

Family tax credit – self-reported take-up and other findings for people with potential eligibility

Contents

| | |
|--|----|
| Introduction..... | 2 |
| What is the family tax credit? | 3 |
| Approach to reporting results..... | 4 |
| Determining potential eligibility for the family tax credit..... | 6 |
| Awareness and understanding of the family tax credit for respondents who were potentially eligible | 8 |
| Awareness and understanding of lump sum family tax credit payments | 13 |
| Experiences with past overpayments of the family tax credit among potentially eligible respondents | 19 |
| Self-reported receipt by those with potential eligibility and estimated take-up rates..... | 26 |
| Reasons for not receiving the family tax credit among potentially eligible respondents | 30 |

Introduction

We asked respondents to the New Zealand Income Support Survey who were potentially eligible for the main Working for Families (WFF) tax credit — the family tax credit — some detailed questions about this payment, including questions about:

- awareness and understanding of the family tax credit
- awareness and understanding of the lump sum payment option
- experiences with past overpayments
- self-reported receipt
- reasons for non-receipt (including reasons some people with potential eligibility had not applied for the payment).

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 responded to the survey between June and December 2022, including 1,018 people in families with children.

What is the family tax credit?

The family tax credit is a payment for families with dependent children aged 18 and under, 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 family tax credit is displayed in the table below.

| Number of children | 1 April 2021 weekly rate (rate that applied for the 2021/2022 tax year) | 1 April 2022 weekly rate (rate that applied during the survey) | 1 April 2024 weekly rate |
|--------------------------------|--|---|-------------------------------------|
| First or only child | \$113 | \$127 | \$144 |
| Second and subsequent children | \$91 | \$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>

Approach to reporting results

Weighting

Results are weighted to be representative of the New Zealand population of working-age families 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 (\pm 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.

Determining potential eligibility for the family tax credit

What did we ask respondents?

Respondents were asked the following questions to determine if they appeared potentially eligible to receive the family tax credit:

- Do you (or your partner) share care of your child/any of your children with another adult not living in your house?

If so:

- On average, how many days per fortnight does your child/children stay with you?

If the respondent had at least one child not in a shared care arrangement, or had all of their children in a shared care arrangement but had care of at least one child for five or more days a fortnight, they were asked the following:

- Is your (and your partner's combined) annual income [insert the family tax credit income cut-off for the respondents family type] or less?

Respondents were also asked about their residency status with the following questions (as residency requirements apply to the family tax credit):

- Are you (or your partner) a New Zealand citizen or permanent resident?

If not:

- Do you (or your partner) hold a residence class visa? An example of this is if you (or your partner) are an Australian citizen or resident.

If yes to either of the previous two questions:

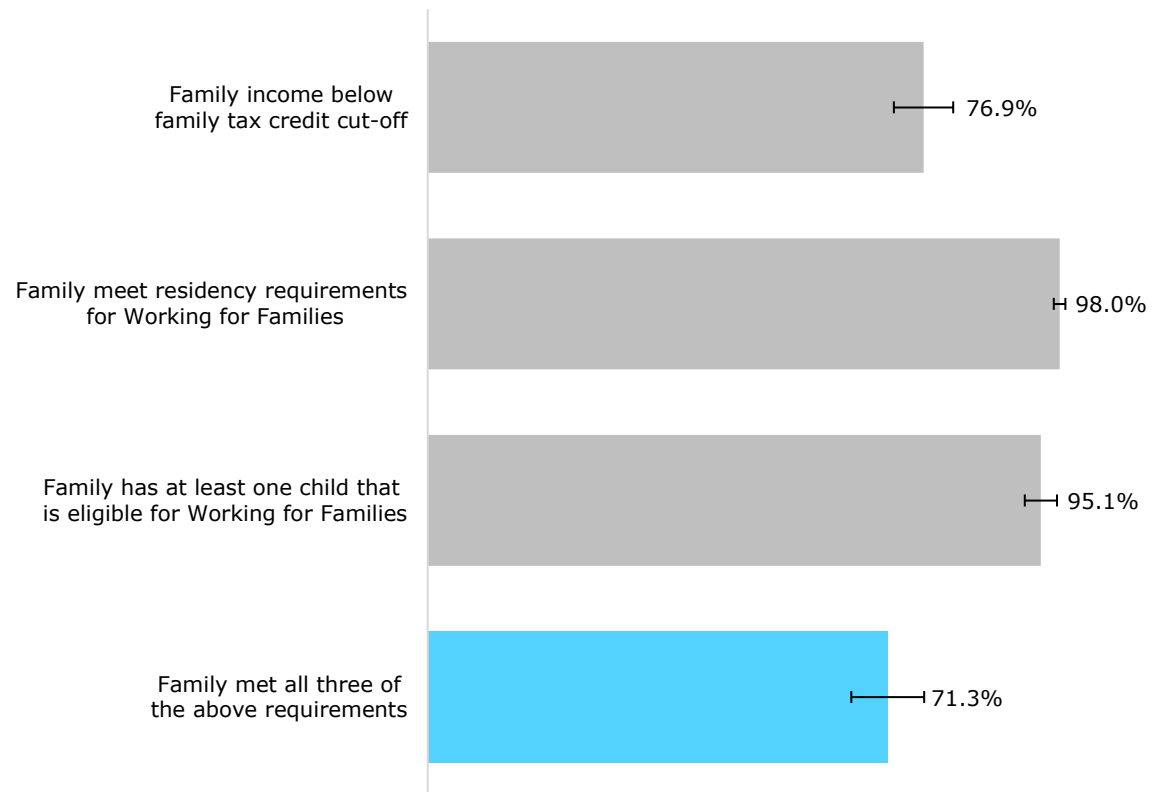
- Have you (or your partner) lived in New Zealand for at least two years at any one time since becoming a New Zealand citizen or permanent resident/holding a residence class visa?
- Do you (or your partner) normally live in New Zealand?

Just under 72 percent of respondents with children were potentially eligible for the family tax credit in the 2021/2022 tax year

Of respondents with children:

- **98 percent** met the residency requirements for Working for Families
- **95.1 percent** had at least one child that was eligible for Working for Families payments
- **76.9 percent** met the income cut-off for the family tax credit.

In total, **71.3 percent** of respondents with children met all three requirements and were **potentially eligible** for the family tax credit.³



Note: Total families = 1,018, total weighted families = 335,896.

³ This is a broad approximation of potential eligibility. This assessment was made based on the reported annual incomes, number and ages of children, shared care status of children (if relevant), residency status and main benefit status as at the survey date. This means that we may under-count the number of eligible respondents here, as we miss families eligible in other parts of the year but not eligible when they were surveyed.

Awareness and understanding of the family tax credit for respondents who were potentially eligible

What did we ask respondents?

Respondents were asked the following questions:

- Before today, were you aware of the family tax credit, which is part of Working for Families?

If aware:

- Looking at the Showcard, who do you think can receive the family tax credit, which is part of Working for Families? Respondents were asked to respond "Yes", "No", or "Don't know" to the following: Families receiving a main benefit, low / middle / high income families not receiving a main benefit.

If respondents said they were unaware of the payment but appeared potentially eligible, they were asked this question later in the survey:

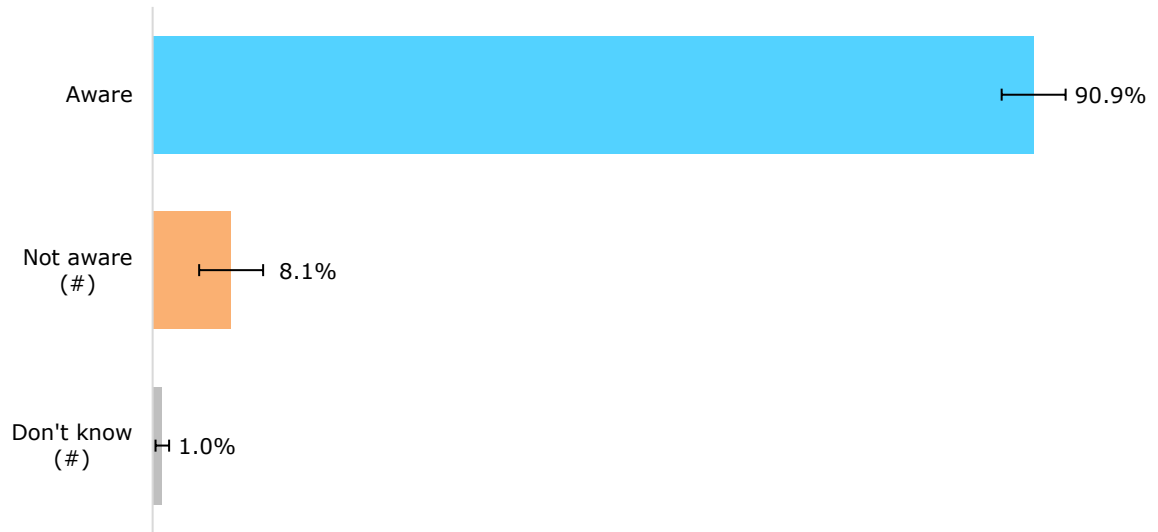
- Earlier, you said that before today you weren't aware of family tax credit. Now that we have talked about it a bit more, does it sound familiar to you?

Most respondents who were potentially eligible for the family tax credit said they were aware of the payment

90.9 percent of respondents with children who were potentially eligible for the family tax credit said that they **were aware** of the payment.

8.1 (± 3.3) percent said they **were not aware**.

1.0 (± 0.7) percent said they didn't know.

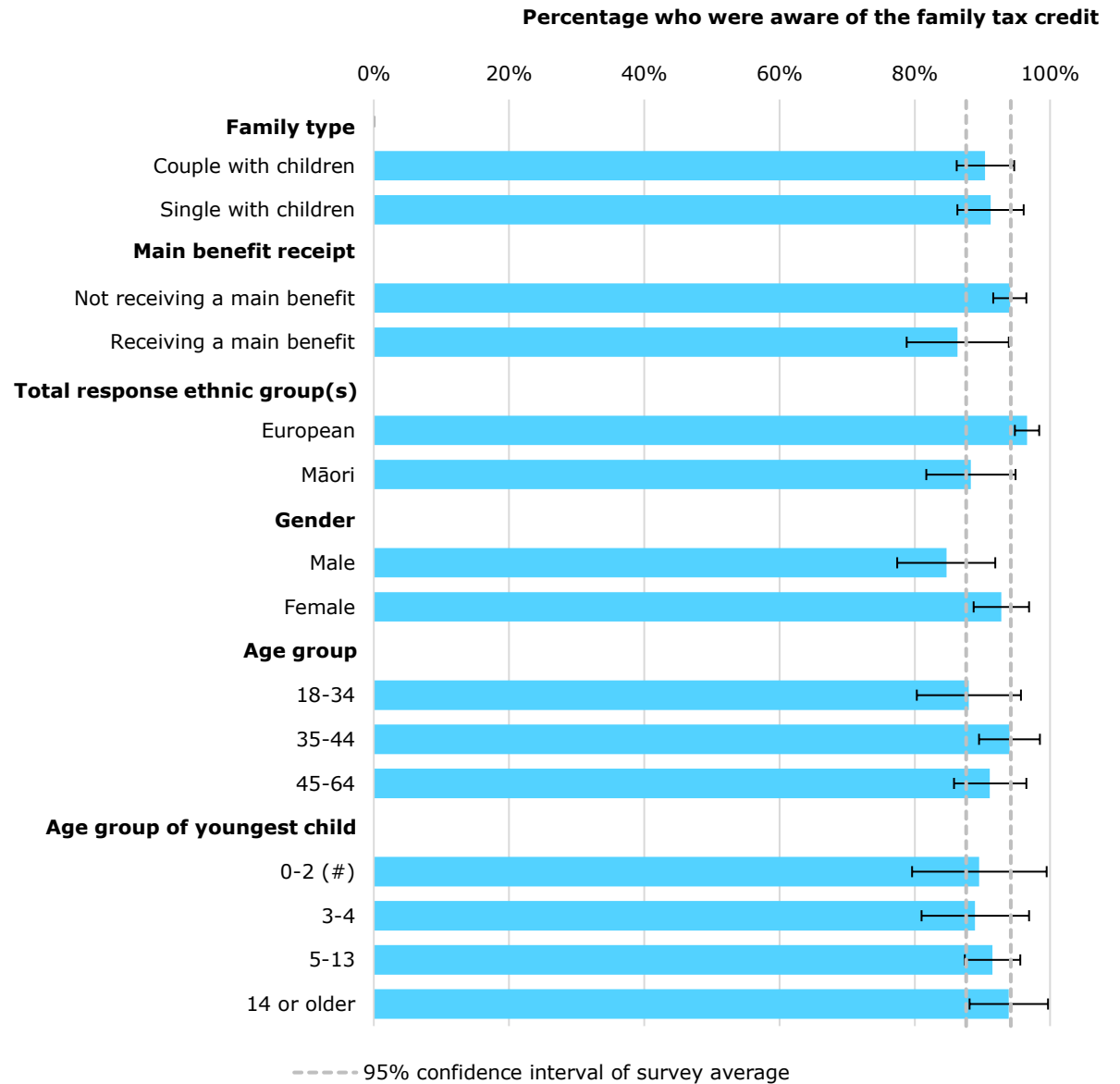


Note: Total asked = 721, total weighted families = 239,651.

There were few statistically significant differences in the proportion aware of the family tax credit across sub-groups

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

Additionally, while not statistically significant, respondents who were male appeared slightly less likely to say they were aware of the family tax credit.



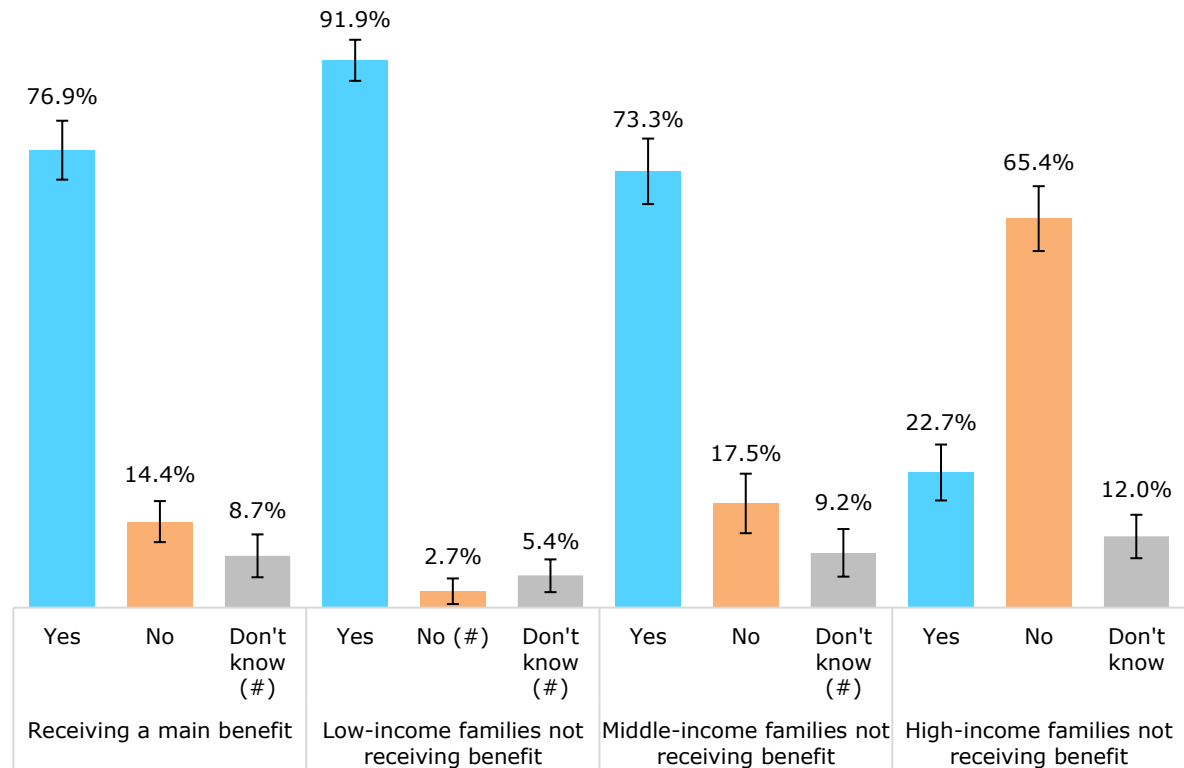
Most respondents who were potentially eligible and were aware of the family tax credit understood this payment can be received by families on low- and middle-incomes who are not receiving a main benefit

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

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

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

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



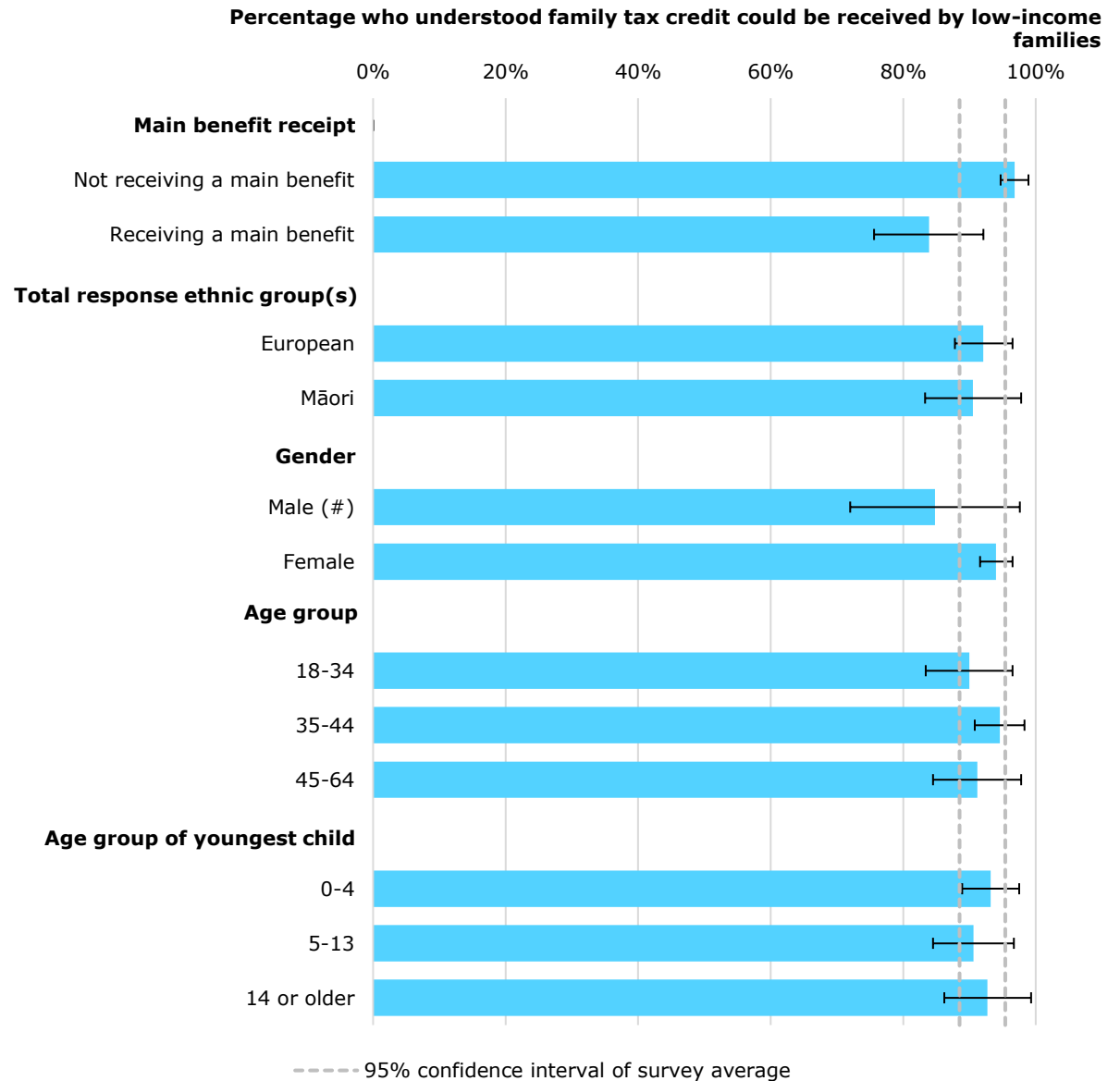
Note 1: Total asked = 624, weighted families asked = 209,130.

Note 2: 27 respondents who were aware of the family tax credit were not asked this question, as they did not say they were aware of the payment when first asked and therefore were not routed to this question.

The level of understanding that the family tax credit can be received by low-income families who are not receiving a main benefit was high across most sub-groups

Across all sub-groups we looked at, the level of understanding was generally high (above 80 percent).

Comparing within sub-group breakdowns, respondents who were not receiving a main benefit were statistically significantly **more likely** to understand that the family tax credit could be received by low-income families (compared to respondents receiving a main benefit).



Awareness and understanding of lump sum family tax credit payments

What did we ask respondents?

Respondents with children who were aware of and appeared eligible for the family tax credit were asked the following questions about their awareness and understanding of lump sum family tax credit payments:

- There is a payment option for family tax credit that does not involve any weekly or fortnightly payments, but instead you only get one lump sum payment once a year. Are you aware of this option?

If needed, interviewers were able to provide respondents with additional information to help clarify the intent of the question, or to clarify terms that were used.

Additional information for this question was a clarification over the types of payments people could receive at the end of the year: "Some people receive a larger payment at the end of the tax year to 'square-up' any over or under payment during the year. We are not referring to this here."

If respondents were aware of the payment option:

- Have you applied for a lump sum payment of family tax credit for the tax year from April 2021 to March 2022?

If respondents said they had applied for a lump sum payment:

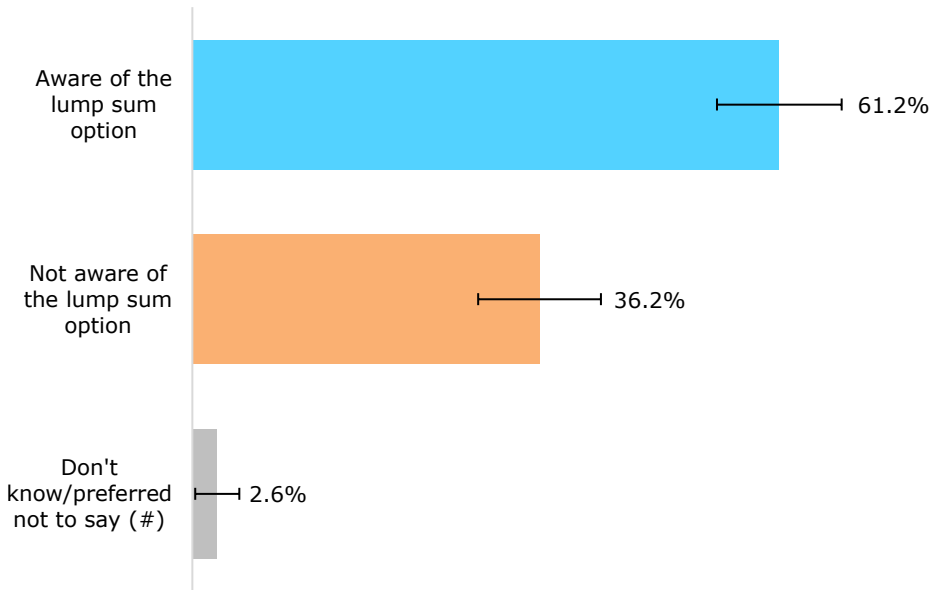
- Why do you prefer the lump sum option over getting payments on a weekly or fortnightly basis?

Most respondents potentially eligible for the family tax credit and aware of the payment said they were aware of the lump sum payment option

61.2 percent of respondents who were potentially eligible for the family tax credit said that they **were aware** of the lump sum option for the family tax credit.

36.2 percent said they **were not aware**.

2.6 (± 2.3) percent said they didn't know or preferred not to say.



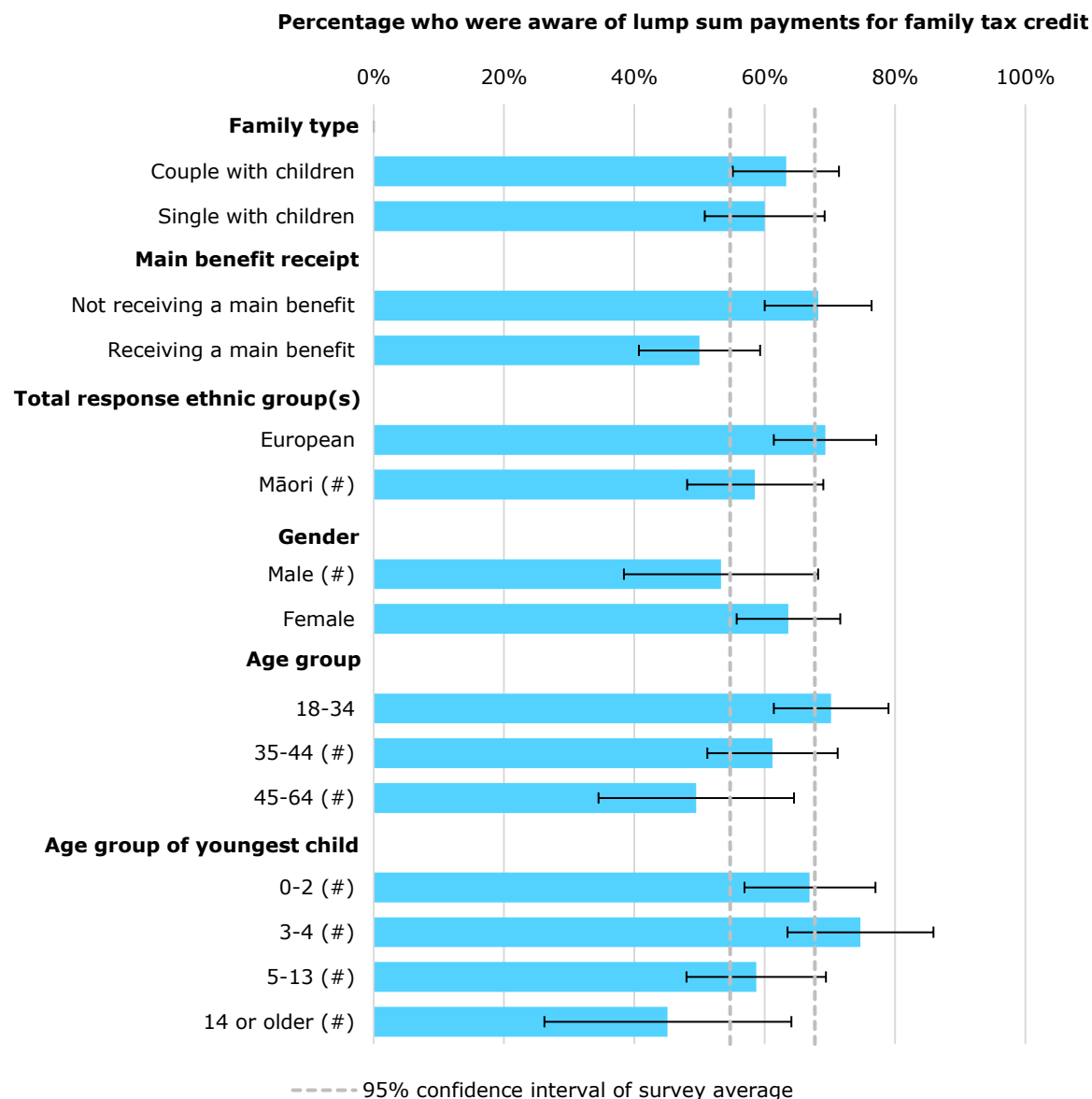
Note: Total asked = 651, weighted families asked = 217,960.

There were some statistically significant differences across sub-groups in the proportion of respondents who were aware of the lump sum payment option for the family tax credit

Comparing within sub-group breakdowns, respondents who were statistically significantly **more likely** to be aware of the lump sum payment option for the family tax credit:

- were not receiving a main benefit (compared to receiving)
- identified as European (compared to non-European or no ethnicity provided).

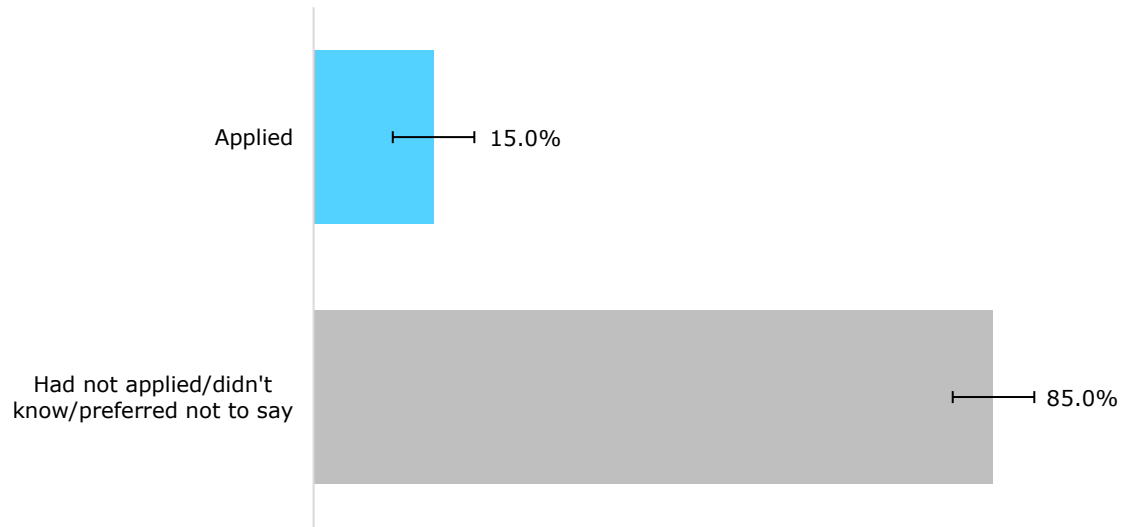
Additionally, while not statistically significant, respondents aged 18 to 34, and respondents with a youngest child aged 3 to 4 seemed to be slightly more aware of the lump sum payment option. Respondents aged 45 to 64, and respondents with a youngest child aged 14 or older seemed to be slightly less aware of the lump sum payment option.



Few respondents potentially eligible for, and aware of the lump sum option for the family tax credit, had already applied for the lump sum option for the 2021/2022 tax year

15 percent of respondents who were aware of the lump sum option for the family tax credit said they had **applied for it** for the 2021/2022 tax year.

85 percent said they **had not applied** for it, didn't know or preferred not to say if they had or not.

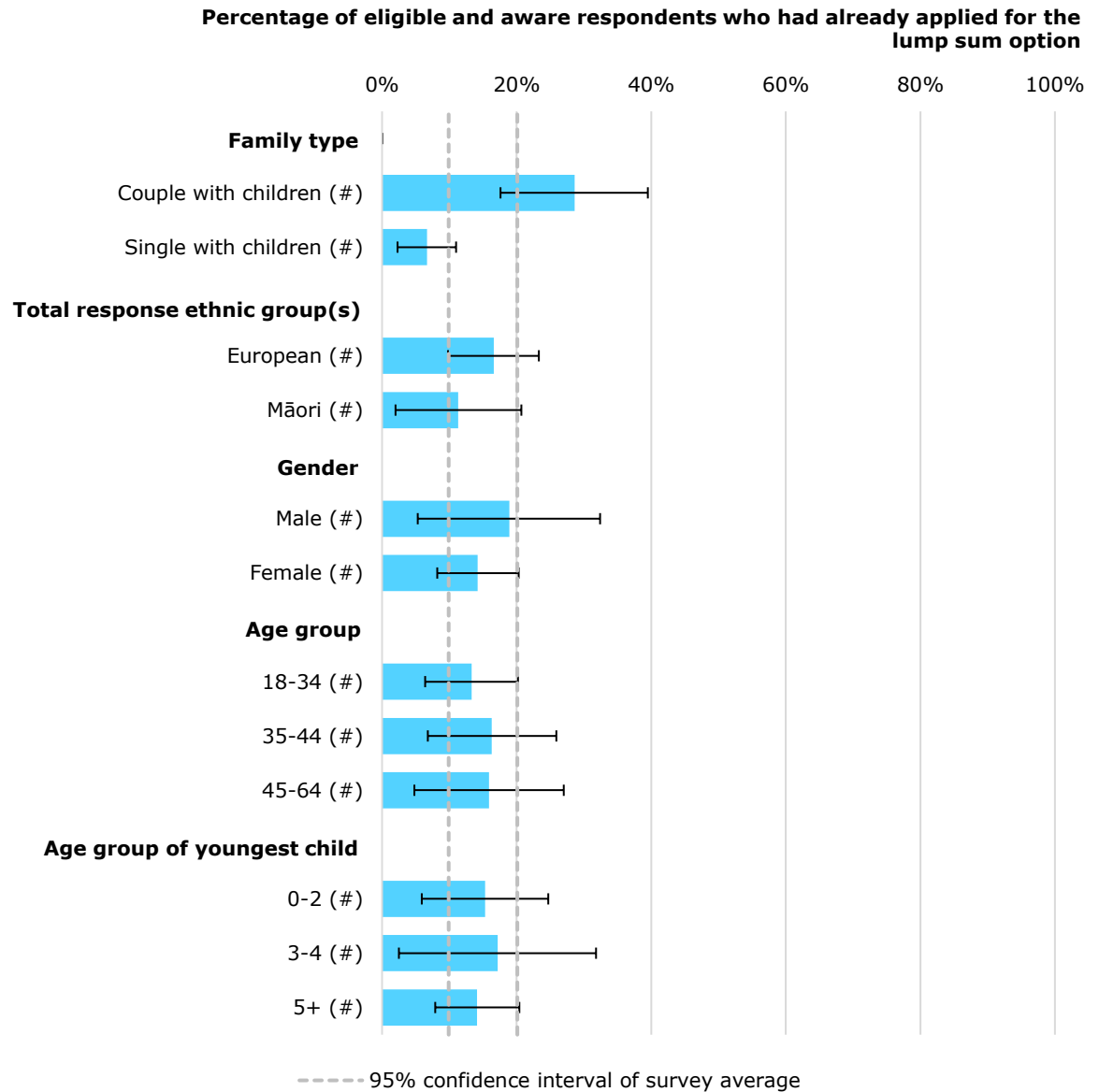


Note: Total asked = 377, weighted families asked = 133,386.

There were few statistically significant differences across sub-groups in the proportion of respondents who had already applied for the lump sum option for the family tax credit

Across almost all sub-groups we looked at, there were low levels of applications for the lump sum payment option of the family tax credit.

Comparing within sub-group breakdowns, respondents who were in a couple with children were statistically significantly **more likely** to have applied for the lump sum option compared to respondents who were single with children.



Respondents who had already applied for a lump sum family tax credit payment gave a range of reasons for preferring this payment method

We asked 56 respondents who had applied for a lump sum family tax credit payment what they preferred about this way of receiving the payment.

The most common reasons respondents gave for preferring a lump sum payment were:

- that receiving their entitlement as a lump sum was **more useful to them**
- that they were **worried about having to pay some of their entitlement back**, and so receiving as a lump sum mitigated this concern
- that it was **hard to predict their incomes**, and so receiving a lump sum at the end of the tax year was simpler for them.

Some less common reasons mentioned by respondents included the ability to use the lump sum payment as a savings device, that they could use it to pay for expensive “big” items, and that it was more straightforward to wait and see if they qualified for the payment.

Experiences with past overpayments of the family tax credit among potentially eligible respondents

What did we ask respondents?

Respondents who said they were currently or had previously received the family tax credit were asked the following questions about their experiences with past overpayments:

- Have you ever been asked to pay back family tax credit?

If so:

- Did you do anything differently with family tax credit the next year as a result of this?

For respondents who had never been asked to pay back the family tax credit:

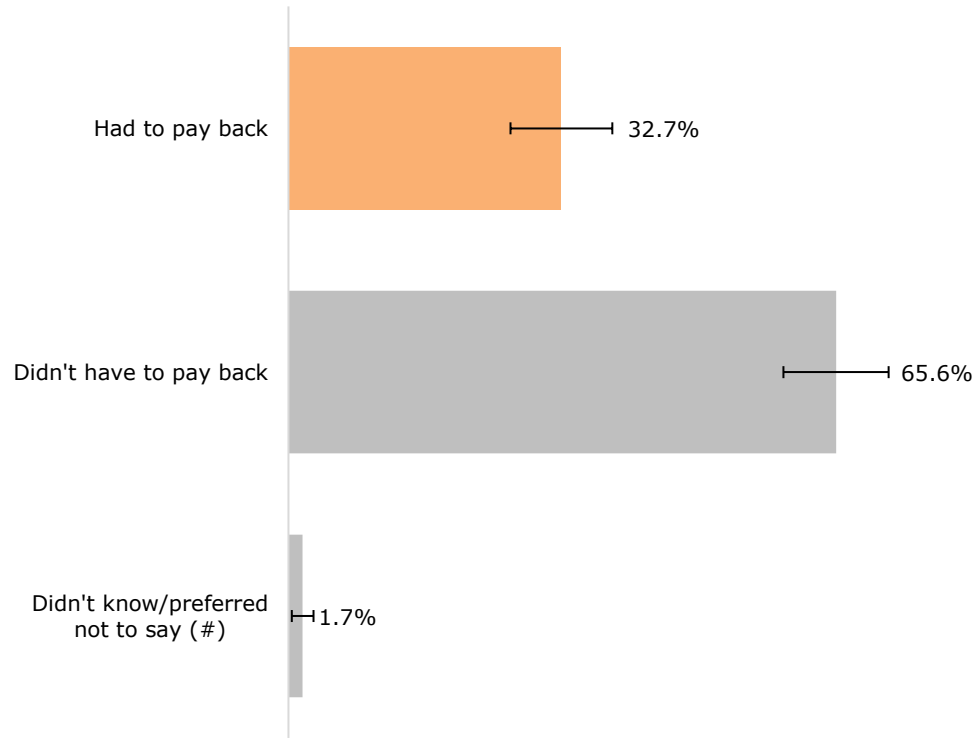
- Have you ever done anything to make sure you don't get paid too much family tax credit?
- What have you done?

A third of respondents potentially eligible for the family tax credit and who currently or previously received the payment said they had been asked to pay back the payment at some time

32.7 percent of respondents who appeared eligible for the family tax credit and said that they were currently receiving, or had previously received, the family tax credit, said that they **had been asked to pay back the payment** at some time in the past.

65.6 percent said they **had not been asked to pay back the payment**.

1.7 (± 1.3) percent said they didn't know or preferred not to say.



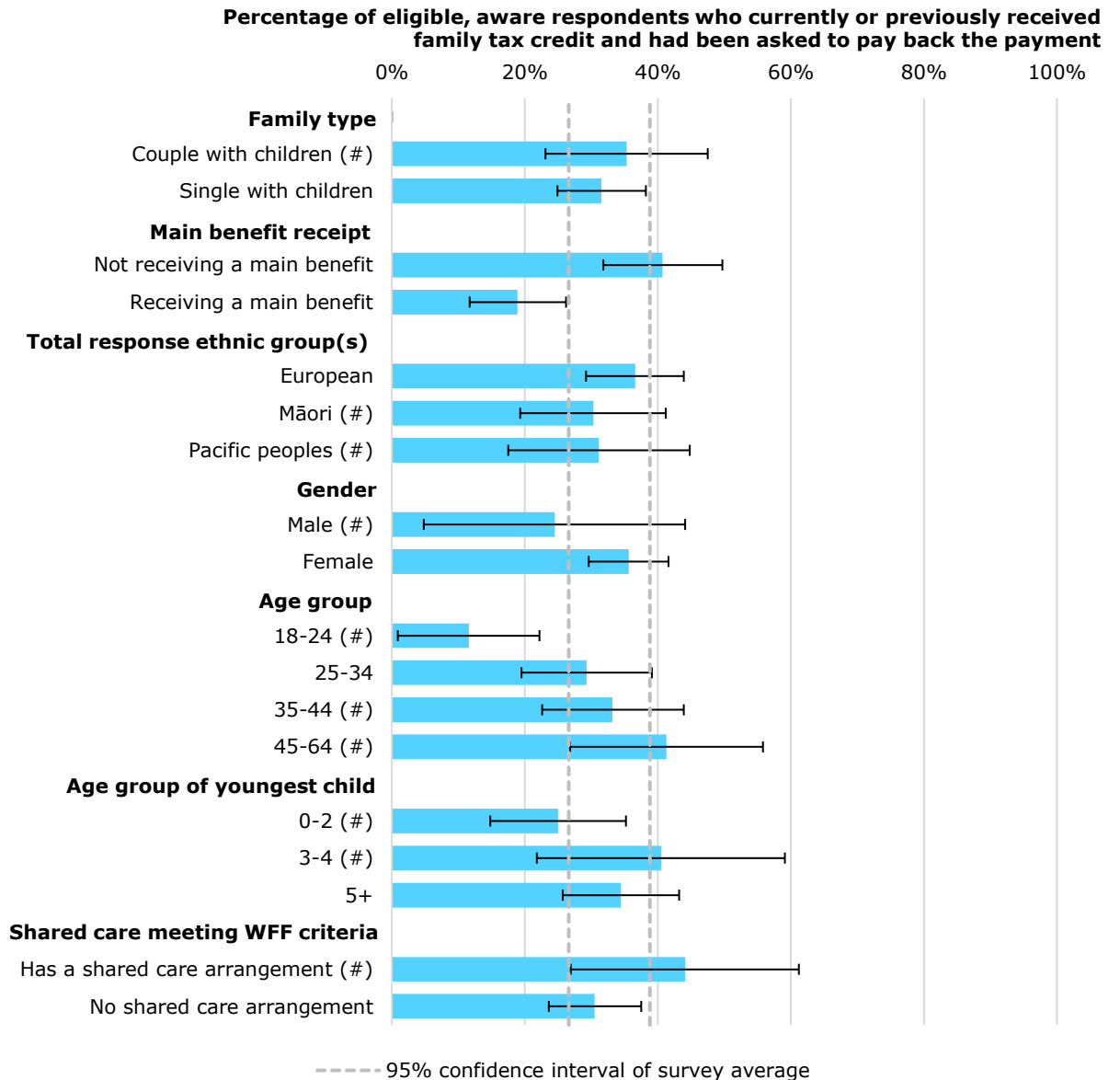
Note: Total asked = 524, weighted families asked = 174,682.

There were few statistically significant differences in the proportion who said that they had been asked to pay back the family tax credit at some point across sub-groups

Respondents who were statistically significantly **less likely** to have been asked to pay back the family tax credit at some time were:

- receiving a main benefit
- aged 18 to 24.

Additionally, while not statistically significant, respondents with a youngest child aged 0 to 2 appeared slightly less likely to say they had been asked to pay back the family tax credit at some time.



Half of respondents said that they did not do anything different the next year after being asked to pay back the family tax credit

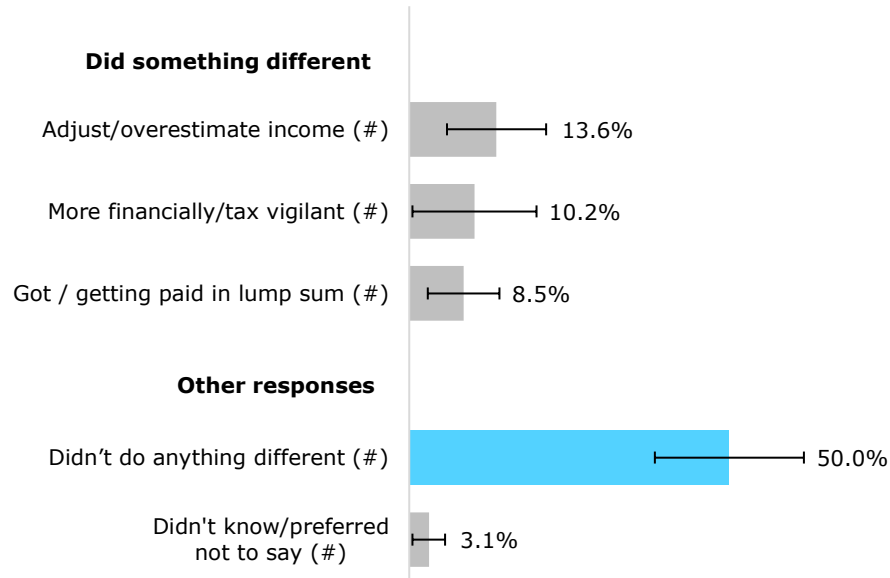
50 (± 11.7) percent of respondents with children who had been asked to pay back the family tax credit at some time said that they **didn't do anything different** in the next year.

13.6 (± 7.8) percent said they adjusted or deliberately overestimated their income.

10.2 (± 9.7) percent said they were more financially or tax vigilant.

8.5 (± 5.6) percent said they chose to receive a lump sum payment instead.

Other less common different things respondents mentioned doing included not receiving the family tax credit anymore or using future payments/income to repay overpayments in instalments.



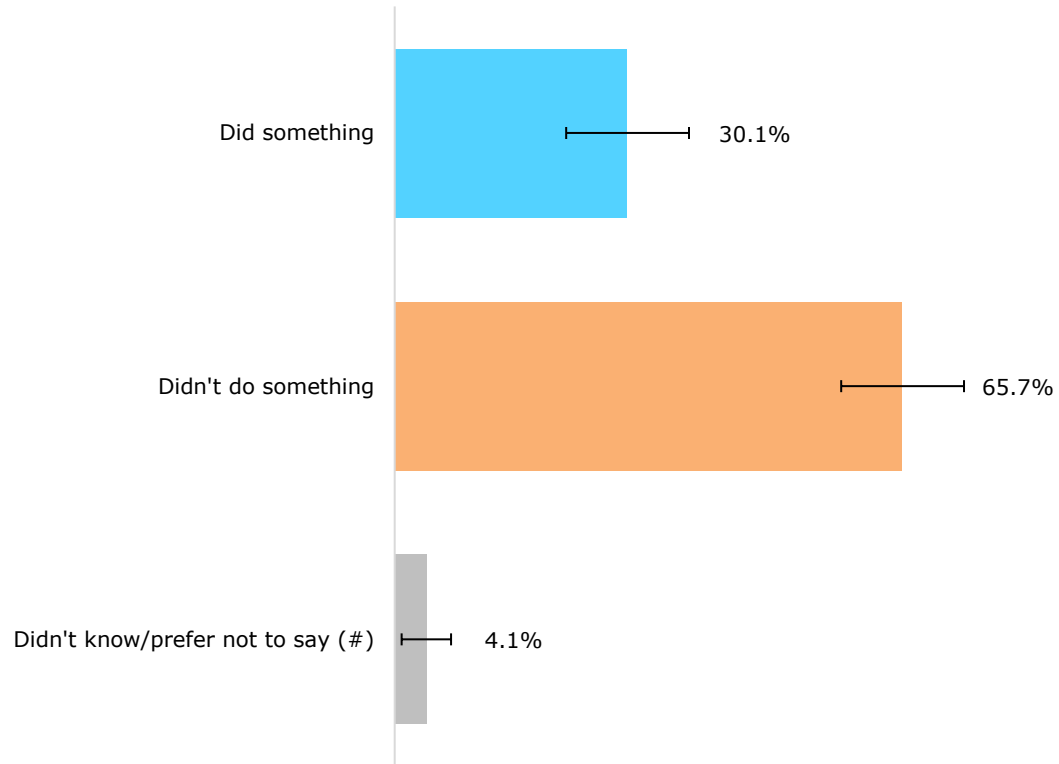
Note 1: Total asked = 157, weighted families asked = 57,140.

Note 2: If respondents said they did something different, they were able to give multiple responses as to things they did differently. This means counts and percentages for this graph will not match totals or add up to 100 percent.

Around two-thirds of respondents who had never been asked to pay back the family tax credit said they had not done something to make sure they don't get paid too much of the family tax credit

Of respondents potentially eligible for the payment, who were currently receiving or had previously received, and had never been asked to pay back the family tax credit:

- **30.1 percent** said that they had **done something** to make sure they didn't get paid too much of the family tax credit
- **65.7 percent** said they **didn't do anything** different
- **4.1 (± 3.2) percent** said they didn't know or preferred not to say.

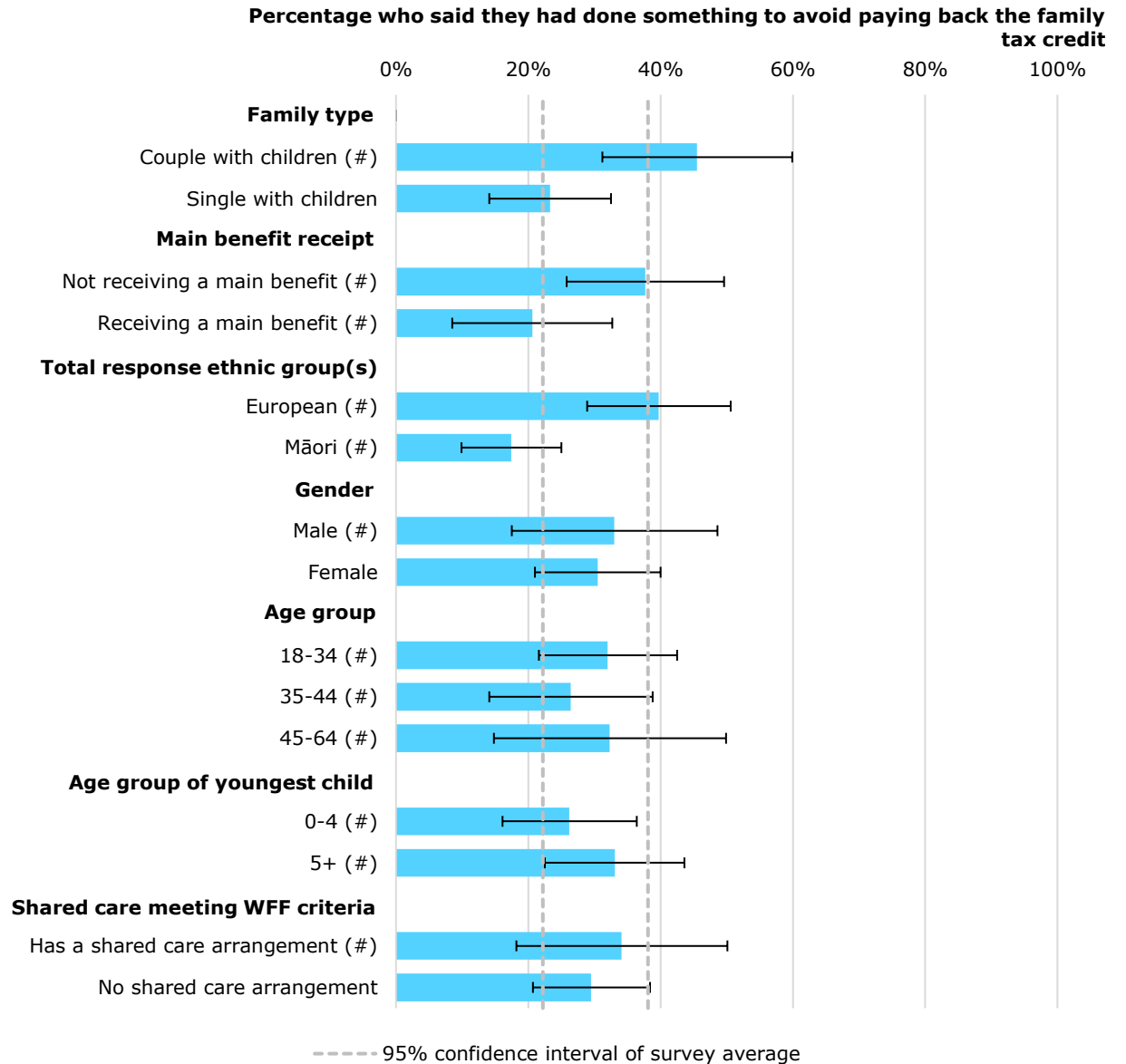


Note: Total asked = 367, weighted families asked = 117,542.

The was little statistically significant variation in the proportion of respondents saying that they had done something to avoid paying back the family tax credit

Comparing within sub-group breakdowns, respondents who identified as European were statistically significantly **more likely** to say they did something compared to respondents who did not identify as European or did not provide an ethnicity.

Respondents who identified as Māori were statistically significantly **less likely** to say they did something compared to respondents who did not identify as Māori or did not provide an ethnicity.

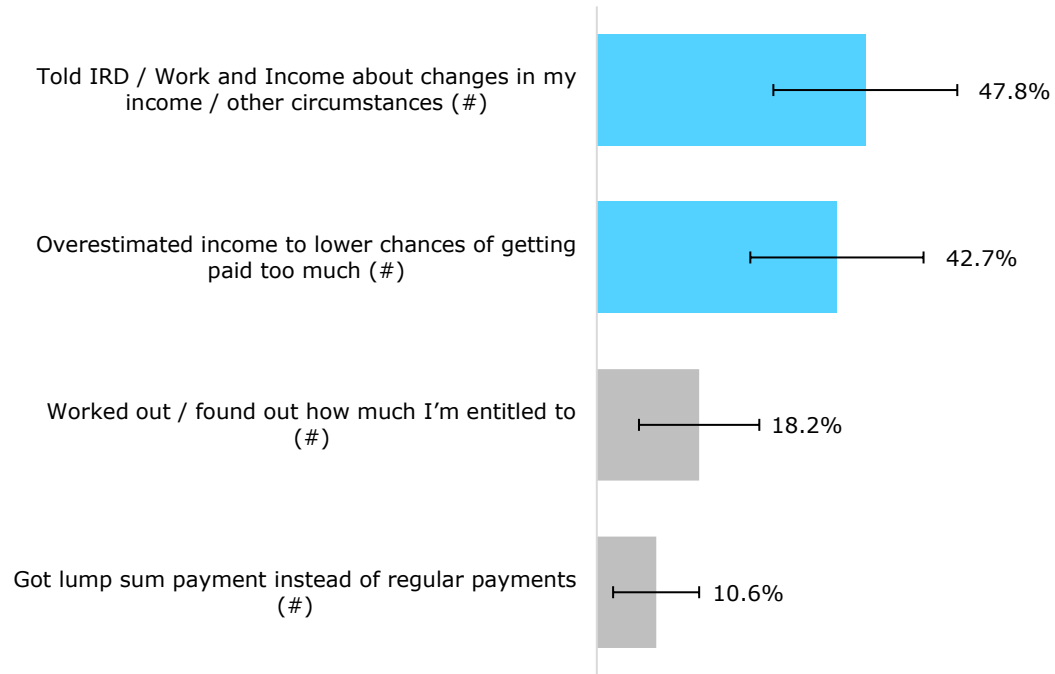


Just under 50 percent of respondents who said they did something to avoid being paid too much of the family tax credit said they told Inland Revenue or Work and Income about changes

The **two most common things** respondents said they did to avoid being paid too much of the family tax credit were:

- telling Inland Revenue or Work and Income about changes in their income or other circumstances (**47.8 ± 16.4 percent**)
- overestimating their income to lower their chances of getting paid too much (**42.7 ± 15.4 percent**).

Respondents also less commonly said that they **worked out or found out how much they were entitled to** or **got lump sum payments instead of regular payments** to avoid overpayments of the family tax credit.



Note 1: Total asked = 96, weighted families asked = 35,416.

Note 2: Respondents were able to give multiple responses as to things they did to avoid overpayments. This means counts and percentages for this graph will not match totals or add up to 100 percent.

Self-reported receipt by those with potential eligibility and estimated take-up rates

What did we ask respondents?

People were asked the following questions to determine whether they received the family tax credit in the 2021/2022 tax year, or planned to apply for the payment:

- Did you receive either weekly or fortnightly payments for family tax credit at any time in the tax year from April 2021 to March 2022?
- Have you applied for a lump sum payment of family tax credit for the tax year from April 2021 to March 2022?

Around 83 percent of potentially eligible respondents and their families said they received some form of family tax credit payments for the 2021/2022 tax year

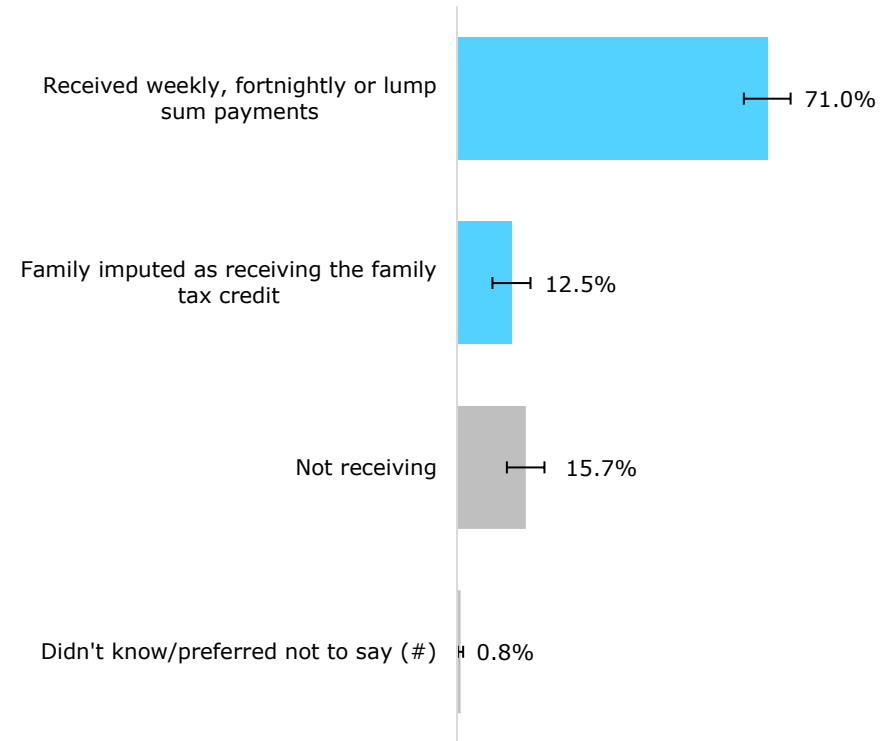
Out of the respondents and their families that appeared potentially eligible for the family tax credit:

- **71.0 percent** said they received weekly, fortnightly or lump sum payments in the 2021/2022 tax year (the majority of these were weekly or fortnightly payments)
- **12.5 percent** said they did not receive a family tax credit payment, but we have imputed receipt of the family tax credit, as their circumstances suggested they very likely received the family tax credit during the 2021/2022 tax year.

83.4 percent of potentially eligible respondents and their families **received a family tax credit payment in the 2021/2022 tax year.** See note 2

Subtracting imputation, 71 percent of potentially eligible respondents and their families received a payment in the 2021/2022 tax year.

Additionally, there was a small proportion of those not receiving in the 2021/2022 tax year that said they were receiving a payment at the time of their interview, or that they were intending to apply for a future lump sum payment.



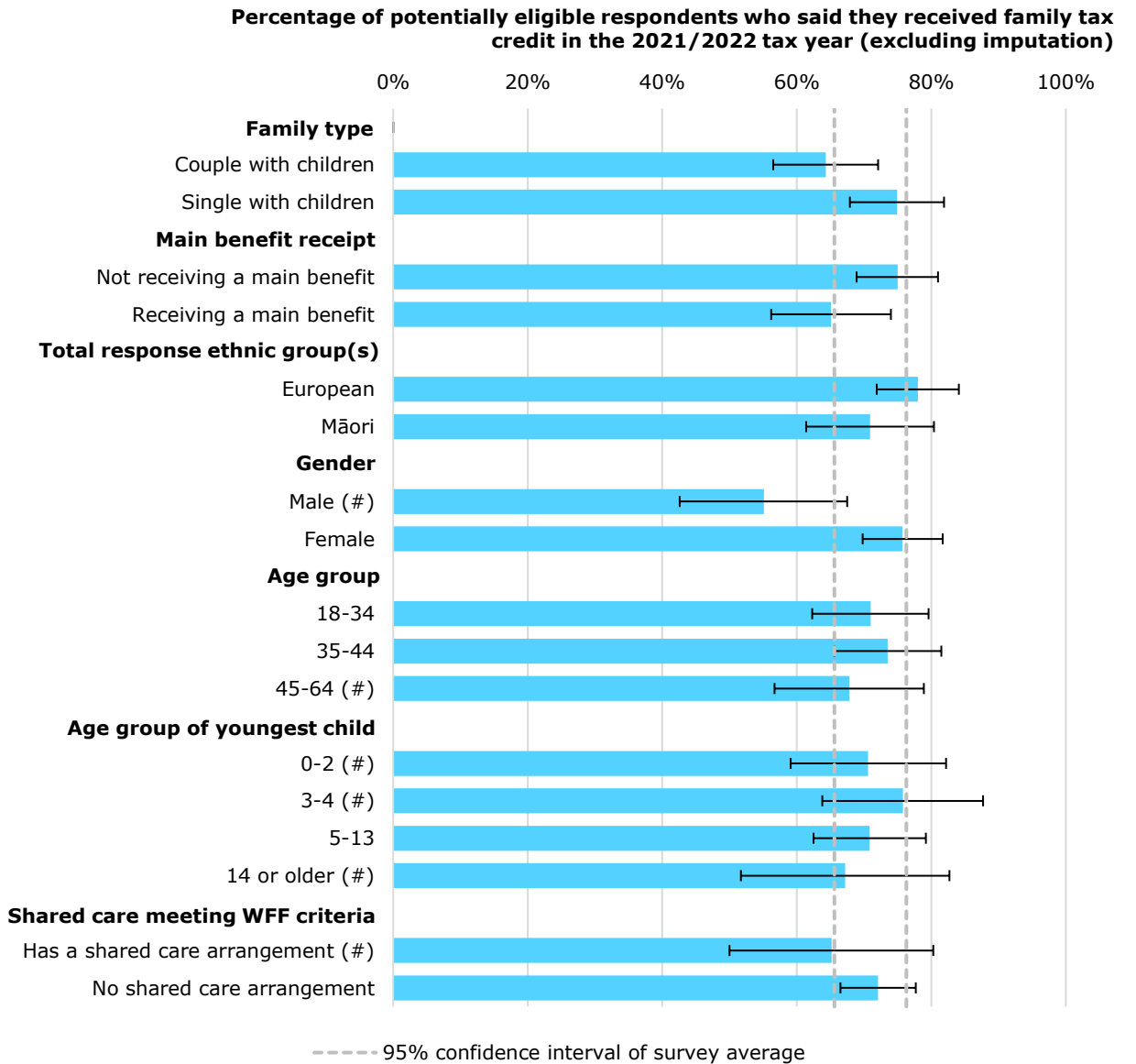
Note 1: Total asked = 721, weighted families asked = 239,651.

Note 2: Due to rounding, the combined percentages of "Received weekly, fortnightly or lump sum payments" and "Family imputed as receiving the family tax credit" add up to 83.4 percent instead of 83.5 percent.

Looking only at self-reported receipt, there were few statistically significant differences between sub-groups among those with potential eligibility

Comparing within sub-group breakdowns, and **excluding imputation**, respondents who were statistically significantly **more likely** to have received the family tax credit in the 2021/2022 tax year:

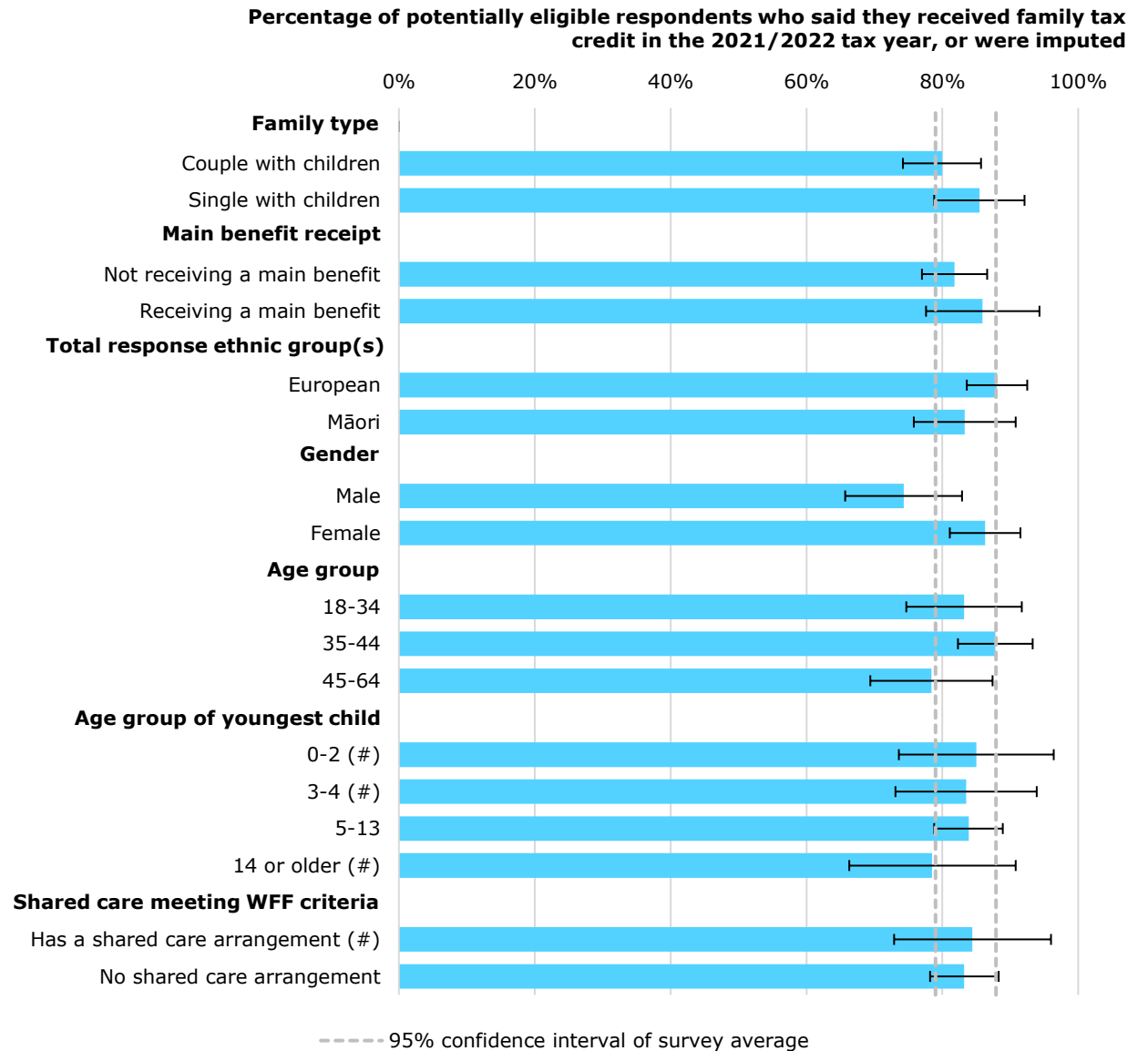
- identified as European (compared to non-European or no ethnicity provided)
- were female (compared to male).



Including respondents with imputed receipt and planned applications for lump sum payments, there were no statistically significant differences between sub-groups among those with potential eligibility at the sub-group level

Including imputation, the proportion of respondents who said they received the family tax credit in the 2021/2022 tax year ranged between 74 and 89 percent depending on sub-group.

While no statistically significant differences were detected, families where the respondent was male or aged 45 to 64 seemed slightly less likely to be receiving the family tax credit in the 2021/2022 tax year when compared to the survey average.



Reasons for not receiving the family tax credit among potentially eligible respondents

This section is based on estimates that consider imputed receipt.

What did we ask respondents?

In addition to the earlier questions about awareness, people were asked the following questions to understand reasons for non-take-up of the family tax credit in the 2021/2022 tax year:

- Do you think you were eligible for family tax credit in the April 2021 to March 2022 tax year?

If they did not think they were eligible:

- Why do you think you were not eligible, or may not have been eligible?

If they thought they were eligible, or were not sure:

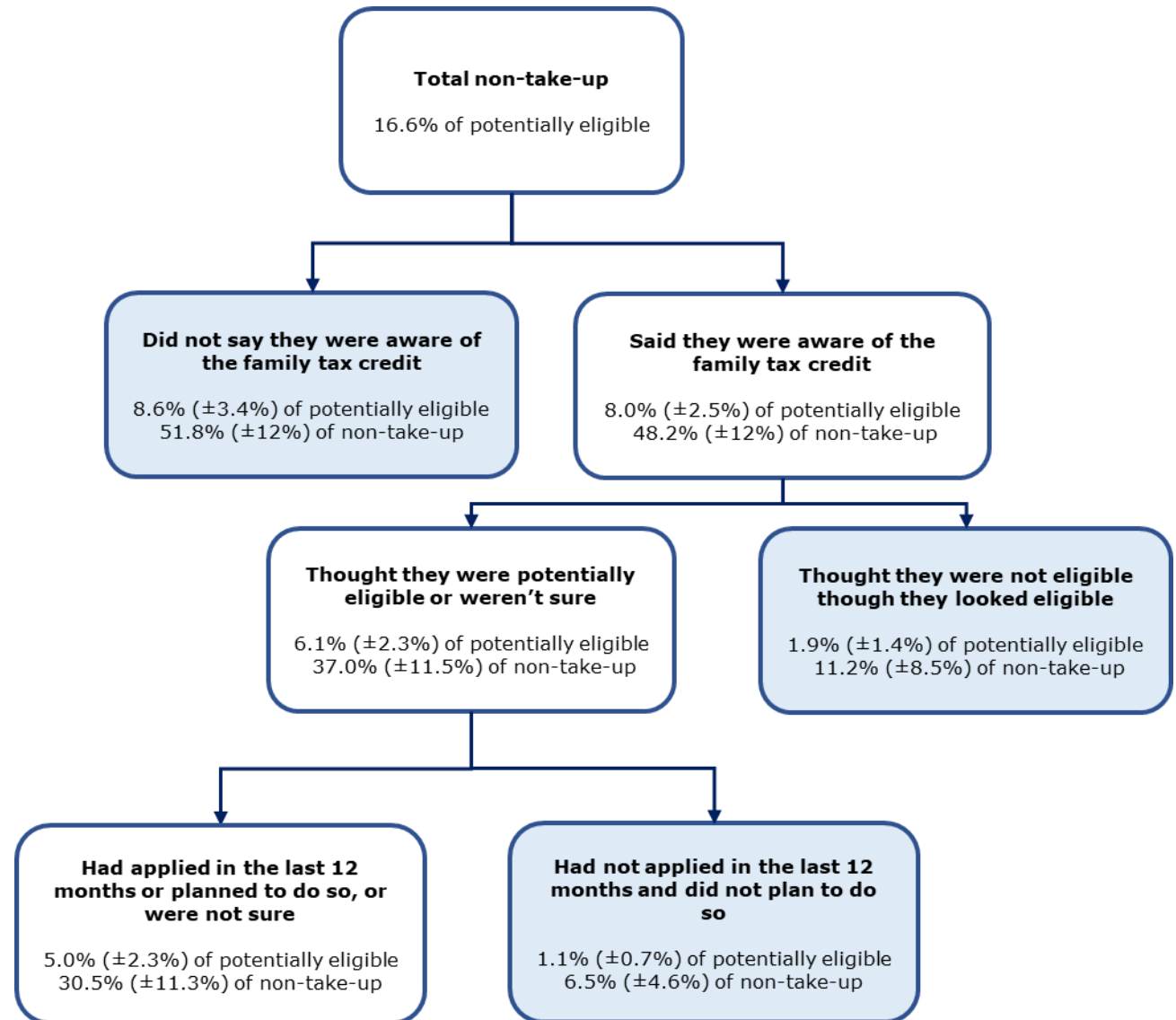
- Have you applied or reapplied for family tax credit in the last 12 months?
- Can you please tell me the reasons why you haven't applied for, or why you didn't get, family tax credit in the April 2021 to March 2022 tax year?

Lack of awareness accounted for just over half of the estimated non-take-up of the family tax credit

The following pages provide a breakdown of the reasons for not receiving the family tax credit for respondents that looked eligible.

The key reason for non-take-up was non-awareness of the family tax credit (8.6 ± 3.4 percent of potentially eligible respondents, accounting for 51.8 ± 12 percent of non-take-up).

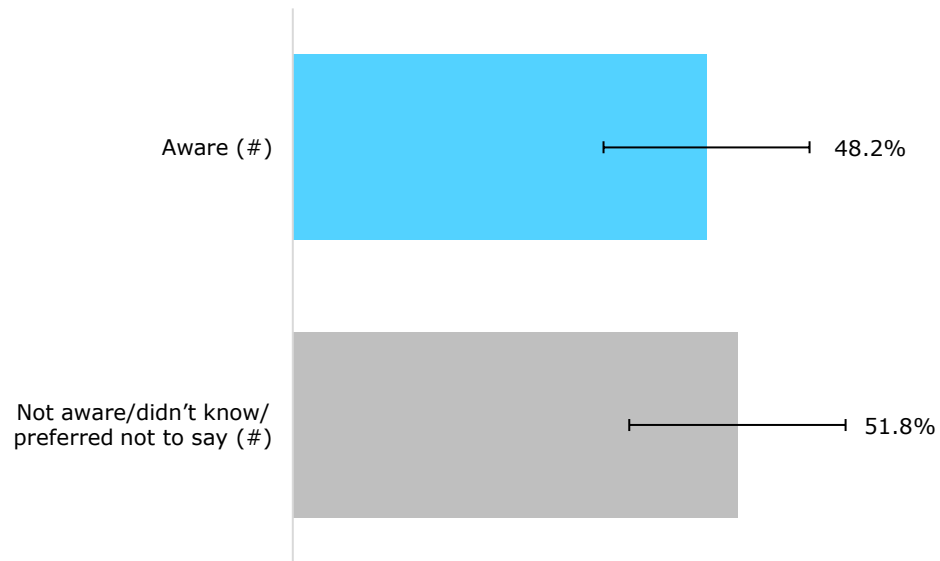
Other reasons, such as perceived ineligibility, and having no intention to apply also made up some of the observed non-take-up.



A similar proportion of respondents with estimated non-take-up were aware or not aware of the payment

Of the respondents with estimated non-take-up (after treating those with imputed receipt as taking up the payment):

- **48.2 (± 12) percent** said that they **were aware** of the payment
- **51.8 (± 12) percent** said they **were not aware, didn't know or preferred not to say.**



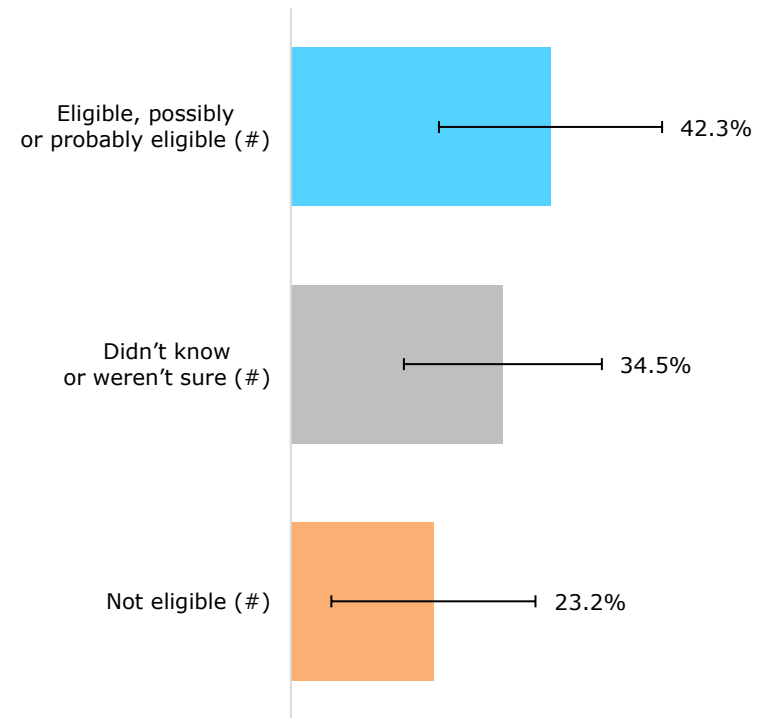
Note: Total asked = 133, weighted families asked = 39,677.

Around 42 percent of respondents with estimated non-take-up who were aware of the payment said they thought they were eligible, or possibly or probably eligible, for the family tax credit in the 2021/2022 tax year

Of the respondents with estimated non-take-up who were aware of the payment (after treating those with imputed receipt as taking up the payment):

- **42.3 (± 18.2) percent** believed that they **were eligible, possibly, or probably eligible** for the family tax credit
- **34.5 (± 16.1) percent** didn't know or were not sure
- **23.2 (± 16.6) percent** thought they were **not eligible**.

In total, respondents with estimated non-take-up who were aware of the family tax credit, and said they believed they were not eligible for the payment, **made up 11.2 (± 8.5) percent of non-take-up.**



Note: Total asked = 68, weighted families asked = 19,113.

The respondents who **thought they were not eligible for the payment** gave a range of reasons for this. These included that they:

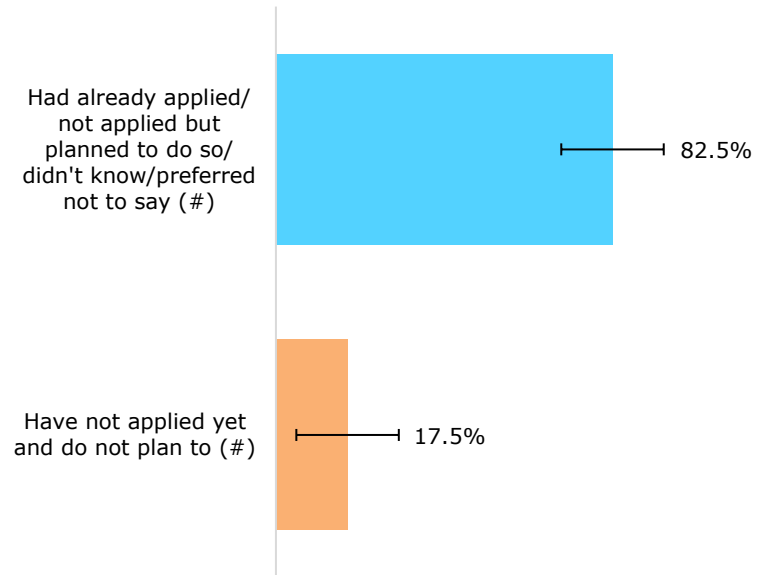
- thought they earned above the income threshold for the payment at the time
- had applied in the past and were told that they were not eligible
- thought they did not meet the shared care requirements, or were not the primary caregiver, at the time
- thought that their children were not the right age.

Of the potentially eligible respondents asked about their application intentions, around 18 percent had not applied yet and were not planning to do so

Of the respondents who appeared eligible for the family tax credit, but didn't say they received it in the 2021/2022 tax year, were aware of the payment, and thought they could be eligible:

- **82.5 (± 12.6) percent** said that they had already applied in the last 12 months, had not applied but planned to do so, didn't know, or preferred not to say
- **17.5 (± 12.6) percent** said that they had not applied yet and did not plan to apply.

In total, respondents who had said they had not applied yet, and did not plan to apply, **made up 6.5 (± 4.6) percent of non-take-up.**



Note: Total asked = 52, weighted families asked = 14,674.

Some reasons provided by respondents **about why they hadn't applied yet, or why they didn't think they got family tax credit** were that they:

- didn't know how to find out more information about it or where to apply
- were worried about overpayment and having to pay it back
- thought the amount they would receive was too small to be worth applying for
- were worried about meeting residency requirements.