

Awareness and understanding of Working for Families and other tax credits

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Introduction

We asked respondents to the New Zealand Income Support Survey some questions about **awareness and understanding** of tax credits available from Inland Revenue and the Ministry of Social Development, including what they knew about:

- Working for Families (WFF) payments:
 - the family tax credit
 - the minimum family tax credit
 - the in-work tax credit
 - Best Start.
- the independent earner tax credit.

In this findings pack, we present findings for overall awareness of these tax credits, and respondents' understanding of whether low-income people and families could receive these forms of assistance.

The survey included people aged 18 to 64 on incomes that could potentially qualify them for income support payments such as the Accommodation Supplement and WFF and excluded full-time students.

1,852 people from across the country were interviewed for the survey between June and December 2022, of which 1,018 of these people were families with children.

Approach to reporting results

Weighting

Results are weighted to be representative of the New Zealand population of working-age people on low- and middle-incomes.

Reporting of results

Some results are marked with a hash (#). Results with a hash should be reported with additional context in text (for example: “52 (± 15) percent respondents said...”). This is because these results have high margins of error and/or high relative sampling errors, and so should be used with care.

For more information about how this is determined, please read the methodology report. For confidence intervals, see the supporting excel tables.

Sub-group comparisons

Sub-group level comparisons are only reported when there are at least 300 respondents included in the total analysis and there are enough sub-groups where it is viable to produce the comparison. Two forms of sub-group comparison are commented on:

- comparison to the overall survey result (for example, comparing the result for respondents aged 18 to 24 against the overall survey result)
- comparison with other sub-groups in the same breakdown (for example, comparing the result for respondents aged 18 to 24 to the results for other age groups).

Differences that are statistically significant at the 95 percent confidence level using confidence intervals are commented on.

Differences compared to other sub-groups in the same breakdown are generally only commented on if they have not already been mentioned in comparison with the survey average.

On occasion, differences that are not statistically significant using confidence intervals but display interesting trends that may be of interest to readers are commented on.

Rounding of percentages and weighted figures

Due to rounding, percentages may not add up to 100 percent, and weighted figures may not add up to weighted totals.

Aggregation and suppression of sub-groups and categories

Where sub-group and/or category counts are small and/or have large confidence intervals and/or relative sampling errors, these are sometimes aggregated together, or suppressed and not displayed in graphs.

Reporting of ethnicity

A respondent can identify with more than one ethnicity. This results in totals for ethnic breakdowns adding up to more than 100 percent of respondents. Statistical testing for differences between ethnic sub-groups compares those in a selected ethnic group with those not in the group (including respondents who did not provide an ethnicity).

Reporting of gender

Respondents were asked about their gender, with the possible responses being male, female, another gender, don't know, or prefer not to say. In the reporting of results, we only report gender sub-group results for respondents who identified as male or female due to the small number of respondents who responded otherwise. This is to protect confidentiality.

What did we ask respondents?

People were asked the following questions about their awareness and understanding of the payments in this findings pack:

- Before today, were you aware of the [payment name]?
- Looking at the showcard, who do you think can receive the [payment name]? Respondents were asked to respond "Yes", "No", or "Don't know" to the following options: Families receiving a main benefit, low / middle / high income families not receiving a main benefit.

Respondents were provided with additional information for these questions (if needed).

Additional information for these questions included the names of main benefit payments, the former names for benefit payments prior to July 2013, and a clarification that "low-income", "middle-income" and "high-income" was based on a respondents' own personal circumstances and what they would define as low, middle or high incomes.

Awareness and understanding of the family tax credit

The family tax credit is a payment for families with dependent children aged 18 and under

Family tax credit payments are to help people raise their families.¹ The payment can be received as a weekly or fortnightly payment, or as a lump sum after the end of the tax year. Entitlements are based on parents' annual income and family circumstances. The base entitlement rate of the family tax credit is displayed in the table below.

Number of children	1 April 2022 weekly rate (rate that applied during the survey)	1 April 2024 weekly rate
First or only child	\$127	\$144
Second and subsequent children	\$104	\$118

Families who earn over \$42,700 per year have their family tax credit entitlement reduced by 27 cents per additional dollar they earn until their entitlement reduces to zero.²

Families who receive a main benefit payment can choose to receive their family tax credit payment from either Work and Income or Inland Revenue. Virtually all receive the payment from Work and Income.

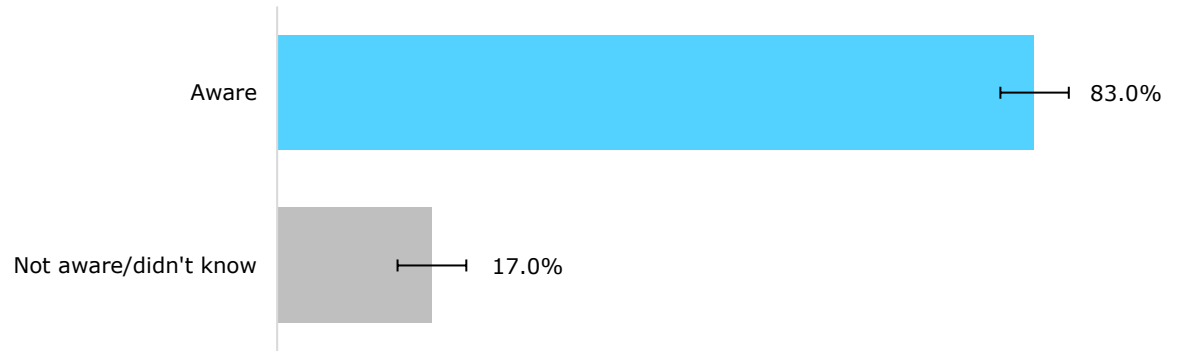
¹ For more information about the family tax credit, see: <https://www.ird.govt.nz/working-for-families/payment-types>

² For a table showing how payments abated as at the time of the survey, see: <https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir200---ir299/ir271/ir271-2023.pdf?modified=20220406213635&modified=20220406213635>

Most respondents with children said they were aware of the family tax credit

83.0 percent of respondents with children said that they **were aware** of the family tax credit.

17.0 percent said they **were not aware or didn't know**.



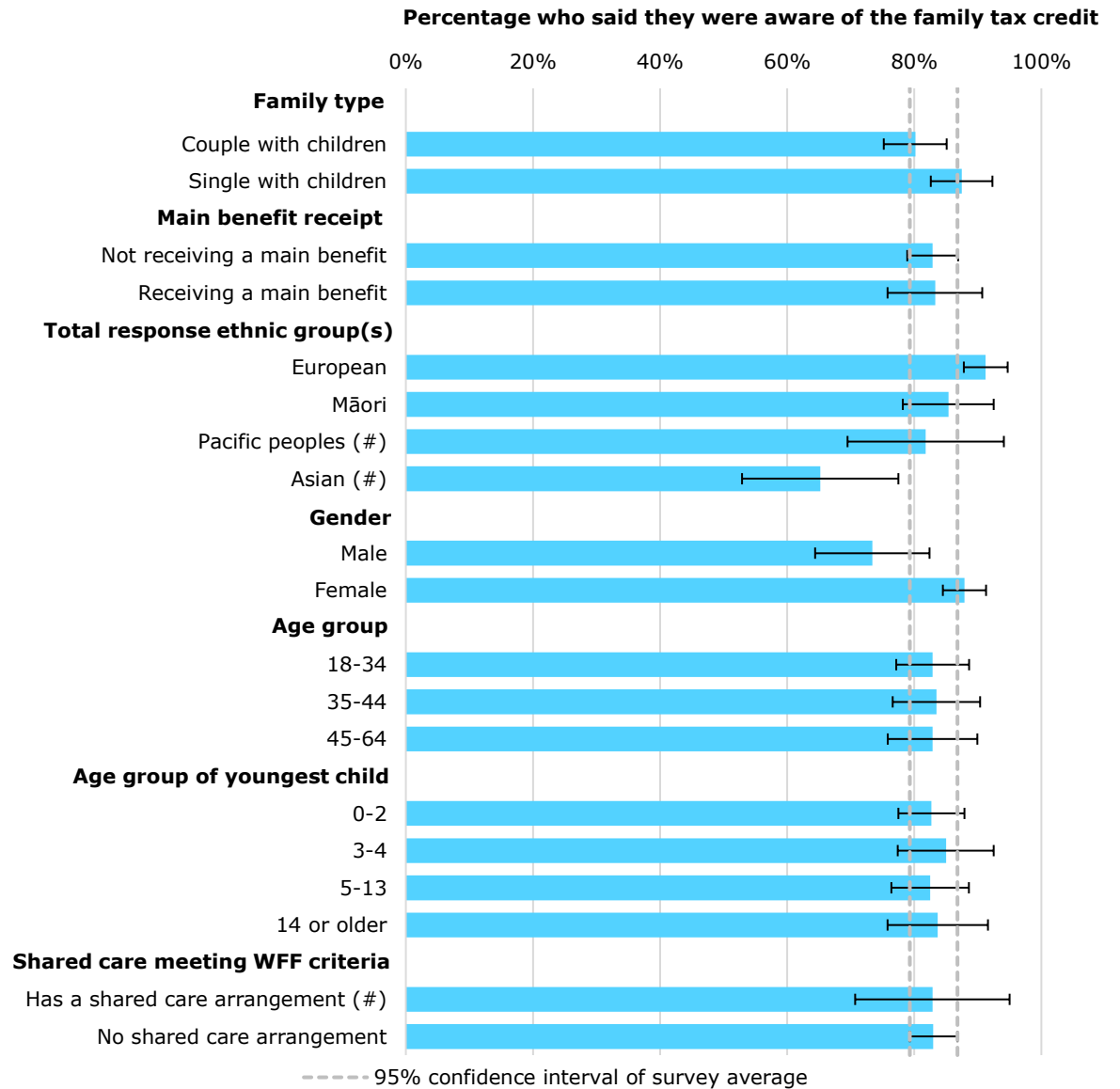
Note: Total respondents = 1,018, total weighted respondents = 479,897.

There were some statistically significant differences in awareness of the family tax credit across sub-groups

Compared to the survey average, respondents with children who identified as European were statistically significantly **more likely** to be aware of the family tax credit.

In contrast, respondents with children who identified as Asian were statistically significantly **less likely** to be aware of the family tax credit compared to the survey average.

Comparing within sub-group breakdowns, female respondents with children were statistically significantly **more likely** to be aware of the family tax credit compared to male respondents with children.



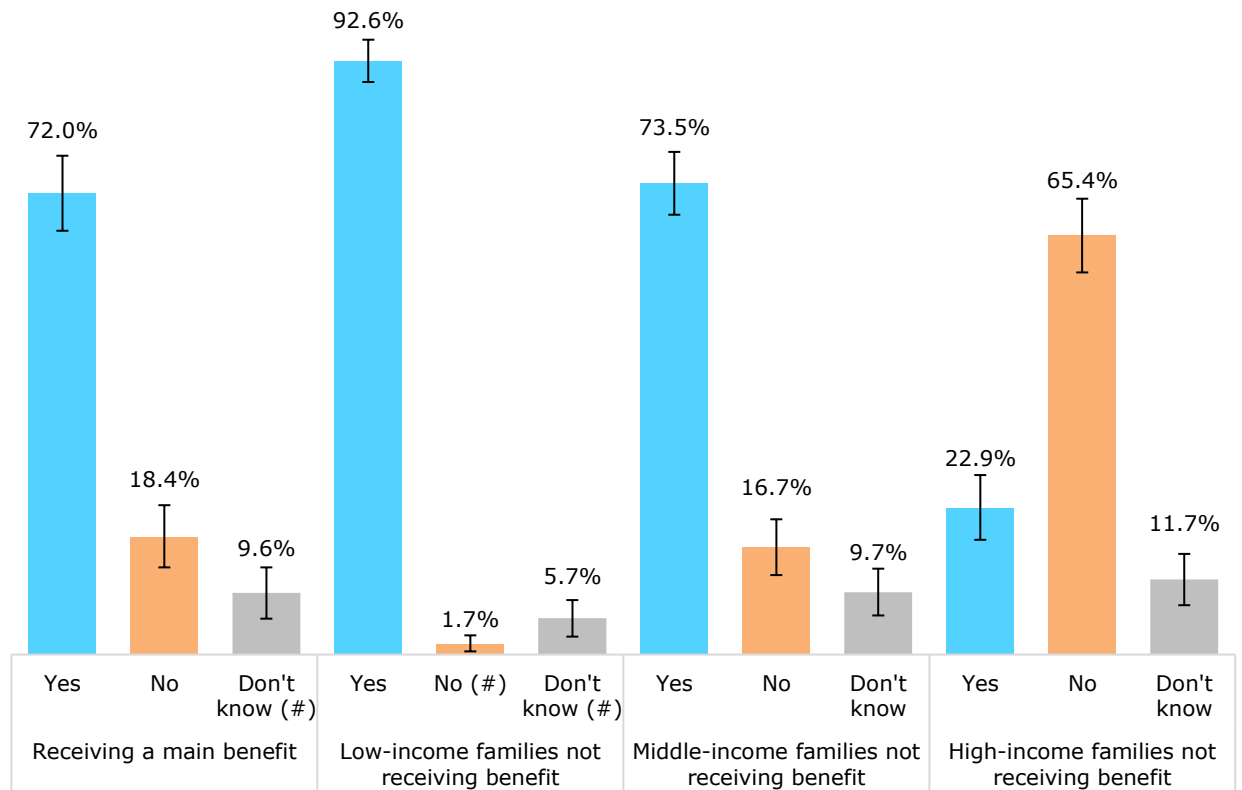
Most respondents with children who were aware of the family tax credit correctly understood this payment can be received by low- and middle-income families who are not receiving a main benefit

72.0 percent of respondents with children who were aware of the payment understood that **families receiving a main benefit can receive** the family tax credit.

92.6 percent understood that **low-income families** not receiving a main benefit **can receive** the family tax credit.

73.5 percent understood **middle-income families** not receiving a main benefit **can receive** the family tax credit.

65.4 percent understood that **high-income families** not receiving a main benefit **cannot receive** the family tax credit.

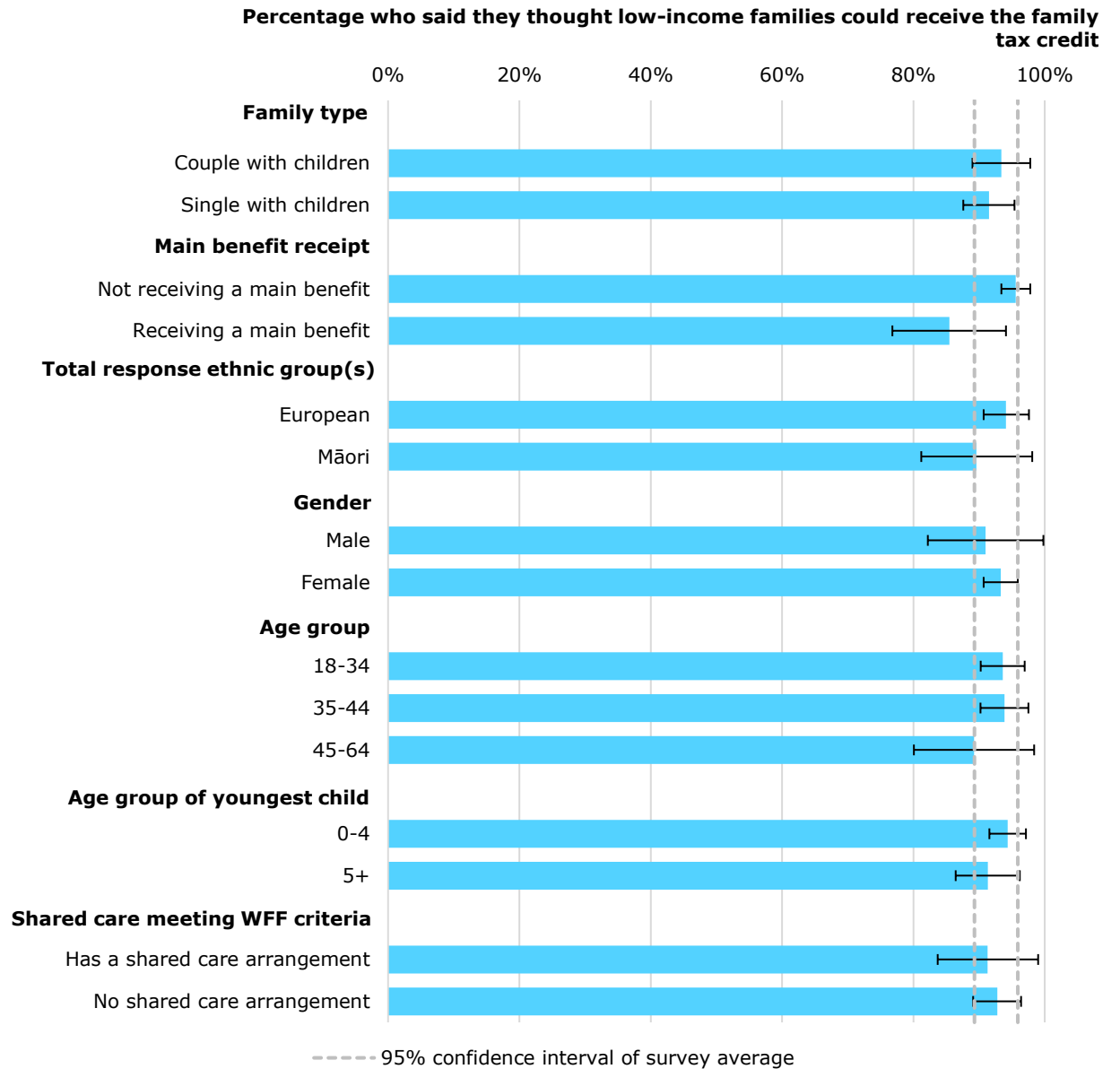


Note: Total respondents = 834, total weighted respondents = 398,447.

There were no statistically significant differences in the proportion of respondents with children who said they thought low-income families could receive the family tax credit across sub-groups

The proportion of respondents with children who said they thought low-income families could receive the family tax credit ranged between 85 and 96 percent depending on the sub-group analysed.

While no statistically significant differences were found, respondents who were receiving a main benefit appeared slightly less likely to say that they thought low-income families could receive the family tax credit.



Awareness and understanding of the minimum family tax credit

The minimum family tax credit is a payment to make sure working families with dependent children are getting a minimum basic income

Families receive the minimum family tax credit when their annual income is less than a set amount.³ The tax credit tops up a family's weekly income and abates as a family's income increases dollar for dollar.⁴ The base entitlement rate of minimum family tax credit and the income cut-out point are displayed in the table below.

	1 April 2022 (weekly rate and threshold that applied during the survey)	1 April 2024	31 July 2024
Maximum weekly rate	\$632	\$677	\$679
Income cut-out point before tax	\$38,647	\$41,483	\$41,483
Income cut-out point after tax	\$32,864	\$35,204	\$35,316

To get this payment, people must work for salary or wages and not be self-employed. A single parent must work at least 20 hours a week. In a two-parent family, both parents between them must work at least a combined 30 hours a week.⁵

Parents receiving an income-tested main benefit, a parent's allowance, or a children's pension from Veteran's Affairs New Zealand cannot receive the minimum family tax credit.

³ For more information about the minimum family tax credit, see: <https://www.ird.govt.nz/working-for-families/payment-types>

⁴ For a table showing how payments abated as at the time of the survey, see: <https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir200---ir299/ir271/ir271-2023.pdf?modified=20220406213635&modified=20220406213635>

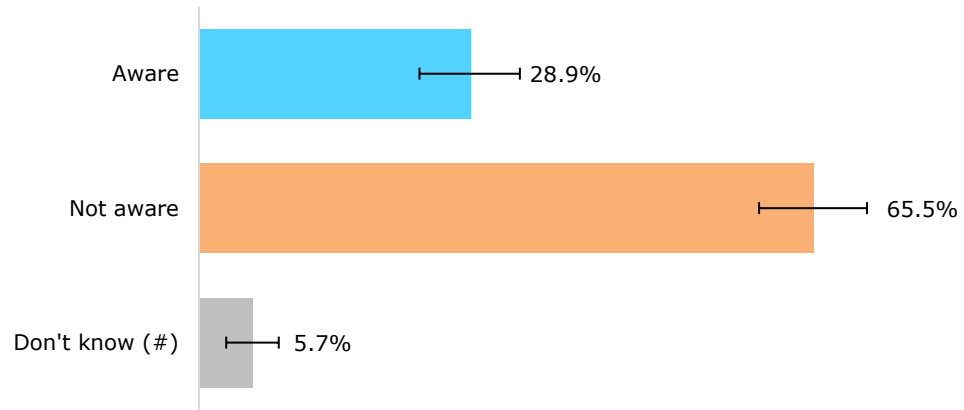
⁵ For example, one parent could work 30 hours, or both parents could work 15 hours each.

Most respondents with children said they were not aware of the minimum family tax credit

65.5 percent of respondents with children said that they were **not aware** of the minimum family tax credit.

28.9 percent said they **were aware** of the payment.

5.7 (± 2.8) percent said they didn't know or weren't sure.

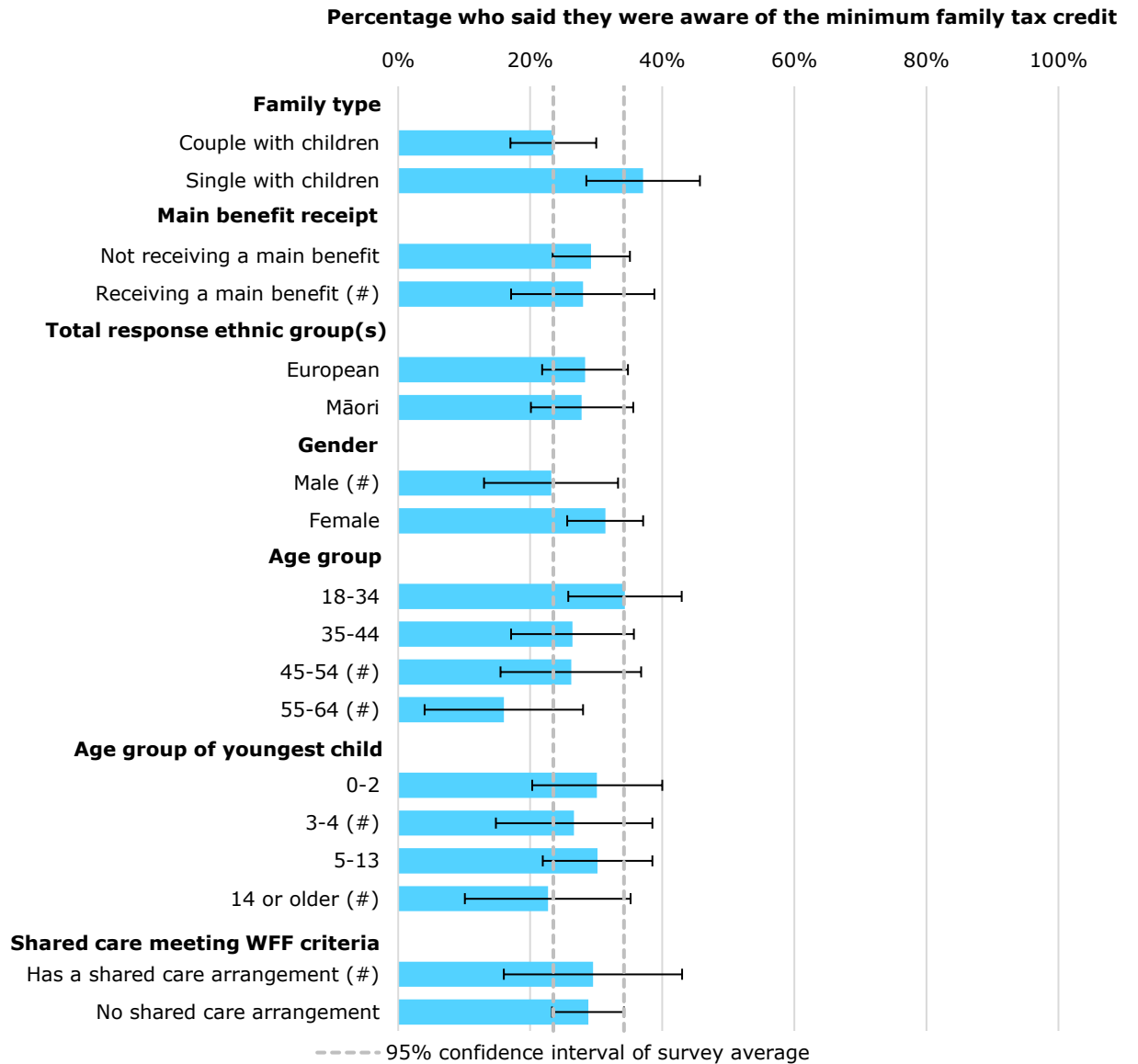


Note: Total respondents = 1,018, total weighted respondents = 479,897.

There were no statistically significant differences in the proportion of respondents with children who said they were aware of the minimum family tax credit

The proportion of respondents with children who said they were aware of the minimum family tax credit ranged between 16 and 38 percent depending on sub-group.

While no statistically significant differences were found, respondents who were single with children appeared slightly more likely to say that they were aware of the minimum family tax credit.



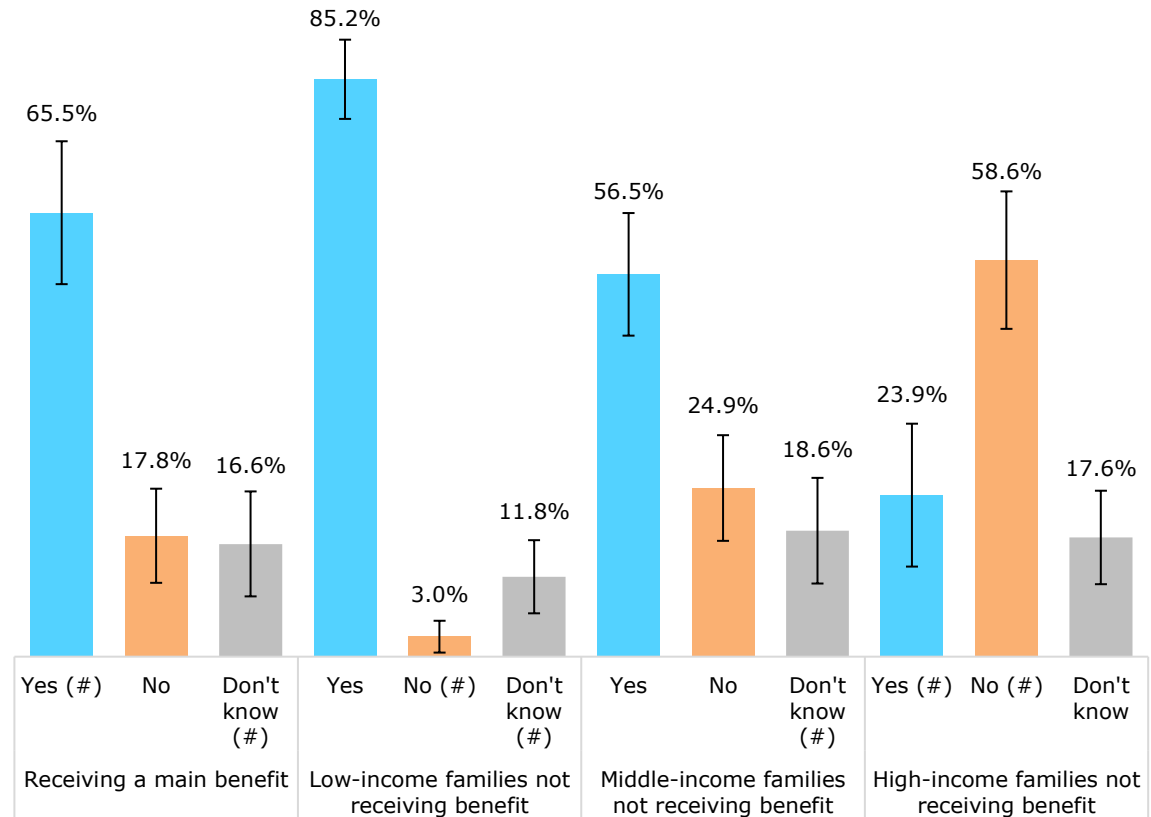
Most respondents with children who were aware of the minimum family tax credit, correctly understood this payment can be received by low-income families who are not receiving a main benefit

65.5 (± 10.6) percent of respondents with children who were aware of the payment **incorrectly believed** that **families receiving a main benefit can receive** the minimum family tax credit.

85.2 percent understood that **low-income families** not receiving a main benefit **can receive** the minimum family tax credit.

56.5 percent incorrectly said middle-income families not receiving a main benefit **can receive** the minimum family tax credit.

58.6 (± 10.2) percent understood that **high-income families** not receiving a main benefit **cannot receive** the minimum family tax credit.



Note: Total respondents = 291, total weighted respondents = 138,472.

Awareness and understanding of the in-work tax credit

The in-work tax credit is a payment available for families with dependent children who have some income from paid work each week, and do not receive a main benefit payment from Work and Income

Like the family tax credit, this tax credit depends on how much a family earns.⁶ At the time of the survey, a family could get up to \$72 per week if they have between one and three children. If the family has four or more children, they could receive up to an extra \$15 per week for each of those children.

The total amount a family can receive reduces by 27 cents for every extra dollar the family earns above the income cut-off point for their family tax credit payment.⁷

In April 2020, the minimum hours of work test for this payment was removed. Prior to this, parents or caregivers had to work a minimum of 20 hours (if a one parent family), or 30 hours combined (if a two parent family) per week in order to be eligible for the payment.

Additionally, as part of Budget 2024, the rate of the in-work tax credit was increased.⁸

⁶ For more information about the in-work tax credit, see: <https://www.ird.govt.nz/working-for-families/payment-types>

⁷ For a table showing how payments abated as at the time of the survey, see: <https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir200---ir299/ir271/ir271-2023.pdf?modified=20220406213635&modified=20220406213635>

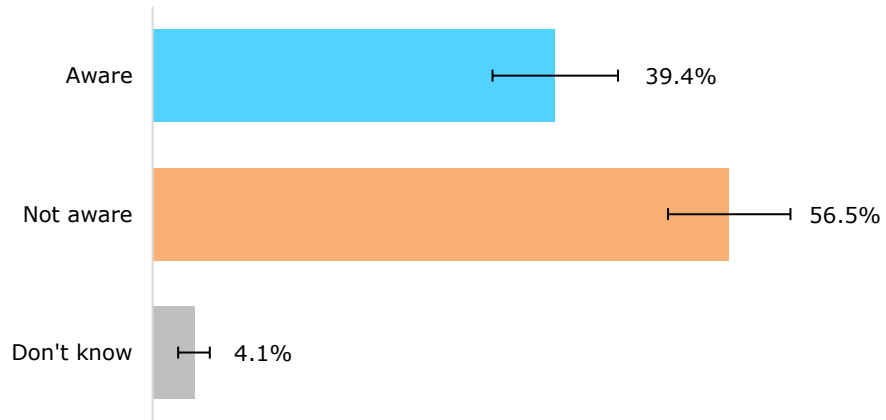
⁸ For more information on the Budget 2024 changes, see: <https://budget.govt.nz/budget/2024/tax-at-a-glance/increasing-iwtc.htm>

Most respondents with children said they were not aware of the in-work tax credit

56.5 percent of respondents with children said that they were **not aware** of the in-work tax credit.

39.4 percent said they **were aware** of the payment.

4.1 percent said they didn't know or weren't sure.

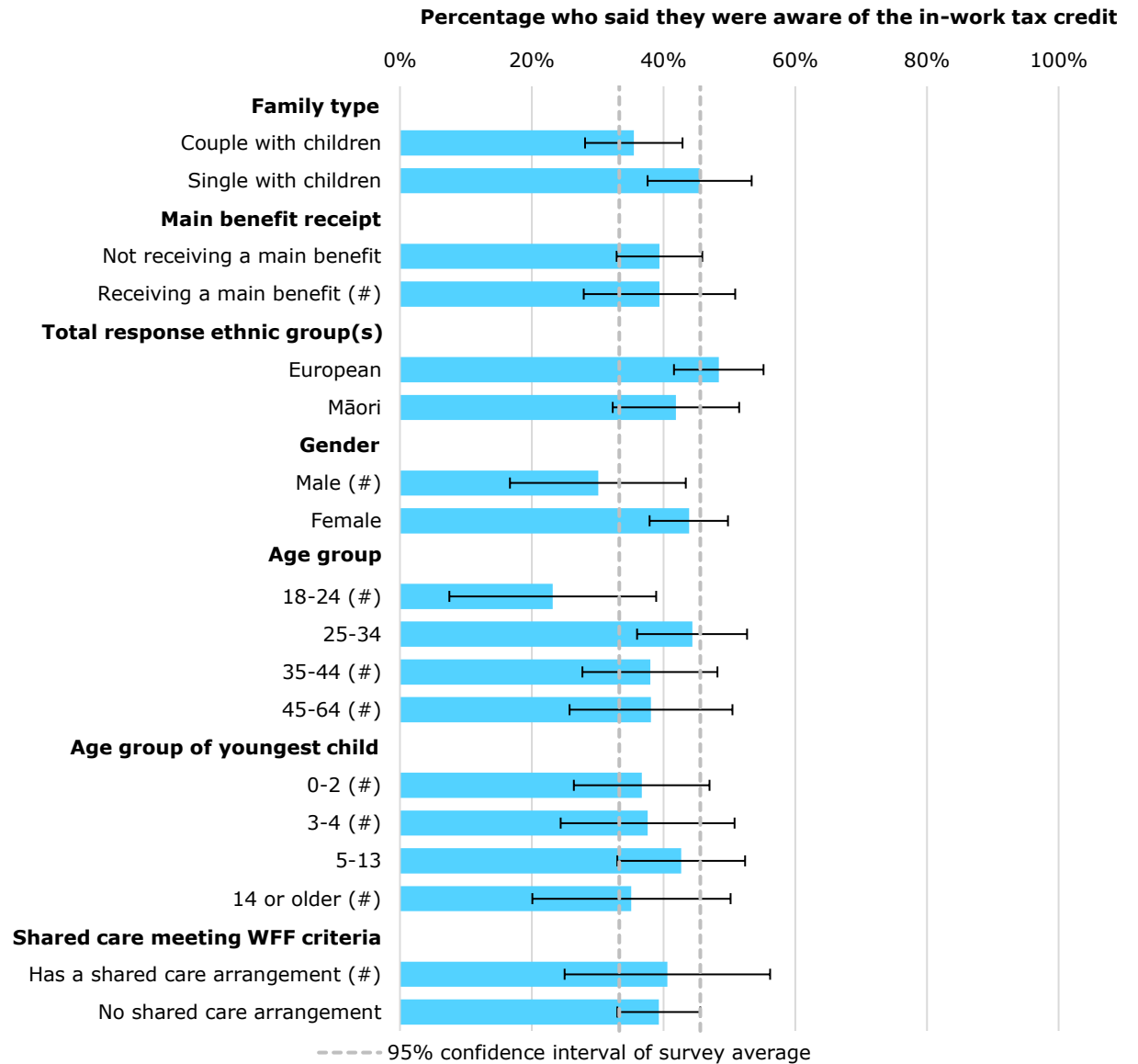


Note: Total respondents = 1,018, total weighted respondents = 479,897.

There were a few statistically significant differences in the proportion of respondents with children who said they were aware of the in-work tax credit

Comparing within sub-group breakdowns, respondents with children who identified as European were statistically significantly **more likely** to be aware of the in-work tax credit compared to respondents with children who did not identify as European (or did not provide an ethnicity).

Additionally, while not statistically significant, respondents who were male, or aged 18 to 24, appeared slightly less likely to be aware of the in-work tax credit.



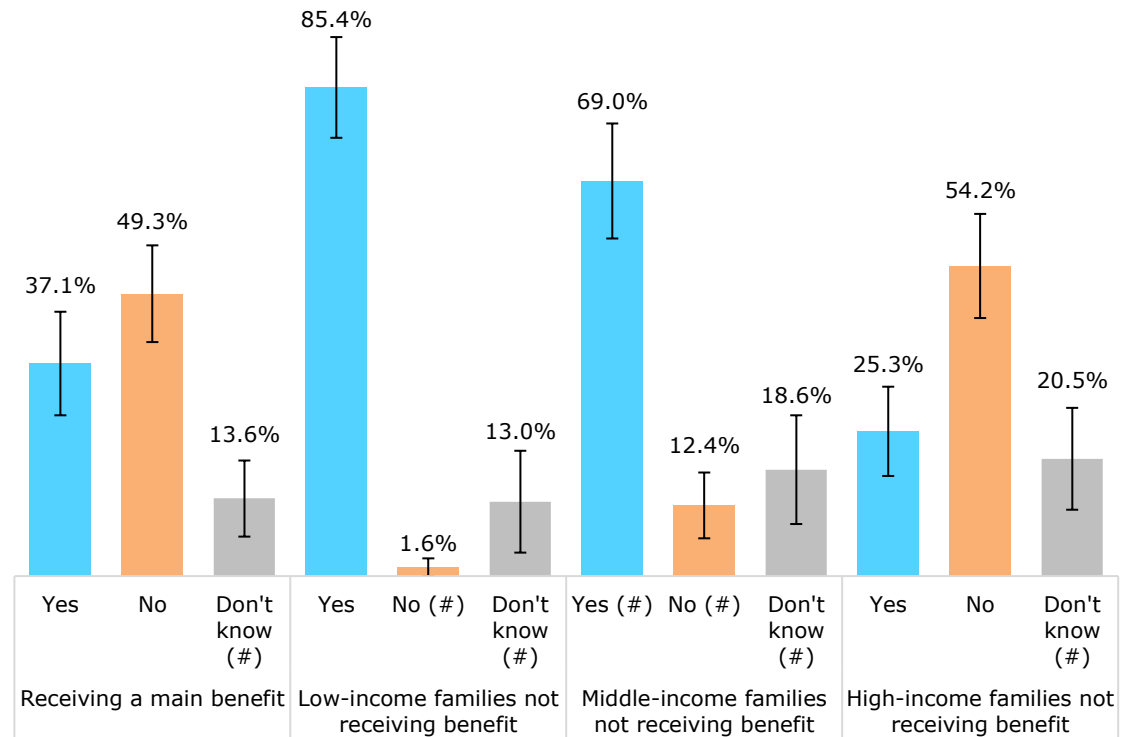
Of respondents with children who were aware of the in-work tax credit, most correctly understood this payment can be received by low- and middle-income families

49.3 percent of respondents with children who were aware of the payment said that **families receiving a main benefit cannot receive** the in-work tax credit. This was statistically similar to the proportion of respondents that incorrectly believed families receiving a main benefit could receive the payment.

85.4 percent understood that **low-income families** not receiving a main benefit **can receive** the in-work tax credit.

69 (± 10.1) percent understood middle-income families not receiving a main benefit **can receive** the in-work tax credit.

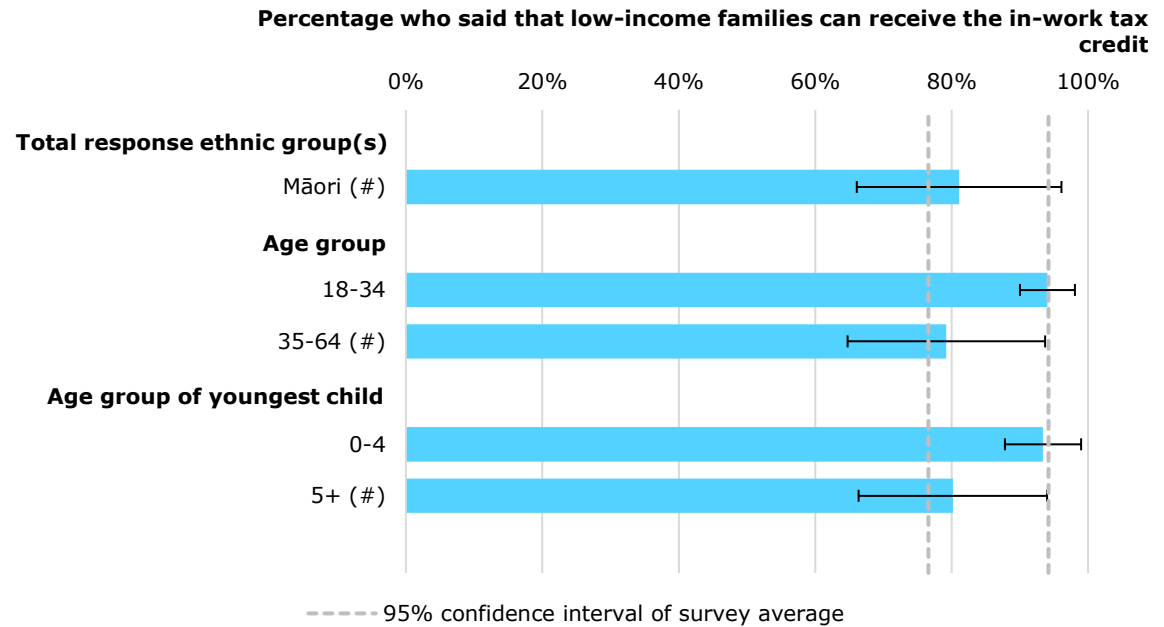
54.2 percent said that **high-income families** not receiving a main benefit **cannot** receive the in-work tax credit.



Note: Total respondents = 374, total weighted respondents = 189,203.

There were no statistically significant differences in the proportion of respondents with children who said that low-income families can receive the in-work tax credit across sub-groups

The proportion of respondents who said they thought low-income families could receive the in-work tax credit ranged between 79 and 95 percent depending on the sub-group analysed. However, no statistically significant differences were found.



Awareness and understanding of Best Start

Best Start is a payment available for families with children aged zero to three years old that were born (or due) on or after 1 July 2018

A family can receive Best Start regardless of how much they earn in the first year of a child's life for children that were born (or due) on or after 1 July 2018.⁹ Families can receive Best Start while also receiving a main benefit.

The payment rates for Best Start are listed in the table below.

	1 April 2022 (rate that applied as at the time of the survey)	1 April 2024
Maximum rate	\$65	\$73

This payment is income tested from when the child(ren) is one to three years old.

Once a family's income is above \$79,000 a year before tax, the family's Best Start payment will reduce by 21 cents for every additional dollar they earn over \$79,000.¹⁰

If a family is receiving a Paid Parental Leave payment from Inland Revenue, their Best Start payment will begin once those payments finish.

⁹ For more information about Best Start, see: <https://www.ird.govt.nz/working-for-families/payment-types>

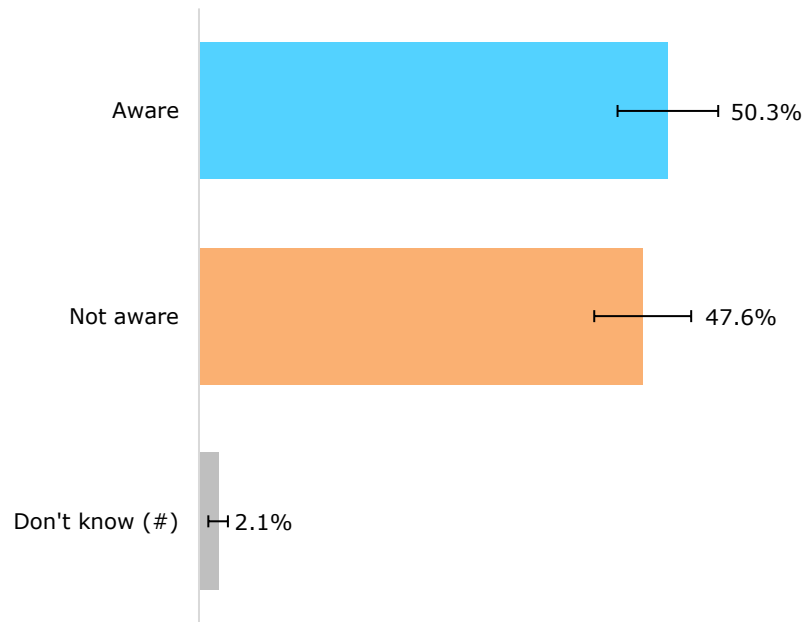
¹⁰ For a table showing how payments abated as at the time of the survey, see: <https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir200---ir299/ir271/ir271-2023.pdf?modified=20220406213635&modified=20220406213635>

Awareness of Best Start is mixed, with a similar proportion of respondents with children aware of it as are not aware

50.3 percent of respondents with children said that they were **aware** of Best Start.

47.6 percent said they **were not aware** of the payment. This was not statistically significantly different from the proportion of respondents with children who said they were aware.

2.1 (± 1.1) percent said they didn't know or weren't sure.



Note: Total respondents = 1,018, total weighted respondents = 479,897.

There were some statistically significant differences in awareness of Best Start across sub-groups

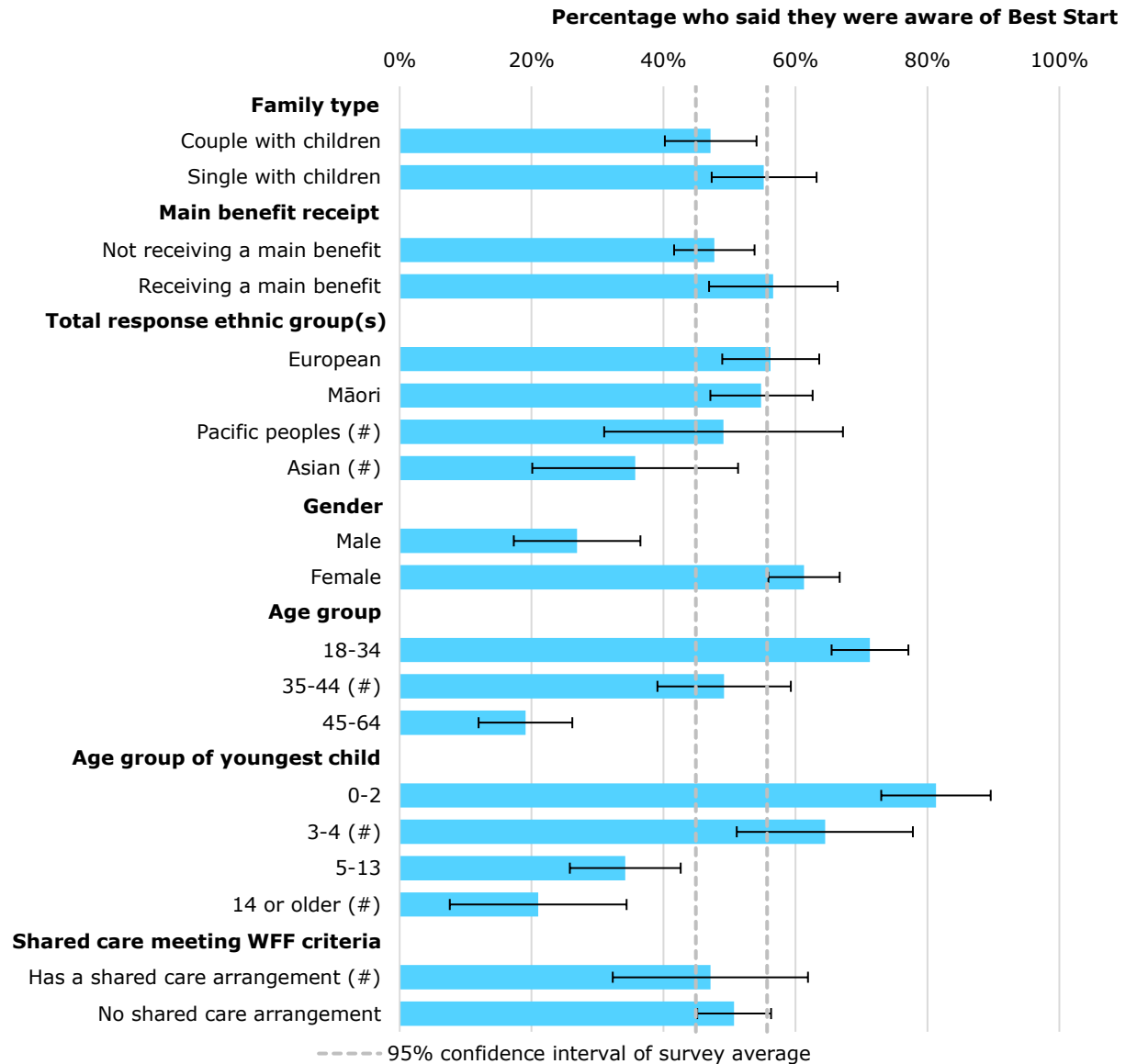
Awareness of Best Start was statistically significantly **higher** than the survey average for respondents with children who:

- were female
- were aged 18 to 34 years old
- had a youngest dependent child aged between zero to two.

Awareness of Best Start was statistically significantly **lower** than the survey average for respondents with children who:

- were male
- aged 45 to 64 years old
- had a youngest dependent child aged five to 13, or 14 and older.

These findings are somewhat expected, as Best Start has benefitted families who have had children since 1 July 2018.



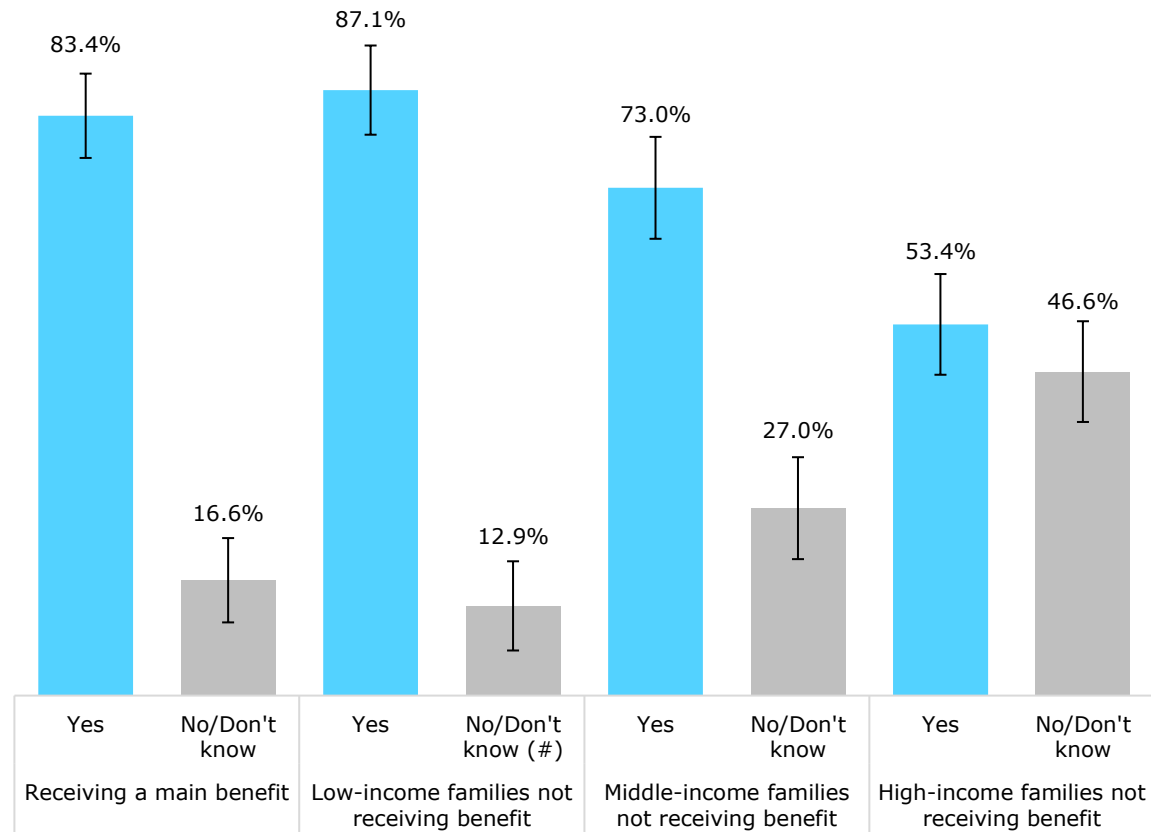
Of respondents with children who were aware of Best Start, most correctly understood this payment can be received by low- and middle-income families who are not receiving a main benefit

83.4 percent of respondents with children who were aware of the payment **understood** that **families receiving a main benefit can receive** Best Start.

87.1 percent understood that **low-income families** not receiving a main benefit **can receive** Best Start.

73 percent understood **middle-income families** not receiving a main benefit **can receive** Best Start.

53.4 percent thought that **high-income families** not receiving a main benefit **can receive** Best Start.

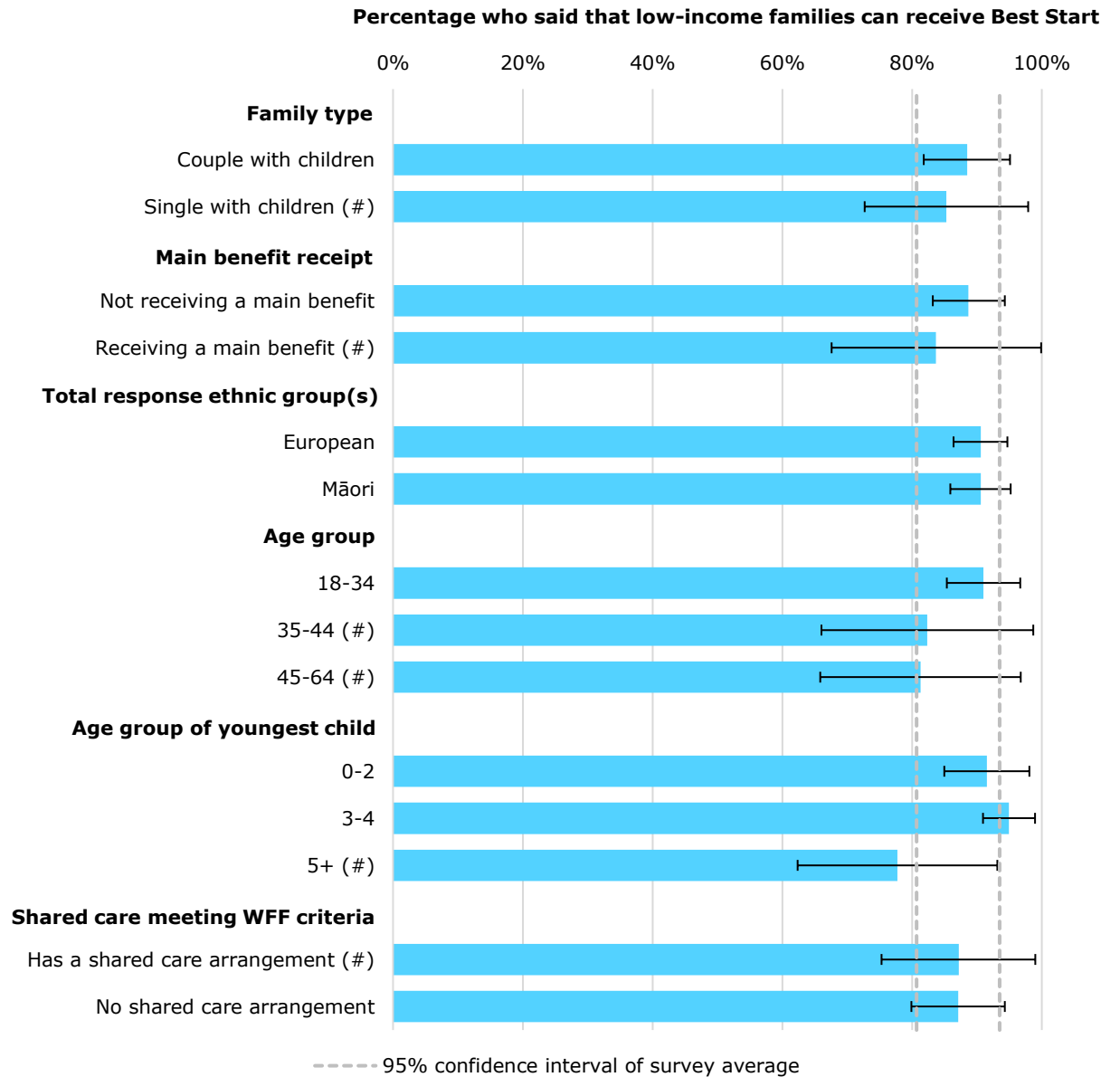


Note: Total respondents = 524, total weighted respondents = 241,509.

There were no statistically significant differences in the proportion of respondents with children who said that low-income families can receive Best Start across sub-groups

The proportion of respondents with children who said they thought low-income families could receive Best Start ranged between 77 and 95 percent depending on sub-group analysed.

While no statistically significant differences were found, respondents with a youngest child aged five and older seemed less likely to say that low-income families could receive Best Start.



Awareness of the independent earner tax credit

The independent earner tax credit is a payment for people in paid work without children

The independent earner tax credit is a payment from Inland Revenue that is for people who:¹¹

- earn a salary or wages, or receive ACC compensation, paid parental leave, investment income, self-employment income or other types of business income
- are not entitled to any Working for Families payments
- are not receiving a main benefit, superannuation payment, or overseas equivalent.

Additionally, there is an income test. At the time of the survey, if you earned between \$24,000 and \$48,000 per year and met the other criteria, you could receive the payment. As part of Budget 2024, this income test is being changed to between \$24,000 and \$70,000 per year.¹²

Eligible people can receive up to \$10 per week (or up to \$520 per year) depending on their circumstances. If not actively claimed during the tax year, eligible people will receive it automatically at the end of the tax year after their income tax assessment has been processed.

While all respondents were asked this question, we analyse the results of respondents that did not have children, as this group was more likely to be eligible than families with children. Due to low levels of awareness of this payment, analysis of respondents' understanding of who could receive the payment is not included.

¹¹ For more information about the independent earner tax credit, see: <https://www.ird.govt.nz/income-tax/income-tax-for-individuals/individual-tax-credits/independent-earner-tax-credit-ietc>

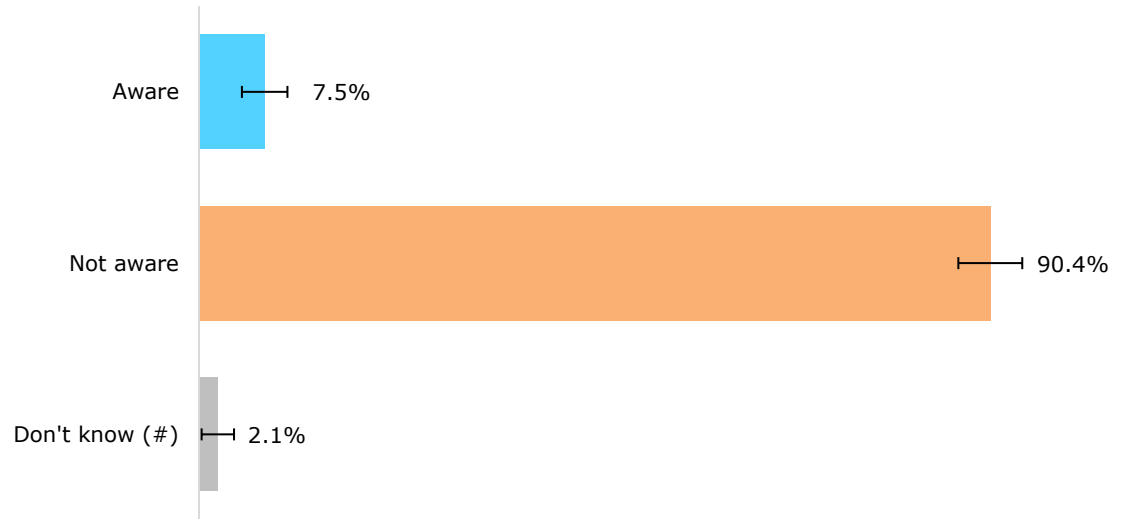
¹² For more information about the Budget 2024 change, see: <https://budget.govt.nz/budget/2024/tax-at-a-glance/extending-ietc.htm>

Most respondents without children said they were not aware of the independent earners tax credit

90.4 percent of respondents without children said that they were **not aware** of the independent earners tax credit.

7.5 percent said they **were aware** of the payment.

2.1 (± 1.9) percent said they didn't know or weren't sure.



Note: Total respondents = 834, total weighted respondents = 733,330.

Awareness of the independent earners tax credit was mostly similar across sub-groups

Across all sub-groups, very low levels of awareness were recorded.

Compared to the survey average, respondents without children who were aged 18 to 24 years old were statistically significantly **less likely** to be aware of the independent earner tax credit.

