



25 August 2022

[Redacted]

Dear [Redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 4 August 2022. You requested the following (numbered for ease of response):

Could I please request parallel figures for the In-Work Tax Credit annually for the last five years?

- 1) *The total numbers of families claiming Working for Families, and more specifically, In-Work Tax Credit?*
- 2) *Families receiving Working for Families, and more specifically, In-Work Tax Credit, by their number of children. Is it possible to have the average number of children in these families too?*
- 3) *How long families have typically Received working for Families and more specifically, In-Work Tax Credit with duration more detailed than one year or less/more than one year in order to facilitate calculations on average payouts over the life of children or households?*
- 4) *Families receiving Working for Families, and more specifically, In-Work Tax Credit, by:*
 - (a) The families receiving taxable income and*
 - (b) The families receiving no taxable income?*

And,

Could I also please have these figures for recipients who only get In-Work Tax Credits while not getting FTC if possible?

- 5) *The total number of Families claiming In-Work Tax Credit?*
- 6) *Families receiving the In-Work Tax Credit, by their number of children. Is it possible to have the average number of children in these families too?*
- 7) *How long families have typically received the In-Work Tax Credit with duration more detailed than one year or less/more than one year in order to facilitate calculations on average payouts over the life of children or households.*
- 8) *Families receiving the In-Work Tax Credit, by*
 - (a) The families receiving taxable income and*
 - (b) The families receiving no taxable income.*

In-Work Tax Credit

In-Work Tax Credit (IWTC) is a component of Working for Families (WfF) Tax Credits that is payable to families who have some income from paid work each week. Families receiving an income-tested benefit, or a student allowance are not eligible for this payment. More information on the different components of the WfF tax credits is available on Inland Revenue's website here: <https://www.ird.govt.nz/working-for-families/payment-types>.

For families earning more than the abatement threshold, IWTC is combined with Family Tax Credit (FTC) before abatement is applied to the combined amount. Entitlements to

FTC are abated first, and IWTC begins to abate once the FTC entitlement is fully abated. Because of this ordering, it is possible for families to receive IWTC without any FTC remaining.

Question 1: The total number of families claiming IWTC

The table below outlines the number of families receiving IWTC and their average IWTC entitlement. These figures can also be found on the Inland Revenue website www.ird.govt.nz/about-us/tax-statistics/social-policy/wfftcc. These published figures will next be updated in December 2022 to include the 2020-21 tax year.

Tax year	Recipient families (000s)	Average IWTC entitlement
2015	217.8	\$2,485.31
2016	214.0	\$2,455.14
2017	207.6	\$2,908.48
2018	202.5	\$2,884.66
2019	206.5	\$2,976.05
2020	191.1	\$3,079.37

Question 2: Families receiving IWTC by number of children

Tax year	Recipient families (000s)	Total children (000s)	Average children
2015	217.8	390.4	1.8
2016	214.0	388.3	1.8
2017	207.6	377.8	1.8
2018	202.5	355.1	1.8
2019	206.5	409.6	2.0
2020	191.1	383.8	2.0

Question 3: Duration of families receiving IWTC

The table below gives the number of years a family is in receipt of IWTC at any time since the introduction of IWTC. These are not continuous years or current recipients; there can be a break between receiving IWTC for different years and the table counts the total number of years (not necessarily continuous) by recipient, to calculate the duration of IWTC receipt regardless of their status currently. This works out to be an average duration that families receive IWTC of 5 years.

Years received	Number of families
1	96,708
2	89,241
3	72,977
4	63,363
5	55,932
6	48,209
7	40,599
8	33,936
9	28,136
10	23,133

Years received	Number of families
11	19,396
12	16,185
13	14,242
14	15,222

Question 4(a): Family income for families that qualified for IWTC

The table below provides a breakdown of the number of families within each family scheme income range. This is provided by tax year (April to March).

Family Income Range	2015	2016	2017	2018	2019	2020
<= \$40K	78,223	75,214	69,702	61,812	51,694	44,680
>\$40K - \$50K	34,261	33,417	32,327	30,374	29,235	26,713
>\$50K - \$60K	32,485	31,864	30,910	28,751	29,642	28,000
>\$60K - \$70K	28,938	28,257	27,705	25,934	27,520	26,085
>\$70K - \$80K	21,719	21,449	21,313	19,963	25,073	23,606
>\$80K - \$90K	16,123	15,931	15,616	14,747	17,435	16,591
>\$90K - \$100K	6,104	6,079	6,059	5,818	13,738	13,468
>\$100K	5,275	5,311	4,967	5,002	12,464	13,225

Entitlements for WfF tax credits were substantially increased in 2019 resulting in more families on higher income becoming eligible for WfF tax credit components, including IWTC.

Questions 4(b) and 8(b): Families receiving IWTC with no taxable income

You have requested the number of families receiving IWTC with no taxable income. As mentioned in the first paragraph of this response, the recipient family must be receiving some income from paid work each week. Families with no taxable income are therefore not eligible to claim IWTC. I have therefore decided to refuse your request for questions 4(b) and 8(b) under section 18(e) of the OIA as the information requested does not exist.

Families receiving IWTC and not receiving FTC

The following responses for questions 5-8(a) are subsets of the data provided in the tables above. Families who receive IWTC and not FTC have earned sufficient income that their FTC entitlement is fully abated, but not so much that their IWTC is fully abated.

Questions 5 and 6: The number of families receiving IWTC and not FTC by number of children

The following table provides the number of families receiving IWTC with no FTC, the total number of children and the average number of children for each family. We have also included the average IWTC entitlement for each family for your convenience.

Tax year	Recipient families	Total children	Average children	Average entitlement
2015	25,569	38,036	1.5	\$1,444.82
2016	26,732	40,470	1.5	\$1,469.95
2017	30,816	47,954	1.6	\$1,772.20

Tax year	Recipient families	Total children	Average children	Average entitlement
2018	30,585	48,374	1.6	\$1,765.25
2019	33,082	55,270	1.7	\$1,475.79
2020	32,780	55,387	1.7	\$1,799.24

Question 7: Duration of families receiving IWTC and not FTC

Earning within the income range that IWTC remains but FTC is fully abated is not as common over multiple years as receiving IWTC more generally.

There is an average duration of families receiving IWTC with no FTC of 1.9 years (not necessarily continuous).

Years received	Number of families
1	99,298
2	46,230
3	22,072
4	11,269
5	5,435
6	2,769
7	1,284
8	596
9	279
10	133
11	58
12	26
13	13
14	3

Question 8(a): Family income for families that qualified for IWTC and not FTC

The table below provides a breakdown of the number of families receiving IWTC and not FTC within each family scheme income range. This is provided by tax year (April to March).

For lower incomes, this likely represents part-year entitlements.

Family Income Range	2015	2016	2017	2018	2019	2020
<= \$40K	1,704	1,631	1,880	1,766	734	679
>\$40K - \$50K	744	742	867	870	456	396
>\$50K - \$60K	1,216	1,351	2,196	2,152	682	667
>\$60K - \$70K	6,041	6,443	6,649	6,766	3,989	3,957
>\$70K - \$80K	5,316	5,620	7,422	7,203	8,042	7,843
>\$80K - \$90K	6,167	6,383	6,830	6,742	5,851	5,584
>\$90K - \$100K	2,268	2,356	2,687	2,655	7,618	7,538
>\$100K	2,113	2,206	2,285	2,431	5,710	6,116

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.

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.

If you choose to have an internal review, you can still ask the Ombudsman or Privacy Commissioner for a review.

Publishing of OIA response

Please note that Inland Revenue regularly publishes responses to requests that may be of interest to the wider public on its website. We consider this response is of public interest so will publish this response in due course. Your personal details or any information that would identify you will be removed prior to it being published.

Thank you for your request. I trust that the information provided is of assistance to you.

Yours sincerely



Sue Gillies
Customer Segment Lead - Families