



**Inland Revenue**  
Te Tari Taake

BILL COMMENTARY

# **Income Tax (FamilyBoost) Amendment Bill**

Issued: September 2025

**Hon Nicola Willis**  
Minister of Finance

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Income Tax (FamilyBoost) Amendment Bill – commentary on the Bill

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## Table of Contents

FamilyBoost setting adjustments .....	3
---------------------------------------	---

# FamilyBoost setting adjustments

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## *Clauses 1 to 5*

### **Summary of proposed amendments**

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

### **Effective date**

The proposed amendments would take effect on 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 is \$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 is 9.75%, and families become ineligible once quarterly income reaches \$45,000 (equivalent to \$180,000 a year).

### **Key features**

The proposed changes to the FamilyBoost settings would:

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

The amendments would retain the existing FamilyBoost parameters but adjust certain settings to expand eligibility and raise the maximum quarterly payment. The following tables compare the

current and proposed settings and the new maximum payments for households earning over \$35,000 per quarter.

**Table 1: Comparison of current and proposed settings**

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

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

Tax credit payments for fees incurred between 1 July 2024 and 30 June 2025 would not be affected by these proposed changes and would continue to be processed under the current FamilyBoost settings.