



13 September 2023

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 28 August 2023. On 18 August 2023, you clarified your understanding of the Working for Families and Best Start Tax Credits (BSTC) with further requests under the OIA. The request has been numbered for convenience, with items 1,2 and 4 included from your correspondence of 18 August:

1. *Parent can apply for Best Start Payments as soon as their baby is born. They can apply through the following ways:*
 - *Via MyIR online account (Is this data-free?)*
 - *0800 phone number*
 - *Submitting a form online (data-free?)*
 - *Completing the Smart Start form which generates an IRD number and messages IRD to access eligibility of family for payments (not data free form).*
2. *Families may be eligible for other working for families tax credit which is calculated based on family income and number of children (is this correct?).*
3. *(...) we would like to request IRD data for Best Start Payments for babies born in NZ from 01 July 2021 to 30 June 2022, the same birth cohort as was reviewed by DIA. Data on days from date of birth to sustained Best Start Payment (I understand that Best Start payments have a grace period of 8 weeks, after which payments will be suspended if a Birth registration is incomplete). Data categories: 0-30 days from date of birth, 31-42 days, 43-90 days, 91-120 days, 121-365 days, >365 days, by prioritised ethnicity group and socioeconomic deprivation quintile.*
4. *Our discussion today has led me to believe that 4% of NZ Māori infants families are remaining ineligible to receive Best Start Payments due to having incomplete birth registration. Is this correct?*

Question 1

Inland Revenue does not provide data-free access to Inland Revenue's website or *myIR*. Inland Revenue understands that SmartStart registration, although free, also requires internet access.

When registering for BSTC through SmartStart, a client does not need to provide a birth certificate as they are registering their baby at the same time as getting an IRD number. If instead choosing to register online directly with Inland Revenue, the required evidence (birth certificate or passport proof of identity) is required to get an IRD number for the infant. The latter is required for payments to continue beyond the 8-week grace period.

Question 2

Families who receive the BSTC may also be eligible for other Working for Families tax credits (Family Tax Credit, Minimum Family Tax Credit or In-Work Tax Credit). A family's

entitlement to Working for Families tax credits is based on the number of children the family has, the family income and other eligibility criteria.

To be eligible for Working for Families tax credits, the parent applying must be a New Zealand resident for a continuous period of 12 months and tax resident in New Zealand at the time of applying for Working for Families tax credits, or their child they are claiming for must be a New Zealand resident and present in New Zealand for the entitlement period.

Eligibility for some credits also varies based on whether the family is in work or not receiving a welfare benefit. Information on eligibility for each credit can be found on Inland Revenue's website: <https://www.ird.govt.nz/working-for-families/payment-types>.

Entitlements also abate as income rises. The Minimum Family tax credit provides a guaranteed minimum after tax income and so disappears at the same rate that after-tax income grows. The other two credits are combined and then abate at a rate of 27 cents in the dollar for each dollar earned above a family income threshold of \$42,700.

Question 3

Inland Revenue does not collect information on ethnicity¹ or the socioeconomic deprivation of our Working for Families customers. I am therefore refusing this part of your request under section 18(g), as the information requested is not held by Inland Revenue, and I do not believe it is held in entirety by another agency.

Regarding the remainder of this question, which is focused on lags, it may be useful to outline the complexities of Working for Families administration, which will mean that the information held by Inland Revenue may not suit your needs.

Administration split between agencies

People in receipt of welfare benefits primarily receive their Working for Families entitlements from Work and Income NZ (WINZ). A subset (but not all) will later interact with Inland Revenue at year end. Other recipients receive their entitlements from Inland Revenue, and they have a choice of whether to receive regular up-front payments squared up at year end, or a lump sum at year end only.

Due to dual agency administration, no one agency has a complete picture of all recipients of BSTC customers. There is some information passed between agencies for a subset of clients although this is inevitably with a lag. Therefore, Inland Revenue is unable to comprehensively identify all BSTC families interacting with WINZ and the payments they receive.

Lagged Entitlement and Claims

There are multiple areas where the administration of BSTC, and Working for Families credits more generally create lags. This either reflects that eligibility is lagged, information flows are lagged, or that some people may prefer lump sum claims and defer their applications accordingly. Some examples are:

- BSTC eligibility commences only once entitlement to Paid Parental Leave (PPL), if any, expires. Customers are not able to receive both PPL and BSTC at the same time. For these customers, BSTC will be paid after the end of the PPL payments, generally up to 5 or 6 months after the birth of their baby.
- Instead of weekly or fortnightly payments, people can opt for a lump sum (year-end only) entitlement.
- Eligibility for most Working for Families credits requires family income information to determine entitlement. This is established on March-year income tax returns, which in turn can take up to an additional year to be filed if either parent is using a tax agent with extension of time filing. For example, customers with tax agents have until March 2024 before their 2023 income tax return is due.

¹ Ethnicity of the infant is collected with SmartStart registration, but the ethnicity information is not passed to or held by Inland Revenue

- People may prefer that their entire Working for Families credits, which includes BSTC, are administered all together.
- As noted above, the two-agency administration can create lags where clients are moving from one agency to the other, or where Inland Revenue is calculating square-ups for WINZ customers.

As a result of these lags, you may find that information based on the administrative timing of BSTC registrations may not suit the purpose of your request.

As Inland Revenue does not hold comprehensive information on the Ministry of Social Development (MSD) registration and payments of BSTC, this part of your request is refused under section 18(g) of the OIA, as the information requested is not held by Inland Revenue, and I do not believe it is held in entirety by another agency.

Question 4

Inland Revenue does not hold information on ethnicity of clients and does not hold information which would allow us to verify or reject your statement. This part of your request is refused under section 18(g) of the OIA, as the requested information is not held by Inland Revenue.

Related information

Inland Revenue does hold information that may assist in a broader context, described below. This is limited to the subset of BSTC and Working for Families clients held on Inland Revenue's systems. It will exclude WINZ-only clients unless there was some reason for them to register with Inland Revenue.

To date, Inland Revenue has received 55,335 registrations of children with a birth date between 1 July 2021 and 30 June 2022. Of these registrations:

- 6,413 children are to parents receiving Working for Families payments by WINZ.
- 40,950 children are to parents that are not in the first group and who have elected to receive upfront BSTC payments from Inland Revenue.
- 4,391 children are to parents that have instead received their BSTC via a lump sum payment from Inland Revenue when filing their tax return.
- 3,601 children are to parents that have not received a BSTC payment. Some examples of reasons why not (not exhaustive) include:
 - Either the child or parents are not eligible to receive Working for Families tax credits, or the child does not yet have an IRD number.
 - a tax return has not yet been filed,
 - in the case of a family receiving Working for Families tax credits from WINZ, the person registering the child with Inland Revenue is not the person receiving the Working for Families payments from WINZ and therefore no link can be identified.

The table attached as **Appendix A** provides the timeframe between the date of birth of the child and the registration² date with Inland Revenue and counts of WINZ clients known to Inland Revenue and Inland Revenue clients receiving BSTC. The table is intended to provide an indication about how different administrative treatments can cause different lags. An ordering rule (left to right) was used to keep the columns of the table mutually exclusive.

Research

MSD published two research papers looking into the take up of Working for Families tax credits and BSTC, which you may find of interest as ethnicity and socioeconomic

² We used registration data here, not payment commencement data

deprivation quintile are variables analysed in this project. These papers can be found on MSD's website:

BSTC: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/families-package-reports/estimating-take-up-of-the-best-start-tax-credit.pdf>.

Working for Families tax credit take up: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/families-package-reports/estimating-changing-working-for-families-eligibility-and-take-up-rates.pdf>.

These MSD research projects utilised Statistics New Zealand's Integrated Data Infrastructure (IDI). This research platform brings together anonymised Government information from many different Government departments into a research dataset, which is made available to analysts for approved analytical projects. For example, the IDI holds ethnicity data, and Working for Families credits payments information, albeit reflecting lags and limitations of these information flows mentioned above.

The IDI is intended for research. More information about the IDI and how to access the IDI is available on Stats NZ's website: <https://www.stats.govt.nz/integrated-data/integrated-data-infrastructure>.

Right of Review

If you disagree with my decision on your OIA request, you can ask an Inland Revenue review officer to review my decision. To ask for an internal review, please email the Commissioner of Inland Revenue via: 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 via email at: info@ombudsman.parliament.nz.

If you choose to have an internal review, you can still ask the Ombudsman 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.

Yours sincerely



Sandra Watson
Policy Lead, Forecasting and Analysis

Appendix A

Time between birth and registration at Inland Revenue	Number of children with a parent paid Working for Families by WINZ	Number of children with a parent paid upfront ³ BSTC payments by Inland Revenue	Number of children with a parent paid BSTC payments only via a lump sum when tax return is filed by Inland Revenue	Number of children with no known (to Inland Revenue) BSTC payments	Total Number of Children where registered with Inland Revenue
1-30 days	2,763	24,976	2,365	1,382	31,486
31-42 days	811	6,096	712	516	8,135
43-90 days	1,316	7,250	880	866	10,312
91-120 days	319	667	89	113	1,188
121 to 365 days	885	1,781	211	258	3,135
365+ days	319	180	134	466	1,099
All	6,413	40,950	4,391	3,601	55,355

³ The first payment may include a catch-up payment for earlier missed payments.