

TAX ADMINISTRATION (DIRECT CREDIT OF REFUNDS OF EXCESS FINANCIAL SUPPORT AND STUDENT LOAN PAYMENTS) ORDER 2020

Sections 184A and 184B of the Tax Administration Act 1994

An Order in Council has been made to include refunds for excess payments of financial support and student loan deductions as tax types refundable by direct credit under section 184A of the Tax Administration Act 1994.

The provisions in sections 184A and 184B require tax refunds to be paid via direct credit to a bank account nominated by the taxpayer and were introduced to benefit taxpayers by eliminating time delays associated with the postal system and costs related to cheques.

Tax Administration (Direct Credit of Refunds of Excess Financial Support and Student Loan Payments) Order 2020 mandates the direct credit of refunds for excess payments of financial support and student loan deductions. Financial support means child support and domestic maintenance as defined in the Child Support Act 1991. Student loan deductions are salary or wage deductions as defined in section 4(1) of the Student Loan Scheme Act 2011. Section 184A still allows the Commissioner to provide an exemption when direct crediting would cause undue hardship or is impracticable.

Background

Compulsory direct crediting for income tax and gaming machine duty was implemented when their administration was moved to Inland Revenue's new technology platform (**START**), which modernises and improves information flows, and enables more online self-service and automated processes. The administration of financial support and student loan deductions are to be moved to START in the next phase of Inland Revenue's business transformation project, planned for April 2020.

Whilst the intent was that the Commissioner of Inland Revenue would eventually be required to direct credit all refunds of excess tax paid, the progressive implementation for various tax types through Orders in Council was legislated for to allow Inland Revenue the necessary flexibility to choose the optimal dates to implement direct crediting of refunds for each tax type.

Application date(s)

The Order in Council comes into effect on 9 April 2020.

