CONSULTATION> GOVERNMENT DISCUSSION DOCUMENT

Empowering families: Increasing certainty and preventing debt in the Working for Families scheme

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A Government discussion document

Te Kāwanatanga o Aotearoa
New Zealand Government

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Making a submission

The Government invites submissions on the issues raised in this document, including the specific questions asked and any other issues relevant for officials to consider. A complete list of these questions can be found in the Appendix to this issues paper.

Include in your submission a brief summary of the major points and recommendations you have made. Please indicate if officials from Inland Revenue or the Ministry of Social Development can contact you to discuss the points raised, if required.

The closing date for submissions is 3 July 2025.

Submissions can be made:

- by email to policy.webmaster@ird.govt.nz with **Working for Families discussion document** in the subject line, or
- by post to:

Working for Families discussion document
C/- Deputy Commissioner, Policy
Inland Revenue Department
PO Box 2198
Wellington 6140

Privacy of submissions

Submissions may be requested under the Official Information Act 1982. Please clearly indicate in your submission if you consider that any information should be withheld on the grounds of privacy, or for any other reason. Contact information such as an address, email, and phone number for submissions from individuals will be withheld. Whether any information is withheld will be determined using the Official Information Act 1982.

Contents

Chapter 1 – Introduction

1.1 The Government is seeking feedback on proposals to change the way that Working for Families tax credits are calculated.

1.2 Of particular interest is how the current system could be improved to make sure families receive what they are entitled to at the right time, and to increase their confidence to move into work, knowing they will be supported without incurring debt.

The proposals in brief

The table below sets out the main policy proposals included in this document.

1.3 A number of proposals are presented in this document, all with the aim of ensuring that Working for Families is more accurate and people receive what they are entitled to. The main proposals are:

- using a period shorter than a year to calculate entitlements (this is important as it will help people to get paid the correct amount and not go into debt)
- simplifying the definition of family scheme income (this is important because the amount of Working for Families a family will be paid is based on this)
- increasing information sharing between Inland Revenue and the New Zealand Customs Service, and
- refining Working for Families residence requirements.

1.4 The document also broadly discusses incentives and barriers to working and asks submitters to provide feedback on their experiences moving from a benefit into work. This is to explore opportunities to improve transitions into employment.

Document outline

Section	Outline
Chapter 2	provides some information about how Working for Families works now, and some historical context.
Chapter 3	outlines the issues with the current Working for Families tax credit system such as underpayments and overpayments and the complexity of the scheme.
Chapter 4	discusses how using a period shorter than a year to assess Working for Families tax credit entitlements might work.
Chapter 5	examines the shift from benefit to work and how to 'make work pay' and seeks feedback on how to improve these transitions.
Chapter 6	examines the definition of income currently used to calculate Working for Families tax credit entitlements.

Section	Outline
Chapter 7	discusses information sharing between Inland Revenue and the New Zealand Customs Service to help make sure that Working for Families is being received by those entitled to receive it.
Appendix 1	outlines the types of income that impact Working for Families entitlements, to support readers' understanding of Chapter 6.
Appendix 2	summarises the questions listed throughout the document.

1.5 Throughout this document, you'll find grey and green-bordered white boxes:

Grey boxes define terms used in the document.

White boxes with a green border outline questions the Government would like your thoughts on. You can use these to help you write your submission.

Chapter 2 – Working for Families tax credits

2.1 The Working for Families tax credit scheme (Working for Families) was designed to assist families with the cost of living and to make sure that people are better off being in work.

2.2 This chapter covers:

- a brief history of Working for Families, and
- information on the current settings.

History of Working for Families

2.3 Over time, there have been a variety of payments to support the costs of caring for children. Sometimes these payments have been administered through the welfare system and other times by Inland Revenue.

2.4 Working for Families was introduced as part of the Budget 2004 package and implemented over three stages between 2004 and 2007. The package made various changes to existing forms of social welfare payments. Most notable of these changes were the in-work tax credit replacing the child tax credit, and the child component of the main benefit and Student Allowance being moved into what is now the family tax credit. The movement of the child component of the main benefit and Student Allowance into the family tax credit is one of the reasons why Working for Families continues to be administered by both Inland Revenue and the Ministry of Social Development today.

2.5 The objectives of Working for Families were to:[1]

- make work pay – supporting families with children, so that they are rewarded for their work effort,
- ensure income adequacy – focusing on low- and middle-income families with dependent children to address child poverty, and
- support people into work – making sure that people get the assistance they are entitled to in a timely manner, and with delivery that supports them into, and to remain in, employment.

2.6 Since this time, the scheme has gone through several changes in components and qualifying criteria.

2.7 The biggest change following the 2004 to 2007 reforms has been the introduction of the Best Start tax credit in 2018, which replaced the parental tax credit. It was introduced as a payment for children born on or after 1 July 2018 until the child turns three years old.

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[1] https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/receipt-working-for-families/wff-full-report.pdf

Working for Families tax credits today

2.8 Working for Families provides targeted financial assistance to low- and middle-income families with dependent children aged 18 and under.

The different credits

2.9 Working for Families is a cash payment to families with children. Working for Families comprises four different tax credits and each component has its own eligibility criteria. Families will qualify for different tax credits depending on their income, whether they are in work, the number of hours they work, and the number and age of dependent children. The credits are generally abated (decreased) as family income increases, with the amount of Working for Families a family is entitled to receive being based on their annual income for the tax year.[2] The abatement threshold is the amount of income a family can earn before their Working for Families entitlements begin to be reduced and differs between the credits.

2.10 The different payments are:

- Family tax credit – the base component of Working for Families and is an amount paid for each child.
- In-work tax credit – available to families who are in work and not receiving a main benefit. This component is only paid by Inland Revenue.
- Minimum family tax credit – a top-up payment for families with incomes below a certain level, who work at least 20 hours per week (sole parent) or 30 hours per week (couple). This component is only paid by Inland Revenue.
- Best Start tax credit – a payment to support parents with the costs of a young child (under three years old).

2.11 Working for Families can be paid by either the Ministry of Social Development or Inland Revenue. Inland Revenue can pay all four tax credits, while the Ministry of Social Development can only pay the family tax credit and the Best Start tax credit.

2.12 Inland Revenue pays Working for Families for around 80% of recipients and the Ministry of Social Development pays the remaining 20%.

Working for Families entitlements paid by Ministry of Social Development

2.13 Some recipients who are on a main benefit receive their weekly Working for Families payments from the Ministry of Social Development along with their main benefit and other support payments. If a person has not been receiving Working for Families prior to receiving a main benefit, the Ministry of Social Development will commence Working for Families at the same time as the main benefit to ensure they receive their full entitlement

[2] The tax year runs from 1 April to 31 March.

as soon as practicable. The Ministry of Social Development pays its clients Working for Families entitlements unabated (at the full rate).

2.14 Inland Revenue pays Working for Families to families receiving a benefit when a family has more complex circumstances, has income over the abatement threshold (if they will have income of more than $3,558 per month), has a more complex shared care situation or if a family chooses to be paid by Inland Revenue. The Ministry of Social Development will tell the client to advise Inland Revenue and will send the client's details to Inland Revenue on their behalf, so that Inland Revenue can take over the payment.

2.15 If a Ministry of Social Development client later decides they would like the Ministry of Social Development to pay their Working for Families payments, the Ministry of Social Development will send the relevant client details to Inland Revenue to advise of the grant of benefit and Working for Families entitlement and advise the client to contact Inland Revenue to let them know.

2.16 Information exchange between the Ministry of Social Development and Inland Revenue enables the Ministry of Social Development to transfer relevant client information to Inland Revenue for the purpose of assessing eligibility for Working for Families once a benefit has been granted, cancelled, resumed, or suspended.

Working for Families annual cycle

2.17 Working for Families is an annual entitlement that families can elect to receive as regular payments during the tax year, or as a lump sum at the end of the tax year:

- Just over 85% of Working for Families households received weekly or fortnightly payments during the 2022 tax year, with payments being based on an income estimate.[3] These regular payments can help a family with their costs during the year. In 2022, 8% of the families who received in-year payments opted for fortnightly payments, and 92% for weekly payments.
- Just under 15% of Working for Families households opted to receive a lump sum after the end of the tax year in 2022, which is based on a family's actual income once their income tax has been assessed or filed with Inland Revenue. If a family chooses to receive a lump-sum payment, they do not need to estimate their income.

2.18 Having the flexibility to choose between regular payments during the year or as an end of year lump sum allows families to decide what works best for them.

2.19 For weekly or fortnightly customers, Inland Revenue pays families based on their estimate of income for the year in advance. After the end of the tax year, Inland Revenue checks the family's income in the "end of year square-up" process, and will let them know if they received too little or too much. If they received too little, Inland Revenue

[3] This includes families who are paid by either Inland Revenue or the Ministry of Social Development.

will pay them the rest of their entitlement. If they have received too much, they will need to pay this back.[4]

2.20 Customers are expected to update Inland Revenue with relevant changes in their family's circumstances during the tax year. Customers receiving weekly or fortnightly payments are encouraged to advise Inland Revenue of these changes as soon as possible so their ongoing payments can be adjusted. Delays in finalising a change (for example, because of care disputes) or in advising Inland Revenue can also lead to overpayment or underpayment.

2.21 Inland Revenue runs checks over families' accounts during the year and notifies families via letter or myIR alert when it believes someone is at risk of under-estimating their family's income. Families can respond via phone, update their account via myIR, or send a web message to change their annual income estimate. These processes are designed to help families receive the right amount throughout the year and avoid a bill at the end of the year.

2.22 However, these updates and changes all take time – for families, and for the Inland Revenue staff processing the changes.

2.23 Income information can only be reported to Inland Revenue after it is earned, so families can still be overpaid when their income increases unexpectedly. Sometimes, Inland Revenue can lower a family's ongoing payments for the rest of the tax year to try to compensate for periods when they have received too much, but if the difference is too high a family may have no more payments until the tax year ends and may still end up overpaid across the tax year.

[4] If they were overpaid by $50 or less, this is automatically written off.

Working for Families annual cycle for families paid during the 2026 tax year by Inland Revenue

... 2025

Jan 2025 | Feb 2025 | Mar 2025

February 2025
Notices of entitlement issued for upcoming tax year (1 April 2025 to 31 March 2026)

1 April 2025 – 31 March 2026

Apr 2025 | May 2025 | Jun 2025 | Jul 2025 | Aug 2025 | Sep 2025 | Oct 2025 | Nov 2025 | Dec 2025 | Jan 2026 | Feb 2026 | Mar 2026

Receive weekly or fortnightly Working for Families payments

Throughout the tax year:

- Inland Revenue will run checks to see if it looks like families are on track to earn what they estimated and will send out notices if it thinks they might get overpaid
- Families need to update Inland Revenue if their circumstances change, including changes to income (new job, becoming self-employed, overtime etc) or family circumstances (a new child, changes to a shared care arrangement, child starts receiving a student allowance etc)

1 April 2026 – 31 March 2027

Apr 2026 | May 2026 | Jun 2026 | Jul 2026 | Aug 2026 | Sep 2026 | Oct 2026 | Nov 2026 | Dec 2026 | Jan 2027 | Feb 2027 | Mar 2027

May to June 2026
Square up of Working for Families payments for tax year 1 April 2025 to 31 March 2026

7 July 2026
Tax returns due (square up of Working for Families payments for tax year 1 April 2025 to 31 March 2026 for return filers)

7 February 2027
Due date for overpayments from 1 April 2025 to 31 March 2026

Source: Inland Revenue

Chapter 3 – Issues with Working for Families system

3.1 The Government is concerned about the high number of families who go into debt through the Working for Families scheme, making their situation worse. We also want to ensure that Working for Families is sustainable. Large amounts of debt increase the total cost of the scheme to the Government, making it less affordable in the long run. This chapter covers:

- the prevalence of debt and overpayments in the Working for Families scheme, and
- some common reasons why these arise.

3.2 This chapter uses data from the 2022 tax year (the year from 1 April 2021 to 31 March 2022) because it is the most recent year for which Inland Revenue has completed analysis on Working for Families data.

3.3 Some data in this chapter is taken from Inland Revenue's Annual Report.[5] Other statistics may not align with information in Inland Revenue's Annual Report because of, for example, slight differences in what is being measured or when the data was extracted.

Debt is a major issue for Working for Families recipients

3.4 Under the current Working for Families tax credit system, families can easily be either underpaid or overpaid. Debt is a particular problem for low- to middle- income families, because it increases stress and reduces a family's ability to meet their day-to-day costs and participate in the things they want to do.

3.5 Debt undermines the intent of the Working for Families scheme to support low to middle income families to meet basic needs and incentivise work. An unexpected bill at the end of the year can impact a family's ability to cover day-to-day living expenses, and the risk of being overpaid can discourage people from taking up additional hours or moving into higher-paid work. Large amounts of debt also make the scheme less affordable for government to run.

3.6 Customer research undertaken by Inland Revenue confirms that families are grateful for the financial support provided by Working for Families, but debt (and the risk of debt) has made some families' experiences with the scheme stressful. This research shows that avoiding debt is paramount and that families want payments to be certain, yet responsive, to life's complexities.

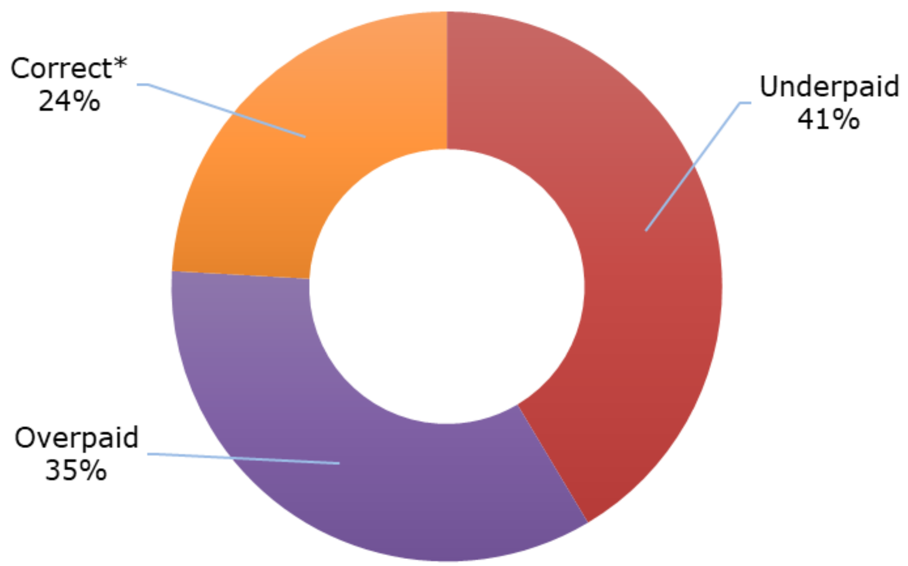
[5] Available at: https://www.ird.govt.nz/about-us/publications/annual-corporate-reports/annual-report

3.7 In the 2022 tax year, close to 360,000 families received Working for Families payments.[6] More than 300,000 of these families received weekly or fortnightly payments from the Ministry of Social Development or Inland Revenue – approximately 85% of families. The remaining 15% opted to receive their entitlement only as a lump sum after the end of the year.

3.8 Most of the 85% of families who received regular payments during the year went through a square-up process after the end of the tax year to ensure they received the correct amount for the whole year. However, most families who receive their payments from the Ministry of Social Development are not "squared up" at the end of the year because their income is under the abatement threshold ($42,700 per year).

3.9 Only around 24% of families who opted for weekly or fortnightly payments and were squared up by Inland Revenue received their correct Working for Families entitlement during the 2022 tax year.[7] The rest were either underpaid or overpaid as shown in Graph 1:

Graph 1: Square-up result for families who received in-year Working for Families payments in the 2022 tax year

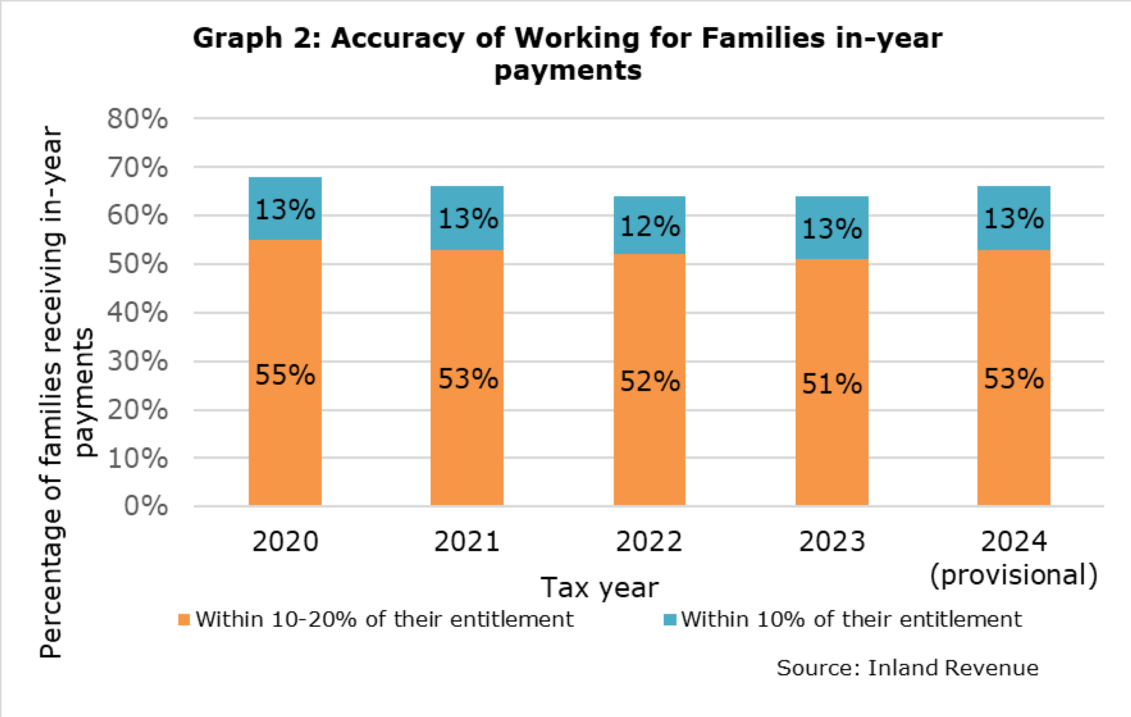


* Within $50 of the correct entitlement

Source: Inland Revenue

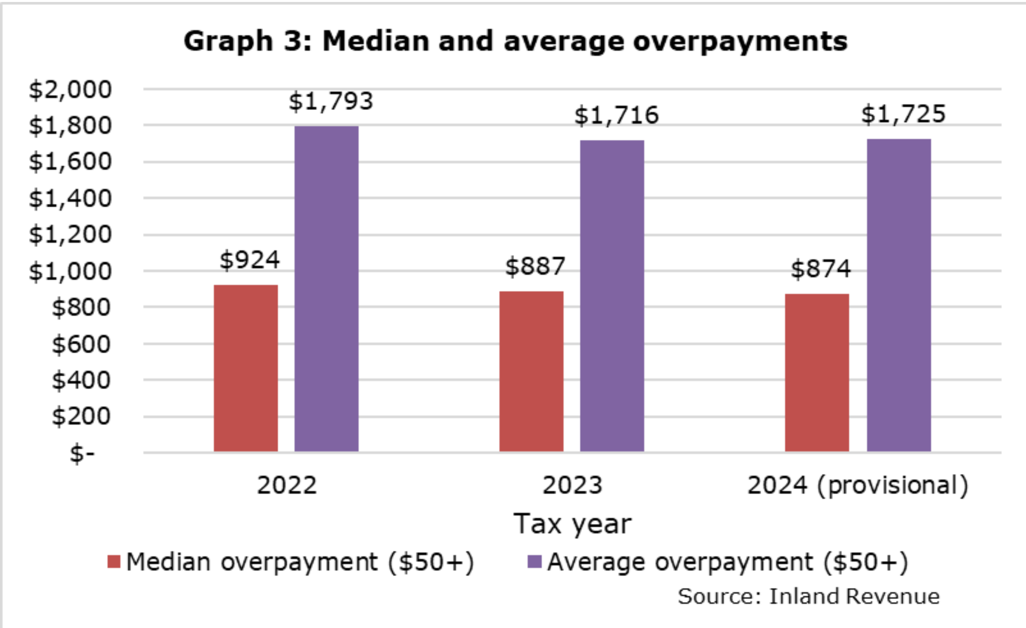
3.10 The accuracy of payments for those who receive weekly or fortnightly payments has remained relatively constant over the past five tax years, despite challenges like COVID-19. The data in Graph 2 from Inland Revenue's Annual Report shows that 12% to 13% of families are paid within 10% of their entitlement:

[6] This includes families who received payments during the year but were no longer eligible for Working for Families at the end of year square-up.
[7] Within $50 of the correct entitlement, which is Inland Revenue's threshold for an automatic debt write-off.



3.11 Total Working for Families overpayments were approximately $148 million in the 2022 tax year. The median overpayment was $924 – this means half of overpaid families were overpaid by between $50 and $924 and the other half were overpaid by more than $924. The average overpayment in 2022 was $1,793, which is skewed upwards by some very large overpayments. Underestimating income was the most common reason why families were overpaid.

3.12 Ignoring overpayments that are automatically written off by Inland Revenue because they are within the $50 automatic write-off threshold, Graph 3 shows how the median and average overpayments have also been relatively consistent over the past three tax years:



3.13 Persistent underpayments of Working for Families entitlements can be just as problematic. 41% of families who received weekly or fortnightly payments and were squared up were underpaid in the 2022 tax year. The average underpayment in 2022 was $2,233 and the median underpayment was $786.[8] Underpayments are largely driven by a desire to avoid debt, both through decisions taken by families and through the way the Working for Families system is designed. Some families may overestimate their income due to a fear of getting into debt, or they opt to receive their entitlement at the end of the year. This may impact their ability to meet living costs throughout the year.

What happens to overpayments and debt?

3.14 Working for Families tax credits are administered under the same rules as income tax, meaning that a Working for Families overpayment is treated like an unpaid income tax liability. After the end of year square-up, families who have an amount to pay are given a due date to repay it. This will be the same date as any income tax liability is due.

3.15 Once the due date has passed, the overpayment becomes a debt, and use-of-money interest and penalties are applied.

3.16 Working for Families debt is steadily increasing with more and more families impacted. In June 2020, 44,900 families accounted for $167.2 million of Working for Families debt (an average of $3,724 per family). In June 2024, 56,800 families accounted for $273.5 million of Working for Families debt (an average of $4,815 per family). Averages can be skewed upwards by a small number of very large debts – for example, at the end of June 2023, the average debt was $4,400 but the median debt was lower at $2,200.

3.17 This table shows how total Working for Families debt has increased over time:

As at 30 June	2020	2021	2022	2023	2024
Average Working for Families debt per family	$3,724	$4,501	$4,487	$4,409	$4,815
Total overdue Working for Families debt	$167.2m	$198.5m	$250.8m	$245.6m	$273.5m
Number of families	44,900	44,100	55,900	55,700	56,800
Source: Inland Revenue					

[8] Unlike the median and average overpayment data, these statistics include low-value underpayments between $0 and $50.

3.18 Families can pay via a lump sum, through a repayment plan, or have their ongoing entitlements reduced in the next year to pay back the overpayment. They can also apply to Inland Revenue to have the debt written off, but they need to meet certain criteria for this. This includes if they are unable to afford to repay the debt.

3.19 As of 31 March 2025, there were 21,418 active instalment arrangements accounting for $50 million of Working for Families debt.

3.20 Looking at the $148 million in overpayments from the 2022 tax year, $23 million had already been written off by 31 December 2024 which includes families who were considered unable to pay the debt owing. $48 million of Working for Families debt for the 2022 tax year remained outstanding as of 31 March 2025. Around 4,000 instalment arrangements accounted for $9 million of 2022 Working for Families debt as of 31 March 2025.

Design features

3.21 The Government's main focus for the proposals in this discussion document is to prevent overpayments (and therefore debt) from arising in the first place, and to reduce underpayments when possible. In doing so, we also want to find ways to ensure payments are certain but responsive to life's complexities while making the process as simple as possible for families. In other words, the Government wants to make it easier for families to receive what they are entitled to without constantly worrying about updating Inland Revenue.

3.22 The Government has identified several design features of the Working for Families scheme that contribute to these concerns. These are discussed below.

Income estimation and period of assessment (see Chapter 4)

3.23 Having to estimate annual income in advance is the most common reason why families do not receive the right amount during the year. For many families, estimating yearly income is difficult to do with any accuracy. Under the current income estimation model, families can still be overpaid when their income increases unexpectedly. For example, something as simple as a promotion or starting a new job towards the end of the year could cancel out their Working for Families entitlement and leave them in debt.

3.24 To avoid overpayments and underpayments, families are asked throughout the year to check the information they have provided to Inland Revenue and to update their income estimate. This places a compliance burden on families as they need to find the time to call Inland Revenue, or log into myIR and send a web message or update their information directly. While some changes may only take a few minutes, writing a message or waiting on hold can take longer and if families are required to do this several times a year, it can add up. At the other end, administrative resources are required for Inland Revenue to answer those calls and process web messages and updates.

3.25 In the year to 30 June 2024, Inland Revenue answered more than 165,000 Working for Families calls, and families sent more than 127,000 web messages in myIR and made more than 215,000 changes to their Working for Families profiles in myIR.

3.26 Chapter 4 explores whether a shorter period and using past income could help solve the overpayment issue, without increasing underpayments or the compliance burden faced by families.

Definition of family scheme income (see Chapter 6)

3.27 Inland Revenue looks at more than just salary and wages when calculating a family's Working for Families entitlement. However, the different types of income families need to report to Inland Revenue can be confusing to understand, leading to incorrect payments. Chapter 6 looks at whether the way Inland Revenue defines income for Working for Families could be simplified.

Residence requirements (see Chapter 7)

3.28 If families leave New Zealand and no longer qualify for Working for Families, they are required to tell Inland Revenue so it can stop payments. Advising Inland Revenue may be the last thing on a family's mind when moving overseas but not doing so can lead to overpayments and debt. Chapter 7 looks at the residency requirements and whether better information sharing could help keep families out of debt.

Questions for submitters

Q1. What are the effects of Working for Families debt on families?

Q2. What measures are families taking to avoid Working for Families debt (for example, over-estimating income, switching to end of year lump-sum payments, spending lots of time contacting Inland Revenue)?

Q3. What is most important for Working for Families to achieve for families? For example, certainty, maximum entitled payments, or something else?

Q4. Are there any other issues with the way Working for Families operates?

Chapter 4 – Shorter period of assessment

4.1 The yearly cycle of estimations, running checks on income levels and squaring up entitlements can be complicated, and makes it hard for families to be sure they are getting the Working for Families payments they are entitled to when they need them.

4.2 This chapter covers:

- whether a tax year is the right length of time over which to calculate Working for Families payments,
- whether payments should be based on actual past or estimated future income,
- whether payments should be based on past or current family circumstances, and
- how a different period of assessment might work for people with different types of income or who are moving off or onto a benefit.

4.3 Currently, if families receive their Working for Families payments during the year, they need to estimate how much they will earn for that tax year. Inland Revenue will pay them based on this estimate.

4.4 After the end of the tax year, Inland Revenue checks the family's income in the end of year square-up process, and will let them know if they have received too much or too little. If a family gets their estimate wrong, they can be underpaid during the year, or overpaid and possibly end up in debt.

Features of Working for Families that help prevent debt

4.5 A change in a family's earnings (such as a job change, bonus or redundancy) can mean they could be either overpaid or underpaid. There are measures built into the scheme currently to try to address the potential for overpayments:

- If a family receives in-year payments, they are often paid on the basis of a slightly higher amount of income than what they estimate, to create a small "buffer". Any extra entitlement is paid out at the end of year square-up. However, the buffer levels were set many years ago and are not enough to prevent overpayment.
- When it appears likely that a family is being underpaid during the year, Inland Revenue also tends not to automatically issue back-payments to leave an entitlement buffer for the end of year square-up.

4.6 These measures are intended to help families avoid debt, but they do increase underpayments. While families will eventually receive what they are entitled to at the end of year square-up, these underpayments can reduce a family's ability to meet their day to day living expenses. Inland Revenue data also shows that many families are still ending up in debt despite these measures.

Protected entitlements

4.7 Families receive the maximum amount of family tax credit and Best Start tax credit if they receive a main benefit for some or all of a month, and their family income is less than the monthly abatement threshold of the family tax credit. When Inland Revenue squares up their Working for Families at the end of the tax year, these periods are protected, at the maximum entitlement, to avoid a debt if a customer's circumstances significantly improve after moving off a benefit or was considerably higher before going onto a benefit.

4.8 However, increasingly, families receiving a main benefit while working are earning enough that their Working for Families payments are not protected, resulting in debt. During the 2022 tax year, there were $40 million of overpayments to families who were on a benefit at any point during that year. As of December 2024, $19 million of this debt was still outstanding.

Better basis for assessment?

4.9 Predicting a family's income for the next 12 months is difficult. Most Working for Families customers receive types of income that are reported to Inland Revenue regularly during the year (observable income - for example, salary and wages each payday they are earned) and the majority do not experience changes to their family circumstances (that is, relationship changes or children entering or leaving their care) during the year.

4.10 Overpayments or underpayments caused by changes in family circumstances cannot be eliminated because these must be reported to Inland Revenue by customers. However, Inland Revenue may be able to eliminate the estimation process, which is a significant contributor to inaccurate payments, by using past income information that it already holds for many customers.

4.11 Below are some alternatives to the current state showing how Working for Families could be administered more easily for this portion of the Working for Families population. We discuss some positive and negative effects of the different options. The Government is seeking feedback on what these options might mean for recipient families. At the end of this section, there are some questions for readers to consider as a starting point for their feedback.

Shorter period of assessment

4.12 If we move away from a tax year, what period of assessment would provide the correct balance of stability for families, while also responding to changes in their lives and providing appropriate support when it is needed?

4.13 Very short periods (such as a week or a month) could mean that payments change frequently. This can be useful in some circumstances because the support families receive would be tied more closely to their income as it is earned. A period of lower income could quickly be reflected in the next payment.

4.14 But it can also be a problem. Shorter periods like a month can lead to more volatile payments even if someone receives the same amount each payday. This is because if someone receives their pay every fortnight (every two weeks), some months have two paydays while others have three. In the case of someone who receives their pay every four weeks, most months will have one pay day per month, but some will have two. The months with more paydays, and therefore higher income, could lead to a lower Working for Families entitlement the following month.

4.15 Families would need to check in more often to report or confirm their income so that Inland Revenue can recalculate their payments. This would mean an increase in time spent interacting with Inland Revenue and its systems. This could also mean payments would vary every week or month, making it harder for families to budget and plan.

4.16 If the period is too short, this could be more difficult to administer, requiring more contact and interaction if customer's updates cannot be dealt with automatically by the system. This could mean longer wait times on the phone and for responses to digital correspondence, not just for Working for Families customers but for other people too.

4.17 No particular length of assessment period will suit all circumstances and all customer preferences. There will be a trade-off between:

- responsiveness (how quickly payments change to reflect changes in income), and
- certainty (how long payments are set and received at the same level).

4.18 There will also need to be a balance between compliance and administrative effort and cost, for both families and for the relevant administrative agency.

4.19 The Government's current thinking is that a quarterly assessment (after every three months of the tax year) could strike the right balance between responsiveness, certainty and recipient effort. The Government is interested in receiving feedback on this idea.

Other options

4.20 There are a few ways that income assessments for Working for Families could change. Some of these could be combined with a shorter estimation period, and others are alternative approaches.

Shorter estimation periods

4.21 A more rapid cycle of estimations and square ups would mean that families only need to estimate their income for a shorter future period which would likely be easier to predict for many people. For this to work, a recipient would need to submit an estimate each week via phone or myIR indicating what their family expects to earn that week, and

Inland Revenue would check for underpayments and overpayments on a week-by-week basis.

4.22 However, this would require a lot of contact with agencies, and families would be at risk of generating underpayments and overpayments with each payment cycle. If a family's income fluctuates a lot, this could be difficult to manage and predict. It is likely that this option would also carry high compliance and administrative costs for both recipients and Inland Revenue.

Child support system (estimations for some circumstances)

4.23 Working for Families could assess entitlements using the way the child support scheme calculates income. This would base payments on a full year of the recipient's income from the previous year, rather than trying to predict the upcoming year. Recipients could also have the option of switching to a current-year estimate if their income decreases and they need more support.

4.24 This would work well in terms of preventing debt because there is no estimation of income or square up required unless the family choose to switch to a current-year estimate. However, it will mean that the income used to determine how much Working for Families payments a family will receive could be quite out of date when compared to their current circumstances. For example, if a family has lower earnings in June 2025, but their payments are based on 1 April 2024 to 31 March 2025 during which they earned a higher rate of income, the family will not receive as much support now because of the previous higher earnings. If a family's income changes frequently, this could leave them in financial difficulty.

Using more recent past income

4.25 Inland Revenue could base Working for Families on a more recent, shorter period of a family's actual past income instead of an estimate of what they might earn in the current year. In this chapter, we refer to this as using lagged income. Payments would be more accurate, because they would be based on what has been earned relatively recently, rather than what people think they might earn and being squared up. Most families would not have to tell Inland Revenue when their income changes. Families are also much less likely to end up in debt. The payments would be full and final based on observable income – for example, the salary and wages their employers file with Inland Revenue every payday and the interest they earn on a bank account.

4.26 The downside would be that there is a delay between when income is received by a family and when their payments are adjusted. Two scenarios are worth considering:

- If a family's income decreases during the period: Working for Families entitlements would not increase until the following period. There would be a period in which a family would be earning a lower income without any increase in tax credits (they are receiving less support than needed). This could have a greater impact on low-income families, who may face financial difficulty or hardship during this period.

- If a family's income increases during a period: Working for Families entitlements would not decrease until the following period. There would be a period in which a family would be earning a higher income and receiving more tax credits.

4.27 Families who are currently claiming FamilyBoost payments might be familiar with the idea of Inland Revenue using past income (rather than an estimation) to calculate their entitlement. Income for FamilyBoost is based on recent information held by Inland Revenue and the amount of FamilyBoost paid is generally full and final. Reassessments are only done when there are unusual circumstances. A similar model could be applied to Working for Families.

We have provided some examples throughout this document to show how things work under the current Working for Families system versus how they could work under potential changes.

These examples generally assume a quarterly (three-month) period of assessment based on past income rather than estimates (January to March, April to June, July to September, October to December).

Changes to family circumstances are accounted for as they occur, although example 5 explores the possibility of using past circumstances as well as past income.

Section 1: Changes in income

4.28 This section contains various scenarios that show how a different basis of income might work for different family situations.

Example 1: A parent returns to work

Current system

Otto and Millie have one child aged 3 in their full-time care. Otto receives a yearly salary and Millie is a stay-at-home parent. In February 2025, the family estimate their income for the 1 April 2025 to 31 March 2026 tax year at $62,000. They receive $141 per week in Working for Families payments.

In November, Millie decides to return to work for 30 hours each week. They contact Inland Revenue as soon as she secures the job and update their income estimate with an additional $15,000 in estimated income for the current tax year.

If they had estimated $77,000 at the start of the year, they would have received $64 per week all year. But, because they have been receiving more than this, they have been overpaid. Their payments stop and they receive a bill at square-up of $1,179.

Shorter period

Otto and Millie's Working for Families payments are based on their recent actual income (from the last three months), so they do not need to estimate.

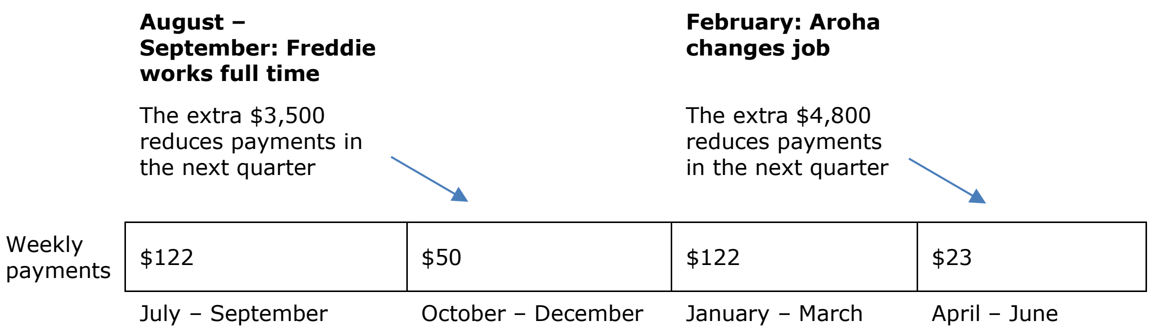
During the year, their Working for Families payments are based on Otto's salary each quarter ($15,500) and they receive $141 per week.

In November 2025, Millie decides to return to work for 30 hours each week. Their payments remain unchanged during the rest of that quarter.

From January 2026, their payments reduce to reflect that Millie started earning more income part way through the October to December quarter. They now receive $33 per week.

Each three-month period is assessed separately, and the family does not have such a sharp drop in payments and an amount to repay, because they did not need to have anticipated Millie's return to work in advance

4.29 The figure below shows how earnings in one quarter affect payments in the next under the shorter period proposal:



4.30 For some recipient families, their income changes frequently. They may work in industries where earnings fluctuate, such as tourism, agriculture or manufacturing, or have work that is weather dependent, like construction. It can be difficult for these families to predict their income accurately, so using income from a previous period when they have already earned income will make things more straightforward.

4.31 For those families receiving both child support and Working for Families payments through Inland Revenue, a shorter period of assessment should improve the responsiveness of Working for Families payments if child support payments are unpredictable. Child support paid through Inland Revenue is observable income in the Inland Revenue system (that is, Inland Revenue can see when it has been paid by the liable parent). This means that if a liable parent fails to pay, the lack of payment would influence the calculation of the next quarterly assessment. Currently, missing payments are not taken into account and compensated for until the end of year square-up. A lagged quarterly assessment therefore allows Inland Revenue to respond with additional Working for Families support in a more timely manner than the current annual system if a liable parent fails to pay.

Example 2: A seasonal worker with changeable income

Current system

Kerry and Leigh have two children, aged 8 and 10, in their full-time care. Kerry works in the tourism and hospitality industry; during peak season he often works long hours (December to January) but typically has reduced hours in the low season (June to August). Kerry and Leigh find it difficult to predict what they are likely to earn throughout the year.

Last year, they under-estimated their income and ended up with a bill to pay, so this year they over-estimate their combined income at $85,000. This means they get paid $134 in Working for Families each week during the year. After the end of year square-up, their actual family income is confirmed at $79,000 They get paid $1,955 in additional Working for Families entitlement.

This means they avoided a debt by over-estimating but could have been receiving more each week during the year.

Shorter period

Kerry and Leigh have two children, aged 8 and 10, in their full-time care. Kerry works in the tourism and hospitality industry; during peak season he often works long hours (December to January) but typically has reduced hours in the low season (June to August).

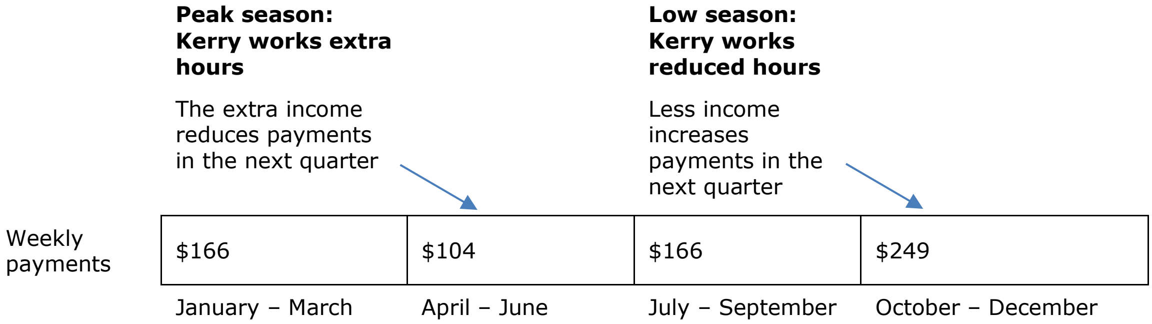
Kerry typically earns $20,000 every quarter, but his earnings increase during the January to March quarter to $23,000 and decrease during the July to September quarter to $16,000.

Under a quarterly assessment model, Kerry and Leigh's payments vary each quarter:

- *January to March*, Kerry and Leigh receive $166 per week in Working for Families payments based on their typical earnings for October to December.
- *April to June*, Kerry and Leigh receive $104 per week in Working for Families payments based on their higher earnings from January to March.
- *July to September*, Kerry and Leigh receive $166 per week in Working for Families payments based on their typical earnings for April to June.
- *October to December*, Kerry and Leigh receive $249 per week in Working for Families payments based on their lower earnings for July to September.

Kerry and Leigh do not need to estimate their income or risk being overpaid; however, they may find the low season (July to September quarter) financially difficult because, with their main income source and their Working for Families payments both dropping, they are receiving substantially less income each week during this period.

4.32 The figure below shows how earnings in one quarter affect payments in the next under the shorter period proposal:



4.33 Some types of income need to be declared to Inland Revenue. If you earn self-employed income or other income that you need to actively declare to Inland Revenue, you would still need to estimate this part of your family's income and be squared up later for that type of income.

4.34 In the 2022 tax year, approximately 58,000 Working for Families households had self-employment income, so we are interested in understanding how this proposal would impact families who rely on non-reportable income.

4.35 There are various types of income that need to be declared to Inland Revenue, such as private child support arrangements (private maintenance). We are considering streamlining this, and this concept is explored more in Chapter 6.

Example 3: One partner has non-observable income

Current system

Chris and Sonja have three children in their full-time care. Chris is self-employed and has only started his business recently, so it is not turning over a lot of income yet. Sonja works for wages.

Chris thinks he will make around $25,000 this year, so he provides this estimate to Inland Revenue. Sonja thinks she will earn about $75,000 from wages so she estimates this figure, and their Working for Families payments are based on $100,000 for the period 1 April 2025 to 31 March 2026.

After the end of the tax year, Sonja has an automatic income tax assessment and Chris files his tax return. The combined family income for the past year is squared up and the family is advised if they have been overpaid or underpaid.

Shorter period

Chris and Sonja have three children in their full-time care. Chris is self-employed and has only started his business recently, so it is not turning over a lot of income yet. Sonja works for wages.

Chris thinks he will make around $25,000 this year, so he provides this estimate to Inland Revenue. A quarter of this amount ($6,250) is combined with Sonja's confirmed wages from the previous quarter.

After the end of the tax year, when Chris files his tax return, Inland Revenue will square up his business income. Sonja's income is not squared up because it was assessed each quarter on her actual past income.

While the family could still get Chris' income estimate wrong, there is less guesswork involved for them overall because they only need to estimate the types of income Inland Revenue cannot see during the year.

Section 2: Changes in family circumstances

4.36 This section explores how best to reflect changing family circumstances to meet the current needs of families as their situation changes.

4.37 To determine your Working for Families entitlement, Inland Revenue also needs to know details about a family's situation:

- if the principal caregiver (recipient) has a partner and their income details,
- which children are in the family's care,
- whether the family has full-time or part-time care of those children, and
- when those children leave the family's care or become financially independent.

4.38 Currently all these things affect how much Working for Families entitlement a family receives. The sooner families can update Inland Revenue of any changes, the more promptly Inland Revenue can adjust the payment either up or down – providing support when needed or ensuring families are not overpaid or underpaid.

4.39 The Government could consider "lagging" the household circumstances that payments are based on as well as lagging the income as outlined above. Provided a family advised Inland Revenue about a change in their circumstances in one assessment period before the next one starts, a family would not end up in a debt situation. Instead, the impact of these changes would flow on to the next period of payments.

4.40 The example below illustrates a 'lag' for family circumstances versus updating at the time of the event. Both examples use the income of the previous quarter for the income part of the calculation.

Example 4: A new child comes into the family's care

Lagged circumstances to previous quarter

Flynn and his partner have their own child in their care. During April, they are receiving $17 per week based on their combined earnings of $21,250 for January to March.

Due to a difficult family situation, Flynn takes over full-time care of his niece during May. He reduces his hours at work so he can be at home more to support his niece.

Flynn notifies Inland Revenue, and his niece is added to his record during May.

Because payments are based on the past quarter's income and circumstances, Flynn's payments remain $17 per week until July. From July, his payments increase to reflect having two children in his care and the lower family income.

Update as soon as possible within the current quarter

Flynn and his partner have their own child in their care. During April, they are receiving $17 per week based on their combined earnings of $21,250 for January to March.

Due to a difficult family situation, Flynn takes over full-time care of his niece during May. He reduces his hours at work so he can be at home more to support his niece.

Flynn notifies Inland Revenue straight away, and his payments increase to $140 per week from May onwards to account for the additional child.

In July, their payments are recalculated according to the three-monthly cycle and are now based on the income earned in April to June. Their payments increase to $189 per week reflecting Flynn's lower income

4.41 This highlights the trade-off between timeliness and certainty. If we pay families based on circumstances from the last three months, their payments will not reflect their current family situation. However, provided they tell Inland Revenue about changes in their family situation within a reasonable timeframe, their chance of overpayment and debt is much lower.

4.42 "Lagging" family changes could work well for people in cases when there is uncertainty over the status of a relationship or the custody of a child and it takes some time for living arrangements to settle, or where a family's situation changes frequently making it difficult to update Inland Revenue in real time.

4.43 It may not work so well for people who need extra support and have to wait for their payments to "catch up". For example, if you take on the care of an additional child, you might not get additional support as quickly if your payment does not change until the next period. This could create some challenges for families facing increased costs due to a change in their circumstances.

4.44 The Government is interested in whether people see value in lagging circumstances along with income.

Section 3: Families transitioning between main benefit and work

4.45 In the current tax and transfer system, there can be gaps in support as families move in and out of work. People can sometimes find it difficult to understand what they might be entitled to as their situation changes.

4.46 A shorter period of assessment might work better for some of these families and not as well for others. The Government is interested in feedback on this topic.

4.47 Some examples are included here focusing on these issues, which some families experience when moving between a benefit and work.

Example 5: Moving off a benefit and into work

Current system

Sandra is a single parent of two children, who works part time. She earns $300 per week and also receives Sole Parent Support from Work and Income ($512.48 before tax each week). Based on this income, she receives Working for Families payments of $262 per week.

In mid-August Sandra has an opportunity to move into full-time work and her benefit is cancelled. Sandra now needs to estimate her income for the rest of the tax year. She finds it difficult to know what figure to tell Inland Revenue, because her working hours are likely to vary, but ends up estimating $1,200 per week.

The higher income means her family tax credit reduces, but she gains the in-work tax credit. From mid-August, she begins to receive $292 per week.

Sandra's Working for Families will be squared up after the end of the tax year for any periods when she was not in receipt of a benefit.

Shorter period

In mid-August, when Sandra moves into full-time work. Inland Revenue adds the in-work tax credit to her entitlement, so she begins to receive $360 per week.

In October, her payments are recalculated to take into account her increased earnings in the prior July to September period.

Based on the higher income, her payments from 1 October reduce to $306 per week. She does not need to worry about estimating her earnings

4.48 Some people are working while on a benefit or go on and off a main benefit because their hours or patterns of work are less consistent. This can be complex to manage.

4.49 Some families who have changeable or seasonal work may find the transition more difficult because their fluctuating income will also cause changes in their subsequent Working for Families entitlements (for example, a high-income period would result in a lower Working for Families entitlement in the next quarter, which may be the low season). This may also depend on whether they are fully off a benefit or continue to receive a partial (abated) benefit while working some hours.

Example 6: Moving from work onto a benefit

Current system

Yasmin is a sole parent with two children over 3, working full time and earning $1,200 per week. She also receives $251 in Working for Families payments each week (made up of family tax credit and in-work tax credit).

She loses her job in mid-August 2025 and is granted the Sole Parent Support benefit. She begins receiving $587.64 each week as her main benefit payment, plus a new rate of $262 per week in Working for Families payments.

Yasmin receives a refund at the square-up in May 2026 because her estimate at the beginning of the tax year was too high (it was based on her working full time).

Shorter period

Yasmin is a sole parent with two children over 3, working full time and earning $1,200 per week. She also receives $251 in Working for Families payments each week.

She loses her job in mid-August 2025 and is granted the Sole Parent Support benefit. She loses her entitlement to the in-work tax credit part of her Working for Families payment, so her payment is reduced to $160 per week for the remainder of the July to September quarter, based on her April to June full-time earnings.

In October, her entitlement is recalculated based on her reduction in income from the July to September quarter. She begins receiving $249 per week.

There is no end of year square-up because each quarter is based on past income. There is a lag in her support catching up to her decreased income, which she may find difficult to manage financially.

4.50 There is a further example in Chapter 5 highlighting potential outcomes of moving off and onto a benefit.

Example 7: Job loss

Current system

Bary and Michelle have three children in their care. Bary works full time for a salary of $120,000 and Michelle is a stay-at-home parent. The family estimate their income for 1 April 2025 to 31 March 2026 at $120,000 and receive $74 in Working for Families payments each week.

On 15 May, Bary loses his job.

Because he is now not working, the family's in-work tax credit payments cease two weeks after his employment ends.

The family can choose to reduce their income estimate for the tax year, but if Bary returns to work before 31 March 2026 at a similar level of earnings, they run the risk of ending up in debt due to an under-estimation.

Depending on the family's circumstances, they may be eligible for financial support from the Ministry of Social Development, such as Jobseeker Support or Accommodation Supplement.

Shorter period

Bary and Michelle receive $76 in Working for Families payments each week based on Bary's income from January to March.

On 15 May, Bary loses his job.

Because he is not working, the family's in-work tax credit payments cease two weeks after his employment ends. They now receive no Working for Families payments until the quarter ends in June.

From July, Working for Families payments will be based on his April to June earnings of $13,846.60, so the family could again qualify for Working for Families payments of $314 per week.

Depending on the family's circumstances, they may be eligible for financial support from the Ministry of Social Development, such as Jobseeker Support or Accommodation Supplement.

Further design decisions

4.51 If the basis of Working for Families assessments is changed, there are some more detailed design decisions that would need to be made, including:

- How major "spikes" or variations in income would be dealt with. For example, could we look at smoothing the allocation of income across several quarterly periods if someone received a lump sum payment in one quarter?

- Would we continue to protect entitlements for beneficiaries in the same way we do now, ensuring periods they are on a benefit are not caught in the square-up, as outlined in paragraph 4.7?

4.52 After we have received and considered feedback from this discussion document, a second document with detailed design decisions may be released to ask more questions about possible changes to Working for Families. This will mean another opportunity to give your thoughts on details about what this scheme might look like should the Government proceed with any changes.

Other changes that could be made to Working for Families

4.53 The Government could also consider less transformative options, meaning more minor improvements while retaining the current overall Working for Families framework (noting that some of these options could still be progressed even if the proposal to shift to a shorter period of assessment proceeds).

4.54 These changes would be easier for families to adapt to because they are more in line with the existing system, but might mean some of the problems with the existing system remain. For example, a further buffer to income estimates still retains the overall estimation system, so it may be better for some families but have little impact on others.

4.55 Options could include smaller scale changes such as:

- grace periods for changes in circumstances – for example, if a child leaves a family's care, they would have a specific period to advise Inland Revenue of this change before it affects their payments,
- various smaller administrative improvements, including ways to make the shift between the Ministry of Social Development and Inland Revenue (and vice versa) easier for recipients (detailed in Chapter 5),
- simplifying family scheme income (detailed in Chapter 6),
- an enhanced information-sharing arrangement between Inland Revenue and the New Zealand Customs Service, along with updates to the residency criteria for Working for Families (detailed in Chapter 7),
- a buffer tax credit when, for example, Inland Revenue could withhold 10% of a family's entitlement during the year to offset overpayments, which would reduce the risk of overpayments and debt, but would reduce their weekly or fortnightly payments during the year.

Questions for submitters

Q5. Have you faced any issues with the existing approach of estimating your income for the current tax year? Does this approach work well for your family – if so, why?

Q6. Is there a different way Working for Families payments could be administered than the current annual approach that would make the system easier for families to understand and manage their payments?

Q7. Would a different period (for example, week, month, quarter) for calculating entitlements create problems? What are the pros and cons of using a shorter period?

Q8. What are some benefits or potential issues of a test that looks at past actual income rather than an estimate for the year ahead? In what circumstances might this be easier or more difficult for a family's financial situation? This could include circumstances like fluctuating income and changes in employment.

Q9. Ideally, payments to families should change when their circumstances change, should be regular and predictable, and should not easily lead to debt or underpayments. What features are the most crucial for different families? What else could we look at and what could we improve?

Q10. Could we make changes to the current system that might work better for families than changing to a short period of assessment? This could include things like grace periods, estimate buffers, or other administrative changes.

Chapter 5 – Making work pay: Supporting transition from benefit to work

5.1 Ensuring that work pays is a focus for the Government. The Government is exploring a range of ways to improve people's experiences when they move from a benefit into work.

5.2 Employment improves outcomes for New Zealanders across a range of indicators including financial stability, access to opportunities and providing a route out of poverty.

5.3 Barriers may be different for different people but include the cost and availability of childcare, in-work costs, poor financial returns, inconsistency of payments and lack of awareness of payments available while in work. For parents and families, care arrangements and suitability and flexibility of a particular role (for example working during school hours) can further complicate the decision to enter work.

5.4 The Government wants to better understand how we can make it easier for families to enter and succeed in work by identifying the barriers people face to entering work, ensuring people have the right financial incentives and supports to move off a benefit, and maximising those incentives so people remain in work. These barriers can be at the individual, employer, or government level.

5.5 The findings from the feedback will be used to inform advice on future proposals and system changes.

5.6 This chapter seeks feedback on:

- experiences of moving from a benefit into work, and
- how the administration of payments can impact a person's decisions to enter work or work more hours.

Questions for submitters

Q11. What are the problems experienced when moving from a benefit into work? What barriers prevent this movement into work, aside from the availability of suitable work? Please provide details. (Examples of barriers could include understanding entitlements to support when off the benefit, dealing with additional costs such as transport or childcare, consistency of support payments, the administrative burden or other difficulties in dealing with government agencies).

Q12. How could things be improved to better support the transition between a benefit and work?

5.7 We also know that the way payments are administered can create barriers to move into work and can impact the perceived returns from entering work or working more hours. Moving between the Ministry of Social Development and Inland Revenue when entering work creates additional effort for clients and can impact people's decisions to enter work.

5.8 The Ministry of Social Development and Inland Revenue have different computer systems. While there are processes in place to move people from one system to another, these do not work seamlessly together. These systems limitations can affect peoples' experiences moving off a benefit and into work. Issues include the collection and sharing of information between the Ministry of Social Development and Inland Revenue, timing issues and unclear communication. For example, they might not know what their income from work will be at the time their benefit ceases so the Ministry of Social Development is unable to pass the correct information to Inland Revenue.

5.9 In addition to these limitations, people may be unaware or uncertain about the entitlements available to them when moving from a benefit into work. This can affect the perceived returns from work that families anticipate when making work-related decisions.

Example 8: Moving off a benefit, into work, and back onto a benefit

Current system

Siân is a sole parent with one child in her full-time care. She receives the Sole Parent Support benefit from Work and Income for the period January to March 2025. She also works six hours per week, earning $150 per week. During this period, she also receives $144 in Working for Families payments per week.

Her job offers her 35 hours per week of work during from April to June 2025. She will earn $875.00 per week so she cancels her benefit.

From April, Siân starts receiving Working for Families payments from Inland Revenue. She estimates her income at $36,800 for the year to include the three months of extra work and nine months of mostly benefit income. Siân receives $241 per week as the in-work tax credit is added to her Working for Families payment.

Siân returns to her usual hours from July and her benefit is reinstated. Her Working for Families payments return to $144 per week as she is no longer entitled to the in-work tax credit.

Shorter period

For January to March, Siân's Working for Families payments will be $144.00 per week based on the prior quarter's combined benefit and wages income.

For April to June, she will receive $241 per week as the in-work tax credit is added to her payment.

For July to September, her Working for Families payments will be abated to $130 per week because they are based on her higher income for the quarter April to June when she was working more hours. She is also not entitled to the in-work tax credit because she's receiving a benefit again.

From October, her payments will return to $144 per week based on her July to September income.

5.10 The table below shows how earnings in one quarter affect payments in the next under the shorter period proposal:

	January – March	April – June	July – September	October – December
Weekly income before tax	$737.64	$875.00	$737.64	$737.64
Weekly WFF payments	$144.00	$241.00	$130.00	$144.00

Questions for submitters

Q13. What problems could be solved through changes to government systems and settings (for example, how entitlements are paid out)?

Q14. What would be the most important issues for the Government to focus on if changes were made to the system (for example, reducing the administrative burden of dealing with government agencies, or increasing the consistency of payments, or something else)?

5.11 The Government is particularly interested in how it could help to make work pay. For working families with dependent children, it is important to make sure that every extra hour of work is worth it. This includes ensuring families are aware of, and accessing, all the support available to them.

5.12 The tax and transfer system has a range of supports aimed at "making work pay". Notably, Working for Families tax credits include the in-work tax credit and the minimum family tax credit. There are other payments that can support eligible people with in-work costs, including support for childcare costs (Childcare Subsidy, the Out of School Care and Recreation Subsidy and FamilyBoost) and support with housing costs (Accommodation Supplement and the Income Related Rent for social housing tenants).

5.13 The Government knows that positive financial incentives are critical components of the tax and transfer systems and that clients who receive income support payments for families have reported that the payments make working worthwhile.

5.14 Therefore, it is important that these settings support:

- people to remain in work (for instance, we do not want people to face situations where people are financially better off leaving their job), and
- people that are already working to increase their hours or accept promotions.

5.15 We want to understand how current settings support (or do not support) participation in work, including how they affect:

- decisions about entering work – specifically the impact of the existing tax credits and supports for people in work (Working for Families tax credits, Childcare Assistance), and

- decisions about working more hours – specifically how the settings for tax credits impact on a family's take-home pay, and the extent to which the tax credits influence decisions to work or work more hours.

Questions for submitters

Q15. What would make the biggest difference in supporting families to move off a benefit and into work?

Q16. What are the issues, if any, with the payments designed to promote work, such as the in-work tax credit, minimum family tax credit and Childcare Assistance? What is working well, and what is not working well? (For example, the application process, frequency of payment, ability to understand entitlements and so on.) What could be improved?

Intermediaries

Intermediaries help others manage their obligations and entitlements. Examples of intermediaries include iwi, tax agents, digital service providers, social service providers and community groups. They can also include family members.

5.16 The Government is responsible for administering entitlements and will usually deal with people directly to make sure they access the right supports. However, sometimes, people rely on intermediaries. Intermediaries can help people by giving them guidance on what they may be entitled to and how to work with government departments to access their entitlements. Sometimes, intermediaries may manage entitlements on behalf of people who are eligible for support. This includes Working for Families payments.

5.17 Intermediaries play an important role, particularly when they serve a need that government departments may not be best placed to fulfil. This includes, for example, when people:

- live in more remote parts of the country where government departments may not have a strong physical presence,
- may not have the resources or capability to navigate multiple government departments to understand and access their entitlements, or
- have a disability or cultural barriers that may mean they need a different approach to understanding and accessing their entitlements.

5.18 Critical to an intermediary's success is their capability to make services more accessible and form trusted relationships with communities. However, sometimes financial, regulatory and capability barriers restrict what intermediaries can do for some people. While government departments remain committed to improving the way they engage with people directly, the Government is interested in hearing about whether there is more that could be done to enable intermediaries to support families with their Working for Families entitlements.

Employers

5.19 We also know that barriers do not just sit with individuals, and that sometimes participation in work is affected by employers. Employers play a critical role in making employment available to local workers, setting the conditions of employment and pay rates. An employer being prepared to "take a chance" on a job seeker is sometimes the biggest barrier to be overcome. Other times, the conditions employers provide can influence people's decisions to undertake work.[9]

5.20 We are interested to hear people's experiences with employers, the work they have done and what factors influence their decisions to stay in a workplace or accept work when it is offered.

Questions for submitters

Q17. What are the barriers to intermediaries supporting families to access and manage their Working for Families entitlements?

Q18. What more could employers do to support people to enter or remain in work?

[9] 2022 New Zealand Income Support Survey.

Chapter 6 – Definition of family scheme income

Family scheme income is the income a family's Working for Families entitlement is based on. Family scheme income includes all taxable income, as well as some other types of income specific to Working for Families calculations.

Observable income is income that is reported to Inland Revenue by third parties, such as salary and wage information provided by your employer.

Non-observable income is the income that you need to declare to Inland Revenue in your annual income tax return.

6.1 This chapter covers:

- some problems with the current definition of family scheme income, and
- suggestions for how family scheme income could be simplified.

Current definition and issues

6.2 Working for Families payments are targeted based on need. This means that family scheme income is designed to be broad to include the means a family has available to them to pay for their day-to-day needs.

6.3 Currently, when someone estimates their income for the tax year for Working for Families purposes, there are some types of income they need to include in their estimation that are specific to Working for Families. These are referred to as "income adjustments".

6.4 Each of the income adjustments has a specific purpose. Some income adjustments are intended to help prevent people from hiding income (such as through trusts or companies). Others aim to create a fairer Working for Families system by reflecting all the financial resources a family has access to, such as private maintenance payments or instances of support from family or friends.

6.5 This means that the way we assess income is fairer and reflects a spectrum of funds that different families could access to support themselves. This approach better reflects how much support a family might need from the Government to help meet their day-to-day living costs. Some of the types of income that are included are:

- personal income, such as wages, ACC payments or self-employed income,
- child support, either paid through Inland Revenue or privately between parents,
- business income, such as attributed income of a shareholder in a company,

- investment income, such as interest, dividends, or income derived from rental properties, and
- income allocated from trusts or retained in a trust if you are a settlor, and other payments to help meet day-to-day living expenses (such as financial help from another person) totalling over $5,000 a year.[10]

6.6 In trying to gain a complete picture of the resources a family has available to them, we have heard that this definition has become too broad, confusing and time-consuming for Working for Families recipients and for Inland Revenue to administer. When mistakes happen, recipients do not get their income estimations correct, so it is easier for families to get into debt or to be underpaid by including income Inland Revenue does not need to know about.

6.7 Even though the incomes of most Working for Families recipients are made up of observable income like salaries and wages, or interest from banks, Inland Revenue needs to ask everyone if they have any of the less common income types to ensure people are assessed correctly. This adds complexity to families' Working for Families registrations and to Inland Revenue's forms. It sometimes leads to people thinking they need to provide Inland Revenue with more information than it needs to calculate their payment. This puts an unnecessary burden on families and on Inland Revenue. It also creates an additional burden for tax agents and intermediaries who must provide this information to Inland Revenue on behalf of their clients.

6.8 A further issue is that when Inland Revenue discovers income that should have been included, previous years of Working for Families claims can also be reassessed. This can result in large debts going back several years in some cases.

Proposed options

6.9 We propose to simplify the definition of family scheme income for Working for Families purposes. This would involve removing some income adjustments, particularly those that are not used often or present a very small risk to the integrity of Working for Families. This would help to resolve some of the administrative, customer compliance and debt issues that the current definition causes.

6.10 Some income types are high risk and including them in family scheme income helps to ensure that those who have adequate financial resources are unable to access assistance they do not need. Some examples of high-risk income that we do not propose to remove from the definition of family scheme income include company income, trust income, and the passive income of children. Removing these income types might enable people to misrepresent their income to qualify for Working for Families and maximise their entitlements.

[10] A list of some of the types of income that we are interested in feedback on is included in Appendix 1: Adjustments for family scheme income.

6.11 Some of the less frequently used income types, such as depreciation recovered on the sale of buildings or some pensions and annuities, could be removed without substantially increasing the risk that people could use these categories to misrepresent their income. As such, these income types are considered low risk.

6.12 Other income is considered low risk because it is not an effective way of channelling income (for example, building depreciation).

6.13 We are interested in receiving feedback on certain components of family scheme income that may not pose a high risk if removed – these are listed in Appendix 1.

6.14 Part of simplifying the definition of family scheme income could also involve increasing legislative flexibility around how income is defined in some cases. This would further protect the integrity of Working for Families without requiring every family to engage to some extent with the income adjustments the way they do currently. The Working for Families rules contain an anti-avoidance provision, but this is generally used in specific taxpayer cases, rather than for classes of income.

Questions for submitters

Q19. What are your views on simplifying the definition of family scheme income for Working for Families?

Q20. Do you think that simplifying the definition of family scheme income could cause unfairness between Working for Families recipients?

Q21. Are there any income types listed in Appendix 1 that should be considered high risk, which could allow people to misrepresent their income for Working for Families if removed?

Q22. Are there any income types listed in Appendix 1 that should be considered low risk and should be removed? If so, we are interested in understanding why you think they are low risk.

Q23. For tax agents and intermediaries, what impact do you think this proposal could have on you (for example, when you file an *IR215 Adjust your income* form for your clients)?

Chapter 7 – When families leave New Zealand

7.1 Families receiving Working for Families payments must notify Inland Revenue when they depart New Zealand in case their departure affects their entitlements. If a family is no longer entitled but continues to receive payments after they leave New Zealand, they may end up in debt. Families should not get into Working for Families debt because they move away from New Zealand.

7.2 This chapter covers:

- what happens when you leave New Zealand and do not update Inland Revenue,
- a proposal to increase information sharing between Inland Revenue and the New Zealand Customs Service (Customs), and
- proposals to update the Working for Families residence rules.

Principal caregiver is the person who has the primary responsibility for the day-to-day care of the child/ren. This person is also the person who has primary responsibility for the Working for Families account with Inland Revenue.

Dependent child is a child who is included in someone's Working for Families tax credit payments.

Current rules and issues

7.3 The eligibility rules for Working for Families look at whether the principal caregiver, **or** the dependent child meet the following residence requirements:

Principal caregiver	Dependent child
▪ Ordinarily resident in New Zealand ▪ lawfully resident in New Zealand, not on a temporary entry class visa ▪ tax resident in New Zealand, and ▪ physically present in New Zealand for a continuous period of 12 months at any time.	▪ Ordinarily resident in New Zealand ▪ lawfully resident in New Zealand, not on a temporary entry class visa, and ▪ physically present in New Zealand for the entitlement period.

7.4 There are two ways someone can be a New Zealand tax resident:

- they have a "permanent place of abode" in New Zealand, such as a house they typically live in, or

- they are personally present for more than 183 days in total in a 12-month period.[11]

7.5 Whether someone has a permanent place of abode depends on their individual circumstances. A person may continue to have a permanent place of abode in New Zealand even if they are overseas. If they do not have one, they lose their New Zealand tax residence status if they are absent from New Zealand for more than 325 days in total in a 12-month period.

7.6 When a family leaves New Zealand, they may no longer be considered tax resident. Under the current rules, leaving New Zealand does not necessarily mean they stop qualifying for Working for Families payments, but it is part of the picture.

7.7 Families should update Inland Revenue when they leave New Zealand or stop being a New Zealand tax resident so that Inland Revenue can help them determine if they still qualify. If Inland Revenue continues to pay them their Working for Families entitlement when they no longer qualify, they can end up in debt. Some families may not even realise they are still getting paid, which could happen if they stop checking their New Zealand bank account. There have been cases when Working for Families payments have continued for several years, leading to large debts for these families.

7.8 Some information is already shared between Inland Revenue, the Ministry of Social Development, and Customs. Inland Revenue and Customs share information about student loan borrowers and child support liable parents. For example, Inland Revenue provides Customs with a list of child support liable parents who meet certain criteria. Using this list, Customs advises Inland Revenue in real time when that person enters or leaves New Zealand borders. This allows Inland Revenue to better recover debt and stop liable parents from leaving New Zealand to avoid their child support obligations.

7.9 Inland Revenue and Customs do not have automated sharing of information that covers Working for Families. This means accessing information about these customers is a manual time-consuming process.

7.10 Currently, if Inland Revenue thinks a Working for Families customer has moved overseas it can request information from Customs on when that person left New Zealand and if they have returned. This request can be done under section 17B of the Tax Administration Act 1994 on a case-by-case basis. This has high administrative costs for both Inland Revenue and Customs, and it can mean some Working for Families customers continue to receive Working for Families payments they are not entitled to receive.

[11] For more information on tax residence, visit www.ird.govt.nz key words: tax residence.

Example 9: Working for Families recipients can incur debt when they leave New Zealand

Maggie and Stewart are moving permanently to France with their child, Luca. They currently receive Working for Families payments each week. They leave New Zealand on 10 July 2025.

Their weekly Working for Families payments are paid into Maggie's New Zealand bank account, which they no longer check once they get to France.

When Inland Revenue runs the end of year square-up process in May 2026, they notice Maggie and Stewart have not earned any income since July 2025. Inland Revenue sends the couple a letter querying what income they are using to support their day-to-day living costs. When they do not respond, Inland Revenue requests information from New Zealand Customs under section 17B of the Tax Administration Act to confirm the date they left the country. Inland Revenue stops their Working for Families payments on 8 August 2026.

The couple have been overpaid from 10 July 2025 to 8 August 2026 of the following year and will need to repay the total amount they have received since they left New Zealand.

Proposed options

Improved information sharing between Inland Revenue and Customs

7.11 We propose improved information sharing between Inland Revenue and Customs to help reduce the risk of Working for Families customers being overpaid when they move overseas.

7.12 Inland Revenue would move away from case-by-case information requests to automatic information sharing with Customs, similar to the process for student loan borrowers and child support liable parents. Inland Revenue could provide Customs with a list of all principal caregivers receiving Working for Families payments. Using real-time information on border movements, Customs would inform Inland Revenue when a person on that list has left New Zealand and not returned within a certain period of time.

7.13 This period of time would align with the proposed changes to the Working for Families residence requirements discussed in the next section. The intent of those changes is to create an objective test that is easy to apply and understand, without expanding eligibility.

7.14 We do not propose that Inland Revenue and Customs automatically share information on dependent children covered by Working for Families. On balance, we do not consider that the benefits of automatically sharing the border information of these children would outweigh the potential concerns around privacy and consent. In most cases, we expect dependent children would travel with their principal caregiver, so we do not think collecting their travel information is needed. Existing manual processes under section 17B of the Tax Administration Act would continue to be used if Inland Revenue suspected a dependent child was not eligible for Working for Families.

7.15 We would like feedback on whether the approach to include principal caregivers, but not their dependent children, in the scope of improved information sharing between Inland

Revenue and Customs would be sufficient. We are also interested in feedback on how common it is in families who receive Working for Families payments for children to travel without their principal caregiver for extended periods of time.

7.16 There are two ways improved information sharing could be implemented:

- an approved information-sharing agreement, or
- Ministers could enter into an agreement to share information under section 316 of the Customs and Excise Act 2018 and directly require the information to be shared.[12]

7.17 The Privacy Commissioner would be consulted regardless of which option is implemented to ensure it maintains or complies with privacy requirements and includes all necessary safeguards. We understand the Office of the Privacy Commissioner prefers the use of approved information sharing-agreements. If a section 316 agreement is used, this would be a temporary measure before an approved information-sharing agreement can be finalised as part of a project to consolidate all information shared between Inland Revenue and Customs.

Questions for submitters

Q24. Should automated information sharing between Inland Revenue and Customs include both principal caregivers who receive Working for Families and their dependent children?

Q25. What are some benefits of and issues with including dependent children in this improved information-sharing process?

Q26. How common is it for a child to travel for extended periods of time without their nominated Working for Families principal caregiver? In what circumstances might this happen?

Considering changes to Working for Families residence requirements

7.18 The existing residence requirements for Working for Families look at physical presence, tax residence of the principal caregiver, and immigration status.

7.19 The rules only require either the child or the principal caregiver to meet the residence requirements. The requirements are different for principal caregivers and dependent children, which can be confusing for families to figure out, particularly those with more complex visa and living situations.

7.20 We propose to change the residence requirements in the Working for Families rules by removing the tax residence test as a requirement and aligning the requirements between principal caregivers and dependent children.

[12] This section allows for Customs to disclose border crossing information for the purpose of enabling Inland Revenue to carry out its functions relating to the protection of public revenue, for example, collecting debt and calculating Working for Families entitlements.

7.21 The current rules do not look at the residence of other caregivers in the family. We do not propose to change this. The rules will remain flexible enough to allow the principal caregiver in a family to change (for example, if one parent is overseas on a work assignment and the other parent remains in New Zealand with the dependent child).

7.22 The new residence requirements could be:

- **either** the principal caregiver **or** dependent child would need to satisfy the immigration status requirement, and
- **both** principal caregiver and dependent child would need to satisfy a physical presence test.

7.23 The new physical presence test would require **both** the principal caregiver and dependent child to be:

- ordinarily resident in New Zealand, and
- physically present in New Zealand.

7.24 The physically present test would allow for short periods when a principal caregiver or dependent child is overseas and should still receive Working for Families payments. It would also include some specific exceptions for longer periods of time spent overseas. These exceptions are discussed from paragraph 7.29 onwards.

7.25 We propose to keep the immigration status requirement the same as it currently is. Either the principal caregiver or dependent child would need to be lawfully in New Zealand and not on a temporary entry class visa. A temporary entry class visa is defined in immigration law and includes a tourist visa and student visa.

7.26 “Ordinarily resident” is not defined in tax legislation, but it requires families to actually live in New Zealand to qualify for Working for Families payments. If we did not include this requirement, people with New Zealand citizenship who live overseas could qualify for Working for Families if they come to New Zealand for a short holiday.

7.27 By keeping the ordinarily resident requirement, meaning someone must live in New Zealand to qualify for Working for Families, we do not think the tax residence limb of the current test is needed. In addition, tax residence rules are designed to bring people into the tax net – this means it is usually easier to become a tax resident than it is to stop being one.

7.28 We would like feedback on whether “ordinarily resident” needs to be defined in tax legislation or whether its meaning is clear enough. Some other parts of New Zealand law use and, sometimes but not always, define the term. However, when the term is defined, the definitions tend to differ depending on what the purpose of that law is.

7.29 Being “physically present” would be defined to include “short periods” when the principal caregiver and/or dependent child is overseas. This is because we do not want families to lose their Working for Families entitlement while on holiday or if they have to go overseas to be with wider family. We would like feedback on what a reasonable period of time could be for this test (for example, six weeks, which would be enough for overseas travel during the end-of-year school holidays over summer).

7.30 There will be cases when someone needs to be overseas for longer than permitted for reasons beyond their control. The rules could include limited exceptions or the ability to increase the period when there has been a significant event that stops people from travelling (for example, during a natural disaster like a volcanic eruption or earthquake, or if a country's borders are suddenly closed as they were during COVID-19).

7.31 Some areas of tax legislation contain rules when an individual is treated as being physically present in New Zealand, despite an extended absence overseas. For example, a student loan borrower is treated as physically present in New Zealand if they are overseas in service of the New Zealand Government (for example, police or army). Similar deeming rules could be included in a Working for Families residence test.

7.32 We would like feedback on whether there are specific situations when someone should continue to be eligible for Working for Families while overseas for a prolonged period.

Comparisons with other day-count tests

7.33 Beneficiaries must advise the Ministry of Social Development when they leave New Zealand; if they do not, their benefit payments will stop from the day after they leave. In some circumstances, such as approved travel or medical treatment, beneficiaries can go overseas temporarily and still receive payments, as long as they have their travel approved and are away from New Zealand for 28 days or less in any 52-week period.

7.34 The Australian Family Tax Benefit, which operates similarly to Working for Families, applies set criteria for those going overseas. A key point to note is that these criteria will apply to both the parent and the child. Payments stop when the parent or child is overseas for more than six weeks, or if they return to Australia and then leave again within six weeks of their return to Australia. There are some exceptions when people may be able to receive payments if they are overseas for up to three years, for example, if they are a member of the Australian Defence Force deployed overseas.

Questions for submitters

Q27. Are there potential issues with requiring both the nominated Working for Families principal caregiver and dependent child(ren) to be physically present in New Zealand to qualify for Working for Families?

Q28. What are your views on the usefulness of the tax residence test as part of the eligibility requirements for principal caregivers? If you think it is useful, what safeguards do you think it provides that are not covered by the physical presence and "ordinarily resident" requirements?

Q29. What are your views on creating a definition of "ordinarily resident" specifically for Working for Families? What do you understand "ordinarily resident" in New Zealand to mean? What would you include in a definition?

Q30. What is a reasonable period of time for someone to be physically absent from New Zealand before losing their eligibility for Working for Families? This could include an approach similar to that taken in Australia for their Family Tax Benefit.

Q31. Should there be exceptions for certain situations? If so, what are they?

Appendix 1 - Certain components of family scheme income

Type of income	When you need to tell Inland Revenue
Salary exchanged for private use of a work vehicle	If you agreed to a lower salary in exchange for private use of a company vehicle.
Vouchers and other short-term charge facilities	If your employer provides you with vouchers or other short-term charge facilities (for example, a Prezzy card or supermarket voucher).
Income related to: ▪ pensions and annuities ▪ distributions from retirement savings or superannuation schemes ▪ income from a retirement savings or superannuation scheme portfolio investment entity (PIE)	If you have income from certain kinds of pensions and annuities, as well as distributions and income from retirement savings/superannuation schemes and associated PIEs.
Retirement savings schemes contributions	If you have included contributions from a retirement savings scheme in your IR3, you can leave it out of your income for Working for Families or student loan.
Tax-exempt overseas pensions	You may need to include your overseas pension as income for Working for Families and student loans.
Depreciation recovered on sale of a building	You may need to adjust your income for Working for Families and student loans if you sold a building you had claimed depreciation for, on or before 2004.
Tax-exempt salary or wages	If you get salary or wages that is exempt from tax under certain Acts, you still need to include it as income for Working for Families and student loans.
Non-resident spouse or partner's income	If your spouse or partner is not a New Zealand tax resident, you will need to tell Inland Revenue about their worldwide income. This is because Inland Revenue only has information on New Zealand income earned by non-tax residents.
Non-locked in PIE income	Certain types of income from a PIE.
Other income	If you and your partner or spouse get more than $5,000 per year to help with your living costs, this is treated as income for Working for Families (for example, a gift from a family member).
Main income equalisation scheme – deposits	Any deposits your family has made into an income equalisation scheme have to be added to your family scheme income – these schemes are typically used by people who work in farming, forestry or fishing industries.
Main income equalisation scheme – refunds	Any refunds your family has received from an income equalisation scheme reduces your family scheme income – these schemes are typically used by people who work in farming, forestry or fishing industries to smooth out their income between years.

Appendix 2 - Discussion questions

Chapter 3 Issues with Working for Families system

Q1. What are the effects of Working for Families debt on families?

Q2. What measures are families taking to avoid Working for Families debt (for example, over-estimating income, switching to end of year lump-sum payments, spending lots of time contacting Inland Revenue)?

Q3. What is most important for Working for Families to achieve for families? For example, certainty, maximum entitled payments, or something else?

Q4. Are there any other issues with the way Working for Families operates?

Chapter 4 Shorter period of assessment

Q5. Have you faced any issues with the existing approach of estimating your income for the current tax year? Does this approach work well for your family – if so, why?

Q6. Is there a different way Working for Families payments could be administered than the current annual approach that would make the system easier for families to understand and manage their payments?

Q7. Would a different period (for example, week, month, quarter) for calculating entitlements create problems? What are the pros and cons of using a shorter period?

Q8. What are some benefits or potential issues of a test that looks at past actual income rather than an estimate for the year ahead? In what circumstances might this be easier or more difficult for a family's financial situation? This could include circumstances like fluctuating income and changes in employment.

Q9. Ideally, payments to families should change when their circumstances change, should be regular and predictable, and should not easily lead to debt or underpayments. What features are the most crucial for different families? What else could we look at and what could we improve?

Q10. Could we make changes to the current system that might work better for families than changing to a short period of assessment? This could include things like grace periods, estimate buffers, or other administrative changes.

Chapter 5 Making work pay: Supporting transition from benefit to work

Q11. What are the problems experienced when moving from a benefit into work? What barriers prevent this movement into work, aside from the availability of suitable work? Please provide details. (Examples of barriers could include understanding entitlements to support when off the benefit, dealing with additional costs such as transport or childcare, consistency of support payments, the administrative burden or other difficulties in dealing with government agencies).

Q12. How could things be improved to better support the transition between a benefit and work?

Q13. What problems could be solved through changes to government systems and settings (for example, how entitlements are paid out)?

Q14. What would be the most important issues for the Government to focus on if changes were made to the system (for example, reducing the administrative burden of dealing with government agencies, or increasing the consistency of payments, or something else)?

Q15. What would make the biggest difference in supporting families to move off a benefit and into work?

Q16. What are the issues, if any, with the payments designed to promote work, such as the in-work tax credit, minimum family tax credit and Childcare Assistance? What is working well, and what is not working well? (For example, the application process, frequency of payment, ability to understand entitlements and so on.) What could be improved?

Q17. What are the barriers to intermediaries supporting families to access and manage their Working for Families entitlements?

Q18. What more could employers do to support people to enter or remain in work?

Chapter 6 Definition of family scheme income

Q19. What are your views on simplifying the definition of family scheme income for Working for Families?

Q20. Do you think that simplifying the definition of family scheme income could cause unfairness between Working for Families recipients?

Q21. Are there any income types listed in Appendix 1 that should be considered high risk, which could allow people to misrepresent their income for Working for Families if removed?

Q22. Are there any income types listed in Appendix 1 that should be considered low risk and should be removed? If so, we are interested in understanding why you think they are low risk.

Q23. For tax agents and intermediaries, what impact do you think this proposal could have on you (for example, when you file an I*R215 Adjust your income* form for your clients)?

Chapter 7 When you leave New Zealand

Information sharing

Q24. Should automated information sharing between Inland Revenue and Customs include both principal caregivers who receive Working for Families and their dependent children?

Q25. What are some benefits of and issues with including dependent children in this improved information-sharing process?

Q26. How common is it for a child to travel for extended periods of time without their nominated Working for Families principal caregiver? In what circumstances might this happen?

Changes to residence requirements

Q27. Are there potential issues with requiring both the nominated Working for Families principal caregiver and dependent child(ren) to be physically present in New Zealand to qualify for Working for Families?

Q28. What are your views on the usefulness of the tax residence test as part of the eligibility requirements for principal caregivers? If you think it is useful, what safeguards do you think it provides that are not covered by the physical presence and "ordinarily resident" requirements?

Q29. What are your views on creating a definition of "ordinarily resident" specifically for Working for Families? What do you understand "ordinarily resident" in New Zealand to mean? What would you include in a definition?

Q30. What is a reasonable period of time for someone to be physically absent from New Zealand before losing their eligibility for Working for Families? This could include an approach similar to that taken in Australia for their Family Tax Benefit.

Q31. Should there be exceptions for certain situations? If so, what are they?