

Hon Paula Bennett

Minister for Social Development

Hon Todd McClay

Minister of Revenue

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Budget boosts parental tax credit for families

The Government is extending the parental tax credit to help many lower- and middle-income families at a time when they most need it - the birth of a new baby, Social Development Minister Paula Bennett and Revenue Minister Todd McClay say.

Budget 2014 includes the following changes:

- An increase in the parental tax credit from its current maximum amount of \$150 a week to \$220 a week.
- An increase in the period for which the tax credit is paid, from eight to 10 weeks following the birth of a child.
- A change to the parental tax credit abatement formula to better target the payment towards lower- and middle-income families. For example, a couple having their second child will not receive any payment if together they earn more than \$99,847.

The parental tax credit is available to working families with a newborn child who are not on a benefit and who do not receive paid parental leave.

“A new baby can mean significant financial stress for many families. These changes, along with other family initiatives in Budget 2014, will provide targeted support for some families to help alleviate those stresses and improve child outcomes,” Mrs Bennett says. “The Government takes its responsibility to support families just as seriously as the responsibility to manage the economy.”

Mr McClay says extending the parental tax credit will help support parents during a time of extra financial responsibility.

“The changes to the parental tax credit are part of a wider package of changes to help families with newborns, including increases in paid parental leave.”

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