

31 August 2021



Dear 

Thank you for your request made under the Official Information Act 1982 (OIA), received on 2 August 2021. You requested the following:

- 1. What action does IRD take towards non-paying parents? Please detail the actions taken and the steps towards recovering payment in detail ie. How many letters or reminders are sent before the IRD take action, how much time is allowed before a compulsory payment action is ordered from their workplace, what happens when they don't have a salaried workplace?*
- 2. When someone goes into arrears in child support, how are these recovered? If IRD catches up with someone who owes say \$1,000, do they have to pay extra each month to pay that off, or does it get written off? Or do they continue to owe it forever?*
- 3. Please detail the numbers and types of enforcement actions taken against child support defaulters in the past five years, and so far this year. Provide this in as much detail as possible ie. how many people have been sent reminders, had money taken directly out of their bank accounts, been prosecuted, etc. For the prosecutions I require these in as much detail as possible or directions to the cases.*
- 4. Can IRD put a compulsory deduction notice on a bank rather than an employer, has it done this and if so how often (in the last year) and are there any documents discussing this as an option? If so please include.*

### **Question 1**

Inland Revenue examines the merits of each parent's ability to pay child support on a case-by-case basis. When liable parents fail to pay child support, we attempt to contact them to establish why payment has not been made and to encourage them to pay voluntarily. When we are unable to secure funds through all voluntary channels, we look to enforce payments from liable parents by placing a deduction notice, under section 154 of the Child Support Act 1991 (CSA), on any funds payable to that person. This includes income from salary or wages or from a bank account in the name of the liable parent.

From November this year, new liable parents (plus parents re-entering the system) who are working for salary and wages will have the child support deducted directly from their pay through their employer. This arrangement will be set up as soon as a child support application is received.

If these collection actions are unsuccessful Inland Revenue may also pursue other legal avenues to secure payment, set out in Part 11 of the CSA. These avenues include, but are not limited to, applying for arrest warrants from the courts, issuing summons for examination of financial means, applying to the courts for charging orders against property, and applying for warrants to seize property through the courts. We take these actions as a last resort, we take into account all information we hold and determine if taking this action will achieve the right outcome, and is efficient use of the Commissioners resources.

## Question 2

When a liable parent goes into arrears, if the funds are payable to the receiving carer the debt remains until it is paid in full. We typically collect arrears using a payment arrangement with the liable parent and that will increase the amount they are required to pay each month until the debt is paid off. Debt is not written off due to bankruptcy (unlike a lot of other debts), but if either party passes away then we consider if write off is appropriate under sections 180B to 180D of the CSA.

If the funds are payable to the Crown, then we have provisions under section 180A of the CSA that give us certain circumstances when the debt may be able to be written off. For example, assessments can be payable to the Crown in the case where a receiving carer is in receipt of a sole parent rate of benefit and all penalties are payable to the Crown.

## Questions 3 and 4

We are not able to provide the number of reminders or statements that were sent to liable parents as our system does not report on this. We would therefore have to manually check each individual account. As such, this information is withheld under section 18(f), as the information requested cannot be made available without substantial collation.

We are only able to provide aggregated data as providing more specific details can identify individuals, as such this is withheld under section 18(c)(i) of the OIA. Making the requested information available would be contrary to the provisions of a specified enactment, namely Inland Revenue's confidentiality obligation in section 18 of the Tax Administration Act 1994 (TAA). Disclosure of this information does not fall within any of the exceptions to the confidentiality obligation listed in sections 18D to 18J of the TAA.

The CSA does not permit Inland Revenue to prosecute anyone for child support arrears. As such, your request for the number of prosecutions and prosecution details are refused under section 18(e) as this information does not exist.

Inland Revenue can put a deduction notice on a bank account instead of the liable parent's salary and wages with their employer, we do this regularly. However, there are no documents discussing deductions from bank accounts instead of employer deductions, as such your request for these specific documents is refused under section 18(e) as they do not exist.

The table below provides the numbers and types of enforcement actions Inland Revenue has taken to retrieve child support payments in the last five financial years (1 July to 30 June).

Financial Year	Other Deductions	Arrangement	Employer deductions	Total
2017	6,363	17,380	92,864	<b>116,607</b>
2018	8,049	14,228	92,531	<b>114,808</b>
2019	6,222	10,985	88,331	<b>105,538</b>
2020	3,155	8,319	72,846	<b>84,320</b>
2021	6,012	5,562	63,628	<b>75,202</b>
<b>Total</b>	<b>29,801</b>	<b>56,474</b>	<b>410,200</b>	<b>496,475</b>

Notes:

Other deductions are deductions set on another source, such as a bank account or income from self-employment and contract work. Our system does not allow us to separate these further.

Arrangement is where we have set an arrangement with the liable parent for payment.

These figures represent individual numbers of arrangements, not individual customers. For example, we may count a liable parent under arrangement as we set up an arrangement with them, but if they default we then set up either an employer deduction or other deduction.

### **Right of Review**

If you disagree with my decisions on your OIA request, you can ask an Inland Revenue review officer to review my decisions. To ask for an internal review, please email the Commissioner of Inland Revenue at: [CommissionersCorrespondence@ird.govt.nz](mailto:CommissionersCorrespondence@ird.govt.nz).

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman by email at: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz).

Thank you for your request.

Yours sincerely



Sue Gillies  
**Customer Segment Leader - Families**