



Inland Revenue
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Income Tax (FamilyBoost) Amendment Act 2025

Public Act 2025 No 50

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The new legislation adjusts the FamilyBoost tax credit settings to increase the number of families eligible for the scheme and the quarterly payment amount.

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Summary of amendment

These amendments adjust the FamilyBoost tax credit settings to increase the number of families eligible for the scheme and the quarterly payment amount.

Effective date

The amendments take effect for fees incurred on and from 1 July 2025.

Background

FamilyBoost is a childcare tax credit administered by Inland Revenue that offers financial assistance to families incurring early childhood education fees not covered by other government support.

FamilyBoost is assessed and paid on a household and quarterly basis. The maximum payment was previously \$975 per quarter, based on 25% of the maximum claimable fees of \$3,900 a quarter. Eligibility is subject to a quarterly household income test, with payments beginning to abate at a household income of \$35,000 per quarter (equivalent to \$140,000 a year). The abatement rate was 9.75%, and families became ineligible once quarterly income reached \$45,000 (equivalent to \$180,000 a year).

Key features

The amendments to the FamilyBoost settings:

- increase the percentage of early childhood education expenses claimable from 25% to 40%, raising the maximum quarterly payment from \$975 to \$1,560, and
- reduce the abatement rate from 9.75% to 7%, increasing the maximum qualifying household income per quarter from \$45,000 to \$57,286.

Detailed analysis

The amendments aim to increase the assistance provided through the FamilyBoost tax credit to help ease the cost-of-living pressures on families facing early childhood education fees.

The amendments retain the existing FamilyBoost parameters but adjust certain settings to expand eligibility and raise the maximum quarterly payment. The following tables compare the previous and new settings and the new maximum payments for households earning over \$35,000 per quarter.

Table 1: Comparison of previous and new settings

	Previous settings	New settings
Maximum claimable fees per quarter	\$3,900	\$3,900
Tax credit rate	25%	40%
Maximum quarterly payment	\$975	\$1,560
Abatement threshold per quarter	\$35,000 (\$140,000 per annum)	\$35,000 (\$140,000 per annum)
Abatement rate	9.75 cents in the dollar	7 cents in the dollar
Maximum qualifying household income per quarter	\$45,000 (\$180,000 per annum)	\$57,286 (\$229,144 per annum)

Table 2: Maximum payment available for households with quarterly incomes above \$35,000

Quarterly household income	Annual equivalent household income	Maximum amount refunded, paid quarterly
\$35,000	\$140,000	\$1,560
\$40,000	\$160,000	\$1,210
\$45,000	\$180,000	\$860
\$50,000	\$200,000	\$510
\$55,000	\$220,000	\$160
\$57,286 or more	\$229,144	\$0

Timing of application

The amendments apply to eligible early childhood education fees incurred on and from 1 July 2025. The first payments processed under the revised settings will be from October 2025.

Tax credit payments for fees incurred between 1 July 2024 and 30 June 2025 are not affected by these amendments and will continue to be processed under the previous FamilyBoost settings.