

### **The current system for assessing Child Support payments could be made better**

At the moment, Child Support payments are assessed in February each year, based on information about income in the last calendar year or two tax years ago. Basing them on old information means they don't always show how well either parent can contribute to the cost of raising a child right now.

Not all of the parents' income is included in the calculations.

After a parent makes a payment, it can take a while before it gets to the other parent.

### **Have your say at:**

[socialpolicy.makingtaxsimpler.ird.govt.nz](http://socialpolicy.makingtaxsimpler.ird.govt.nz)

This consultation is your chance to tell the Government whether these proposals would make Child Support easier for you.

The proposals are set out over the page. You can go online to answer a quick survey, take part in an online forum or send a formal submission.

The Government is also proposing changes to the way Inland Revenue manages Working for Families and Student Loan repayments. Read more about all the proposals at [socialpolicy.makingtaxsimpler.ird.govt.nz](http://socialpolicy.makingtaxsimpler.ird.govt.nz)

If the proposals are agreed and the law is changed, Inland Revenue will provide information about the changes well before they start.



You can have your say until  
**Friday 15 September 2017**

## LEARN MORE ABOUT THE PROPOSALS

### ***More recent information would be used to calculate Child Support payments***

The main proposal is to use more up-to-date information about your salary or wages to calculate your payments.

The amount you would pay or receive would match your income at that particular time.

If your assessments were done after income tax returns were finalised, instead of in February, they could be based on income from the previous tax year rather than the previous calendar year or two tax years ago.

Another option is to look at your recent income information. For example, the Child Support payment for April could be based on both parents' income from February.

A third option is to reassess payments every time a parent has a change in income.

Self-employed or business people would be able to have their Child Support payments based on information they provide during the year rather than on their tax return from two years ago.

### ***If your income changes a lot, your payments will fluctuate also***

If your income changes from week to week or month to month, you might pay or receive more or less Child Support than under the current system.

At the moment, Child Support payments are based on your annual income and then spread evenly across the year. If Inland Revenue looked back more often, the payment would adapt quickly to changes in income.

This table shows the potential impact of looking back every month for a liable parent earning \$62,000 a year supporting one young child, with income that varies month to month.

	INCOME	CHILD SUPPORT NOW	CHILD SUPPORT PROPOSED
<b>JUNE</b>	3836	600	415
<b>JULY</b>	8445	600	1000

### ***Changes will give a more complete picture of both parents' situations***

The Government is proposing that in future Child Support assessments will take into account all income of both parents, whether earned in the parent's own name, or through a company or trust.

Private arrangements where, for example, one parent pays the school fees could be accepted as part of Child Support too.

### ***Making it easier for liable parents to get it right from the start***

The Government is proposing that in future Child Support must be deducted from your pay, whether you are a contractor or an employee.

This means most people wouldn't have to worry about getting into debt or face late payment penalties.

People with income from a business or self-employment would also have to make smaller payments more regularly rather than a lump sum once a month.

### ***Making it easier for you to get payments***

Inland Revenue would be able to pass the payment on more quickly. The parent or person who cares for the children would be able to choose when to get payments, for example, weekly or with their Working for Families payment.