

Departmental Disclosure Statement

Income Tax (FamilyBoost) Amendment Bill

The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by Inland Revenue.

Inland Revenue certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

9 September 2025

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Part One: General Policy Statement

This Bill introduces amendments to the FamilyBoost provisions within the Income Tax Act 2007.

FamilyBoost is a tax credit available to families who incur early childhood education fees after accounting for other government childcare support. FamilyBoost is assessed and paid on a household and quarterly basis. The maximum payment is \$975 per quarter, based on 25% of the maximum claimable fees of \$3,900 a quarter. Eligibility is subject to a quarterly household income test, with payments beginning to abate at a household income of \$35,000 per quarter (equivalent to \$140,000 a year). The abatement rate is 9.75%, and families become ineligible once quarterly income reaches \$45,000 (equivalent to \$180,000 a year).

The Bill's primary objective is to increase the level of assistance available through the FamilyBoost tax credit by raising the credit amount and expanding the eligibility criteria. Specifically, the Bill proposes to:

- increase the percentage of early childhood education expenses claimable from 25% to 40%, raising the maximum quarterly tax credit payment from \$975 to \$1,560; and
- reduce the abatement rate from 9.75% to 7%, increasing the quarterly maximum household income cap from \$45,000 to \$57,286.

These amendments would apply to eligible early childhood education fees incurred on or after 1 July 2025. The first payments to be processed under the revised settings would begin in October 2025.

Tax credit payments for fees incurred between 1 July 2024 and 30 June 2025 would not be affected by these proposed changes and would continue to be administered under the current FamilyBoost settings.

A commentary on the Bill is available at <https://www.taxpolicy.ird.govt.nz/publications/2025/commentary-familyboost-tax-bill>.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	YES
A commentary on the Bill is available at https://www.taxpolicy.ird.govt.nz/publications/2025/commentary-familyboost-tax-bill . The Bill commentary provides a more detailed explanation of the legislative changes in the Bill.	

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO
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Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	YES
Inland Revenue provided a regulatory impact statement titled " <i>Regulatory Impact Statement: Options to expand FamilyBoost</i> " on 25 June 2025. The statement is available at https://www.taxpolicy.ird.govt.nz/publications/2025/ria-pack-familyboost-tax-bill .	

2.3.1. If so, did the RIA Team in the Ministry for Regulation provide an independent opinion on the quality of any of these regulatory impact statements?	NO
The regulatory impact statement for this Bill did not meet the threshold for requiring an independent quality opinion from the Ministry for Regulation's Regulatory Quality Team.	

2.3.2. Are there aspects of the policy to be given effect by this Bill that were not addressed by, or that now vary materially from, the policy options analysed in these regulatory impact statements?	NO
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Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	NO
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2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	YES
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	YES
<p>The regulatory impact statement noted under question 2.3 provides analysis on the size of the potential costs and benefits of the Bill.</p> <p>The policy in the Bill increases the financial assistance provided to families with early childhood education fees so the analysis does not indicate that any group of persons have the potential to suffer a substantial unavoidable loss of income or wealth. The early childhood education sector may incur some compliance costs related to providing the invoices required for households to claim FamilyBoost.</p>	

2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	YES
(b) the nature and level of regulator effort put into encouraging or securing compliance?	YES
<p>The potential costs and benefits of the FamilyBoost policy in the Bill are inherently reliant on the level of uptake. If there are low levels of uptake, there will be reduced benefits for the population the proposed policy is intended to support. As such, the nature and level of regulator effort put into encouraging uptake is crucial to ensure the intended benefit is delivered. The regulatory impact statement noted under question 2.3 discusses how compliance levels and regulatory effort may influence the costs and benefits of the policy in the Bill.</p>	

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?
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No specific issues relevant to international obligations were identified in the development of the policies in this Bill. As such, there have been no formal steps to determine whether the policies to be given effect by this Bill are consistent with New Zealand's international obligations.

Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?

Inland Revenue acknowledges that, when a Treaty interest is affected by a proposal, the Crown has obligations under the Treaty of Waitangi to act reasonably and in good faith. Inland Revenue has sought to support the Crown to meet these obligations by acknowledging, in the Regulatory Impact Statement, the impacts of the proposal on Māori.
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The Regulatory Impact Statement indicates that the proposal does not introduce any new impacts on Māori beyond those already present in the existing policy because the proposal extends the current policy settings.

The policy offers financial assistance to families facing early childhood education fees and promotes equity by providing greater assistance to lower-income families, among whom Māori are disproportionately represented, through targeted abatement settings. However, data to date shows that lower-income households are making fewer claims and receiving a lower absolute dollar benefit than higher-income groups. This may reflect that many lower-income households are mostly or fully supported by other Government childcare support.
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Engagement on the development of the original policy and this proposal has been limited, and Māori have not been consulted. While this limits the reasonable consideration of their Treaty interests, it is anticipated that the proposal will not be prejudicial to those Treaty interests.
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Inland Revenue also acknowledges that there may be administrative barriers to accessing FamilyBoost that may disproportionately impact Māori, particularly those whose children may participate in Māori early childhood education due to this part of the sector having less engagement with government systems. Inland Revenue's ongoing engagement with kōhanga reo is aimed at identifying and addressing these barriers.

Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?	
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Advice provided to the Attorney-General by the Ministry of Justice, or a section 7 report of the Attorney-General, is generally expected to be available on the Ministry of Justice's website upon introduction of a Bill. Such advice, or reports, will be available on the Ministry's website at https://www.justice.govt.nz/justice-sector-policy/constitutional-issues-and-human-rights
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Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:	
(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?	NO
(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?	NO

Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?	NO
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External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?	YES
<p>Due to the nature of this proposal being focused on short-term options, there was a constrained consultation period with a limited group of public government and private sector stakeholders when developing the proposal to be given effect by this Bill.</p> <p>In developing the proposal in the Bill, Inland Revenue consulted with the Treasury. The Treasury recommended maintaining the current settings for a longer period to allow for better evaluation of the policy before considering changes. However, it acknowledged that the changes outlined in the Bill are likely the most effective short-term way to expand the reach and support delivered through FamilyBoost. Inland Revenue also provided the Cabinet paper seeking policy approval to the Treasury, the Ministry of Education, and the Ministry of Social Development (including the Child Wellbeing and Poverty Reduction Group). No specific comment was provided from these Departments on this Cabinet paper.</p> <p>Inland Revenue undertook targeted consultation with key stakeholders in the early childhood education sector on recommendations for short-term improvements to FamilyBoost. Feedback from these stakeholders was considered in finalising the policy proposal and will also inform the assessment of other non-legislative options to improve the scheme.</p>	

Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	YES
<p>The proposal in the Bill has been reviewed by internal operational subject matter experts under Inland Revenue's standard process for assessing the administrative impacts of any new policy initiatives and ensuring they are workable and complete. This involves assessing whether systems need to be changed and, if so, whether formal testing needs to be carried out. The assessment result was that the changes were minor in nature and formal testing needs to be carried out.</p>	

Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO
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Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO
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Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO
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Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
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Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO
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Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	NO
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4.8. Does this Bill create or amend any other powers to make delegated legislation?	NO
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Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	NO
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