

9 November 2021

[REDACTED]
[REDACTED]

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 12 October 2021. You requested the following information regarding the in-work tax credit (IWTC) component of Working for Families:

How many people have been overpaid their IWTC in the last financial year?

How much money is IRD waiting to be paid back because of this?

Background

As background, we know that our customers' lives are very complex. At the beginning of each financial year, we estimate a customer's Working for Families entitlement for the year based on the information that we hold (financial information and family details).

If there are changes to the customer's circumstances during that year, it will affect their entitlement. For example, a change in job or salary, relationship status changes or a child entering or leaving care.

Inland Revenue adjusts the assessment as soon as we become aware of these changes, with a final end of year assessment completed to see if the customer has received the right amount.

Following the end of year assessment; if Working for Families has been overpaid, the customer will receive a bill for the overpayment. If Working for Families has been underpaid throughout the year, any underpayment will be paid to the customer in a lump sum.

Looking specifically at the IWTC, there was previously a requirement to meet a minimum number of hours worked to be entitled to this component. This requirement was removed in July 2021, so we anticipate that the amount overpaid will reduce in coming years.

2021 Tax year figures

The figures provided below are for the 2021 tax year, for those customers who have had their end of year assessment finalised. The figures do not include customers where Inland Revenue are awaiting information before the 2021 assessment can be finalised,

such as customers with an extension of time to file their IR3 Income Tax return, or a partner's outstanding Income Tax return.

The figures are provided as of 27 October 2021, and are expected to change over time as further returns are finalised.

How many people have been overpaid their IWTC in the last financial year?

As mentioned above, Inland Revenue considers all Working for Families components together, when calculating the final assessed entitlement for a particular financial year. If there is a credit in another component of Working for Families, this would then be offset against any other component that was overpaid, and vice versa.

In the 2021 financial year, 38,981 recipients were overpaid IWTC, totalling \$27,396,181.

Of this total, 9,775 recipients had a credit in another component of Working for Families, and therefore did not receive a bill to pay, once this credit was offset.

The remaining 29,206 recipients were overpaid IWTC to the value of \$23,776,734.

How much money is IRD waiting to be paid back because of this?

Of the assessed IWTC overpayment of \$23,776,734 mentioned above, there is currently \$19,854,131 outstanding. The outstanding amount has a repayment due date for customers of either 7 February 2022, or 7 April 2022

Publishing of OIA response

Finally, 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