

15 March 2021

Craig Lubbe  
fyi-request-13966-6601d30f@requests.fyi.org.nz

Dear Craig Lubbe

Thank you for your email, received on 15 February 2021. We have identified the following requests, numbered for ease of reference, from your email, which I am responding to as required by the Official Information Act 1982 (the OIA):

1. *I would like a list of classifications a CS officer can select from (relating to indicators on customers' profiles on Inland Revenue's systems).*
2. *I would like to know if this is moderated or is the CS officer simply able to write what they want about a CS paying parent based on information from others without verification.*
3. *I request a copy of the flagging procedure as well as the procedure for periodic reviews of the same.*
4. *I would like to understand how the IRD child support department is going to improve their "procedures and processes" to ensure that PP are not prejudiced by parties that refuse to work and or feed the IRD dishonest information.*
5. *...the "processes and procedures" adopted by the IRD ...can be manipulated by the RP to disadvantage the PP.*
6. *...one child's parent may receive \$80.00 per month and another child \$1,500.00 a month. How is it that 2 children say 11 years old with equal time between the PP and the RP can have such a financial disparity? Why is this process used*
7. *...is the IRD aware that this causes parental alienation by RP trying to maximise the income derived from the PP's income?*
8. *Is the IRD aware that the leading cause of conflict amongst there clients is caused by financial disparity?*
9. *Is the IRD aware that children from broken homes are being damaged and used as pawns based on the formula system the IRD has adopted?*

### **Requests 1 and 3: Indicators on customers' accounts**

Inland Revenue uses indicators to support interactions with customers, which show on a customer's profile in our system. As noted in the response to your previous request, these are used in a variety of circumstances to ensure staff members are aware of relevant or important information about a customer.

There is no single list of indicators that could be on a customer's account, as these are spread across multiple systems. Some indicators are customisable and some are system-generated, and as such I am not able to provide you with an exhaustive list. This information is withheld under section 6(c) of the OIA, to prevent the making available of information that would be likely to prejudice the maintenance of the law, namely section 18 of the Tax Administration Act.

I am refusing your requests for a copy of any procedures for using indicators. The information you are seeking in this case is not held by Inland Revenue. I am therefore refusing this part of your request under section 18(g) of the OIA.

### **Requests 2, 4, and 5: Information provided by parents to Inland Revenue**

Inland Revenue always verifies any information provided in relation to other customers. Our staff always take steps to verify information they are given before taking any action based on that information. Notes in Inland Revenue's internal systems may record information provided by a customer that has yet to be verified, but will always be clearly labelled as such.

Inland Revenue acknowledges that child support avoidance is a problem for those involved, and that no one should be able to avoid their child support obligations by not providing accurate information, for example about their income.

Unfortunately, some people will go to extreme lengths to avoid their obligations. Inland Revenue has the tools to discover undisclosed income and recover unpaid child support if necessary.

Inland Revenue is always grateful for receiving information that could help ensure, as much as possible, that all taxpayers meet their tax obligations. You can report suspected tax evasion or fraud anonymously by completing the online form, *Report tax evasion or fraud anonymously* (IR873). This form is available on Inland Revenue's website by searching for "Report evasion". Alternatively, you can also provide any information anonymously by telephone to Inland Revenue on 0800 225 610. As stated above, Inland Revenue always verifies any information provided about alleged tax evasion or fraud.

### **Request 6: Child support calculation**

The main aim of the Child Support Act is to ensure that children are financially supported by their parents. The formula is designed to share the cost of raising children in proportion with each parent's share of their combined child support income. The formula considers direct costs incurred by parents for the care they provide their children when that care is at least 28% of the time, or on average two nights a week. This generally reflects both parents' relative ability to contribute towards the children's costs as if they were in a two-parent household.

When Inland Revenue receives a child support application, we are required to calculate child support using a standard formula set out in the Child Support Act 1991 that determines the liable parent. The formula is designed to ensure the cost of raising children is shared proportionally between parents, based on their capacity to pay.

Child support is calculated using child support expenditure tables, which reflect the findings of a study on the cost of raising a child in New Zealand. The study showed that parental expenditure increases as household income rises, with high-income households spending on average more than twice as much on their child as low-income households. The costs of teenagers were found to be higher than those of children under 12 years old.

The cost of children varies based on age, the number of children in a child support group, and the combined income of the parents. The scale of costs reflects up-to-date information on the expenditure involved in raising children, after allowing for likely tax credits. The cost of children is set as a percentage of income and differs based on the level of income. Income levels are grouped in bands set relative to the annualised amount of the average weekly earnings published by Statistics New Zealand (Stats NZ). These bands are updated annually.

The child support formula has a cap on the amount of expenditure for a child when the child support income is more than two-and-a-half times the average weekly earnings. As incomes rise, the percentages in the child support expenditures table decline, to reflect

that the proportion of income spent on children declines as income rises. The child support expenditure tables for 2022 are based on the June 2020 average weekly earnings for the June quarter of the previous child support year (provided by Stats NZ). You can find the tables on Inland Revenue's website ([ird.govt.nz](http://ird.govt.nz)) in the Child support section, or by searching for "child support expenditure tables".

The components of the child support formula are applied in a standard approach to all parents in the child support scheme. This standard approach ensures that parents in similar situations are treated the same.

### **Requests 7-9: Information not held**

You have asked that Inland Revenue respond to several statements of opinion. The OIA only applies to information that is already held by Inland Revenue. There is no obligation on the department to create information to respond to a request.

The information you are seeking in this case is not held by Inland Revenue and would need to be created to respond to this part of your request. I am therefore refusing this part of your request under section 18(g) of the OIA.

### **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 at: [CommissionersCorrespondence@ird.govt.nz](mailto:CommissionersCorrespondence@ird.govt.nz).

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available either at freephone 0800 802 602 or at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz).

Thank you for your request.

Yours sincerely,



Sue Gillies  
**Customer Segment Leader, Families**