




(Dunseath, F., 2022)

NEW ZEALAND (/NEWS/NATIONAL) / ...

# Cost of living payment: What you need to know

6:33 pm on 3 August 2022

 **Finlay Dunseath** (/authors/finlay-dunseath), Digital Journalist  
@FinlayDunseath (<https://twitter.com/@FinlayDunseath>)

The government's cost of living payment has seen eligible New Zealanders receive a welcome bump to their finances this week, but who is eligible and how can people make sure they get their cash?



Photo: RNZ

With inflation recording its largest year-on-year increase in 32 years (<https://www.rnz.co.nz/news/business/471135/cost-of-living-soars-inflation-hits-7-point-3-percent-highest-in-32-years>), many New Zealanders are having to make tough financial decisions to get by with the rising costs of food, petrol and other necessities hitting households in the pocket.

**Announced as part of Budget 2022 (<https://www.rnz.co.nz/news/national/467455/budget-2022-cost-of-living-payment-hands-350-to-lower-income-families>), the government has attempted to respond to the cost-of-living crisis by offering a split payment of \$350 to lower income New Zealanders.**

The temporary payment is estimated to cost \$814 million - funded out of the remaining money in the Covid-19 war-chest which is now being wound up.

While the first of three payment instalments have begun to be transferred into the bank accounts of more than two million people, many have been left wondering if they are eligible and how much money they are receive.

5<sup>th</sup> here to clear it all up.

## Who is eligible for the payment?

The government's cost of living payment is aimed to provide financial support to low-and-middle-income New Zealanders, the criteria makes it available to all New Zealand tax residents aged 18 and older who earned less than \$70,000 before tax between 1 April, 2021 and 31 March, 2022.

To be eligible people must also have had a 2022 tax assessment with eligible income such as salary or wages.

However, people who have not been in paid work during the last financial year can receive the payment if they have income from bank interest, or people who receive Working for Families payments.

The initiative's eligibility criteria exclude people who are eligible for the Winter Energy Payment - at the end of June 2021 there were 903,771 individuals receiving the Winter Energy Payment.

People who are in prison also do not qualify for the payment.

Eligibility for the payment is based on an individual assessment completed by Inland Revenue (IRD) which means people can receive the payment regardless of their spouse's or household's income.

If you are eligible and you don't want to receive the payment you can contact IRD to opt out.

## How much money will eligible people receive?

Eligible residents will receive an overall payment of \$350 split into three monthly instalments of roughly \$116.

The first payment has been made on 1 August 2022 and the second and third payments will be made on 1 September and 1 October, respectively.

The scheme averages out to an additional \$27 per week in the bank accounts of individuals in lower income households.

## How will they receive payment?

Inland Revenue will automatically transfer each payment directly into the bank account of eligible people, the payment will appear as "Living Costs" on your bank statement.

It should arrive in your account on the day of payment or the day after, depending on what time the payment is made and which bank you are with.

## I'm eligible, why haven't I received my payment?

There are a few reasons why eligible people might not have received payment, the first being quite simple - Inland Revenue does not have their bank account details.

Since it announced the payment at the Budget in May the government has consistently claimed more than 2.1 million people would be eligible.

However, in a statement, IRD said it had only confirmed the eligibility of 1.4 million people as of 2 August 2022 and just over 1.3m had received payment - totalling \$152m paid out so far.

The tax department said 137,000 people could be set to miss out (<https://www.rnz.co.nz/news/national/471716/thousands-who-are-eligible-could-miss-out-on-350-govt-payments>) on cost of living bonus payments because it does not have their bank account details.

In many cases, IRD will already hold people's bank details for tax return purposes, however if you have not received payment and you're not sure your details are correct you should update them through MyIR (<https://www.ird.govt.nz/topics/myir-secure-online-services/log-in-to-myir>), their online system, or you can call IRD on 0800 257 777.

IRD said it expected the number of people meeting eligibility criteria to grow closer to 2.1 million as more of this year's income tax assessments are completed and partners of Working for Families recipients have their returns finalised.



Revenue Minister David Parker said Inland Revenue had the details of more than 90 percent of those eligible for the payments. Photo: RNZ / Samuel Rillstone

National Party finance spokesperson Nicola Willis described the situation as an "absolute dog's breakfast" and said she would be writing to the auditor-general calling for an investigation (<https://www.rnz.co.nz/news/political/472078/cost-of-living-payments-minister-retaliates-after-eligibility-mismatches>) into the rollout of the payment.

Revenue Minister David Parker said he was adamant the payment would - eventually - reach about 2.1 million people (<https://www.rnz.co.nz/news/political/472078/cost-of-living-payments-minister-retaliates-after-eligibility-mismatches>).

He said the payments and how they would be distributed were widely publicised since May, so people had time to check if they were set up to receive them.

A team of more than 700 staff was working at IRD working to reach everyone eligible for the payment, and updating their details, Parker said.

In a statement, IRD said it would continue running eligibility checks every day.

Anyone who has not supplied their bank account number by the time the payments were made can still claim them until the end of March next year.

Another reason why you might not have received payment is if your income tax return has not yet been processed by Inland Revenue, a complication mainly affecting people who are self-employed.

People who otherwise meet the criteria are eligible to receive the entire cost-of-living payment if their income tax return is filed by 31 March 2023, the payment will only be made once Inland Revenue has processed an individual's tax return.

### What if I turn 18 while payments are yet to be made?

Inland Revenue reviews individual eligibility status before each monthly payment, meaning residents fitting the other criteria who turn 18-years-old in either August or September 2022 will still be eligible to receive the second and/or third payment.

### Why are some ineligible residents overseas receiving the payment?

Since the first payments began to be processed on 1 July, some New Zealanders and former residents living overseas have reported receiving the first payment, despite not being in the country and therefore not eligible.

The government has backed the way the payment is being rolled out, despite knowing that some people who are ineligible will receive it.

The government has said it is using an automated system that cannot easily tell who lives overseas and who does not and it is unsure how many eligible overseas residents have received the payment (<https://www.rnz.co.nz/news/political/472026/government-in-dark-over-numbers-getting-cost-of-living-payment-overseas>).



Prime Minister Jacinda Ardern. File photo. (file image) Photo: RNZ / Angus Dreaver

Prime Minister Jacinda Ardern admitted to *Morning Report* that some people living overseas would receive the cost of living payment (<https://www.rnz.co.nz/news/national/471969/prime-minister-jacinda-ardern-admits-some-people-overseas-will-receive-the-cost-of-living-payment>).

However, the cost to manually filter out residents living overseas would have outweighed any benefit, she said.

The alternative to having these individuals receive the payment would have been an application-based process which would have taken too long, and it may not have reached those who were most vulnerable, Ardern said.

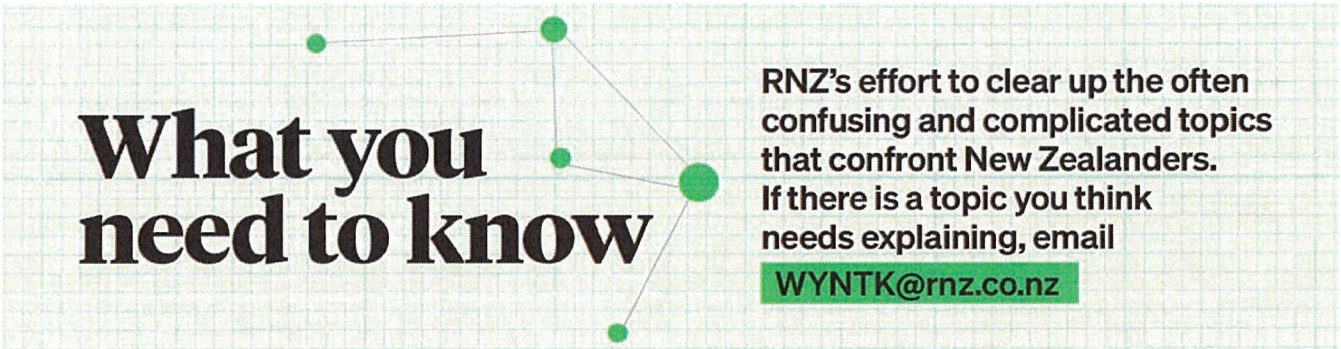
Parker estimated fewer than one in 100 people would receive the payment in error.

Meanwhile, IRD said it was unknown how many people not living in New Zealand had received the payment as the eligibility criteria was based on the information that they had in their systems, which could be outdated.

It said it would only try to recover payments when someone had provided "fraudulent or wilfully misleading information".

IRD said if people believed they had received the money when they were not eligible they could return it

Since the first payment was processed, it has been reported that over a thousand people had opted out of the initiative (<https://www.rnz.co.nz/news/national/472004/cost-of-living-payment-ird-staying-mum-on-overseas-recipient-numbers>).



## What you need to know

**RNZ's effort to clear up the often confusing and complicated topics that confront New Zealanders. If there is a topic you think needs explaining, email**

**[WYNTK@rnz.co.nz](mailto:WYNTK@rnz.co.nz)**