

Working for Families Tax Credits Parental Income for Student Allowance Income Net Widened

The definition of “income” for Working for Families (WFF) Tax Credits and for Parental Income for Student Allowances have been amended.

From the 1 April 2011 the definition of income will include an extra nine types of income:

1. Attributable trustee income
2. Attributable fringe benefits
3. PIE income other than registered superannuation schemes such as Kiwisaver and retirement benefit schemes
4. Passive income earned by children (includes interest, dividends and rent). Amounts over \$500 per child will be included as family income
5. Worldwide income received by a non-resident spouse
6. Tax exempt salary or wages under specific international agreements
7. Income equalisation deposits made by you, your trust, or a company controlled by you or your trust
8. Certain pensions and annuities – includes 50% of payments from life insurance policies or a superannuation fund (excludes NZ super)
9. Other payments received from any sources that are used for your family’s day-to-day living expenses (but only if the total amount from those sources is more than \$5,000). An example of this might be board received.

In future, when you apply for WFF tax credits, you’ll need to let IRD know about amounts from any of the above sources. If you receive weekly or fortnightly payments, be aware that you may have been overpaid. If you are likely to receive investment losses or any of the extra type of income, we recommend that you contact us to discuss this further.

**Please contact us if you have any queries on this
or require more detailed explanation of the income types.**