

**Rates Rebate Scheme 2011/12:
Classification of Government Benefits and Allowances**

The table below outlines whether or not a specific benefit or allowance is classified as “income” or not. It lists assistance from Work and Income, the Inland Revenue Department, the Ministry of Defence and the Ministry of Education. All benefits and allowances are considered as income, unless they fall within the category of exclusions provided in section 2(d)(i-vii) of the Rates Rebate Act 1973, or unless they are defined by DIA as being reimbursing in nature rather than income.

This list is not exhaustive. It will be updated from time to time, as relevant. Further information about benefits can be found on the relevant government department website, e.g. the Work and Income site (www.workandincome.govt.nz), Veteran’s Affairs NZ (www.veteransaffairs.mil.nz) and the Inland Revenue site (www.ird.govt.nz).

Work and Income Benefits and Allowances

Main Benefits	Defined as “income” within the Rates Rebate Act 1973?
<p>Unemployment Benefit A weekly payment which provides income support for people who are looking for full time work or are training for work.</p>	YES
<p>Independent Youth Benefit A weekly payment which helps 16 and 17 year olds who cannot live with their parents and are financially not supported, and are in school, training, or are actively looking for work or are temporarily unable to work.</p>	YES
<p>New Zealand Superannuation New Zealand Superannuation gives those eligible a retirement income once they reach the qualifying age of 65.</p>	YES
<p>Invalid’s Benefit A weekly payment for people who are 16 years or older and are permanently and severely restricted in their capacity for work because of a sickness, injury or disability</p>	YES
<p>Sickness Benefit A weekly payment which provides income support for people who can't work, or are working fewer hours, due to sickness, injury, disability or pregnancy.</p>	YES
<p>Widows Benefit A weekly payment for a woman whose husband or partner has died.</p>	YES

Main Benefits – (continued)	Defined as “income” within the Rates Rebate Act 1973?
<p>Domestic Purposes Benefit A weekly payment, paid to a parent caring for children without the support of a partner, or to a person caring for someone at home who needs constant care, and in some cases to an older woman alone.</p>	YES
<p>Orphan’s, and Unsupported Child’s, Benefits A weekly payment, paid to the main caregivers of children whose parents can’t support them.</p>	NO

War Pensions and Associated Payments	
<p>Veterans Pension The Veterans Pension provides income for veterans who have served in a war or an emergency, and who have reached the qualifying age for New Zealand Superannuation, and who receive a War Disablement Pension of at least a 70% level of disability. It can also be paid to veterans who are unable to work because of a disability (from any cause).</p>	YES
<p>War Disablement Pension This is a compensatory award for people who have a disability attributable to their service.</p>	NO
<p>Surviving Spouse Pension (formerly the War Widow’s Pension) A fortnightly payment for a person whose spouse or partner has died from disabilities caused by a war or other emergency they served in.</p>	NO
<p>Attendant Allowances These help a veteran with disabilities remain in his/her own home.</p>	NO
<p>Car Loan</p>	NO
<p>Children’s Pension For the dependent child of a veteran if the veteran is totally disabled or has died due to service.</p>	NO
<p>Clothing Allowance</p>	NO
<p>Funeral Grant</p>	NO
<p>Gallantry Award For a decorated Veteran with disabilities.</p>	NO
<p>Hearing Aid Grant</p>	NO

War Pensions and Associated Payments – (continued)	Defined as “income” within the Rates Rebate Act 1973?
Orphan’s Pension A payment to the dependent child of a sole parent whose death was due to service, or who was disabled at the time of their death.	NO
Private Hospital Treatment	NO
Specialist Treatment	NO
Surgical and Mechanical Appliances	NO
Transport and Travelling Expenses These expenses are for travel to medical appointments (and sometimes other travel) for veterans with disabilities.	NO
War Bursaries These bursaries are paid to the children of a veteran if the veteran has or had disabilities.	NO

Supplementary Benefits + Other Allowances	
Accommodation Supplement A weekly, non-taxable, payment that provides assistance towards accommodation costs.	YES
Away from Home Allowance A weekly payment that helps with the living costs of 16 or 17 year old dependent children who have to live away from home to undertake tertiary study or a training course. (The course must be approved by Work and Income or the Ministry of Education.)	YES
Childcare Subsidy Financial assistance for families with dependent children who are under 5 years old and attending an early childhood programme for three or more hours a week.	YES
OSCAR Subsidy Financial assistance for families with children aged 5 to 13. It helps towards the costs of before and after school care, of up to 20 hours a week, and school holiday programmes of up to 50 hours a week.	YES
Disability Allowance This weekly allowance reimburses people for ongoing regular costs that they incur because they have a disability. There is an income test that must be met.	NO

Supplementary Benefits + Other Allowances – (continued)	Defined as “income” within the Rates Rebate Act 1973?
<p>Child Disability Allowance</p> <p>This is a non-taxable allowance paid to the principal caregiver of a dependent child with a serious disability. It is paid due to the extra care that may be needed by a child with a physical, sensory, psychiatric or intellectual disability.</p>	NO
<p>Financial Assistance for Live Organ Donors</p> <p>Live Organ Donor Assistance is a payment which helps people who are donating a kidney or liver tissue for transplant within New Zealand, with loss of income and/or extra childcare costs.</p>	YES
<p>New Employment Transition Grant</p> <p>A payment to clients with a dependent child, or children, during the first 6 months that their benefit is stopped for employment reasons. It can be paid when the client is unable to work because he/she, or any partner, or the dependent child, becomes sick; or because of a breakdown in childcare arrangements.</p>	YES
<p>Residential Care Subsidy</p> <p>Assistance with the cost of contracted care for a client in long-term residential care in a hospital or rest home, indefinitely. It is assessed by Work and Income and paid through the Ministry of Health.</p>	NO
<p>Residential Support Subsidy</p> <p>Assistance for the cost of residential care services for people with physical, intellectual or psychiatric disabilities (including drug and alcohol rehabilitation) who are receiving residential care services.</p>	NO
<p>Seasonal Work Assistance</p> <p>A payment for clients who have taken up seasonal horticultural work and provides financial assistance to workers who are unable to work (and who lose income) due to poor weather conditions.</p>	YES

Supplementary Benefits + Other Allowances – (continued)	Defined as “income” within the Rates Rebate Act 1973?
<p>Special Benefit Provides assistance to clients whose particular circumstances are causing them hardship. It cannot be paid to people who were not receiving it, or had not applied for it, immediately before 1 April 2006 (it was replaced by Temporary Additional Support on this date). The Special Benefit continues to be payable to those granted it before 1 April 2006, until they are no longer qualified to receive it.</p>	YES
<p>Special Needs Grant A non-taxable, one-off, recoverable or non-recoverable payment to help clients meet an immediate need. (They do not have to be a beneficiary to qualify for the grant.)</p>	NO
<p>Temporary Additional Support A non-taxable payment that can be paid for a maximum of 13 weeks. It is made as a last resort to help clients with regular essential living costs that cannot be met from their chargeable income and other resources.</p>	YES
<p>Training Incentive Allowance A person getting a Domestic Purposes, Widow’s or Invalid’s Benefit, or an Emergency Maintenance Allowance, and is planning to do a work-related course, may be able to get a Training Incentive Allowance to provide assistance with costs related to the training.</p>	NO
<p>Transitional Protection Supplement This assistance was discontinued from 30 June 2009. It was available to people financially disadvantaged by the Social Security legislation changes of 2 July and 24 September 2007.</p>	YES
<p>Transition to Work Grant Assistance for costs associated with job-seeking, job placement, or bridging finance.</p>	YES
<p>Young Parent Childcare Payment For a parent aged under 18 and in secondary school, this helps pay childcare costs for children under 5.</p>	YES

Supplementary Benefits + Other Allowances – (continued)	Defined as “income” within the Rates Rebate Act 1973?
<p>Child Support Payment This payment is made by the non-custodial parent to the custodial parent.</p> <ul style="list-style-type: none"> • When the custodial parent is on the benefit and the non-custodial parent pays the equivalent of the benefit, that is not income for rates rebate purposes. • However, when the custodial parent receives more than the amount of the benefit, that extra is income has to be declared. • When the custodial parent is on no kind of benefit, and receives the support payment direct from the non-custodial parent, that is to be declared as income. 	<p>NO</p> <p>YES</p> <p>YES</p>
<p>Participation Allowance Paid to beneficiaries who are participating in an Activity in the Community project.</p>	NO

StudyLink	
<p>Student Allowance A weekly payment to help with living costs to a person who is studying full-time.</p>	YES
Living Costs Component of a Student Loan	NO

Ministry of Education Allowances	
Home Schooling Allowance	NO

Working for Families Tax Credits	
Family Tax Credits	NO
In-work Tax Credits	YES
Minimum Family Tax Credits	YES
Parental Tax Credits	YES

What are Working for Families Tax Credits?

(formerly Family Assistance)

What they are

Working for Families Tax Credits (previously called Family Assistance) is an entitlement for families with dependent children aged 18 or younger. It includes four different types of payments (tax credits).

- *Family tax credit* (formerly family support)
- *In-work tax credit* (formerly in-work payment)
- *Minimum family tax credit* (formerly family tax credit)
- *Parental tax credit*

Family tax credit

Family tax credit is a payment for each dependent child aged 18 or younger.

In-work tax credit

In-work tax credit is a payment for families who work a minimum number of hours each week, either as an employee or in self-employment.

Minimum family tax credit

Minimum family tax credit is a payment for families earning up to \$24,493 a year before tax. It ensures that these families have a minimum income of \$395 a week after tax.

Parental tax credit

Parental tax credit is a payment for a newborn baby for the first eight weeks or 56 days after the baby is born.

Who pays these payments

Work and Income generally pays a family tax credit if a person's main income is an income-tested benefit.

Inland Revenue pays Working for Families Tax Credits if a person's main income comes from working, a student allowance, NZ Super or ACC.

A person receiving an income-tested benefit can choose to receive the family tax credit from either Work and Income or Inland Revenue.

The only component which is not defined as income is the "Family Tax Credit".

Please advise the ratepayer that they have to obtain directly from IRD which specific tax credit they are receiving if there's any confusion.

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