

Child Support

March 2000

When should parents estimate their income?

The amount of child support a paying parent is assessed to pay depends on their income. It can be difficult to assess how much a paying parent will earn by the end of the current year, therefore their payments are based on their taxable income from two years ago.

If a paying parent's current taxable income is expected to reduce by 15% or more from the income used in their annual assessment, they can estimate their income. They cannot estimate their income if a court order or an administrative review determines their child support income, or if their income reduces by less than 15%.

At the end of the income year we work out what a paying parent's child support payments should have been, based on their actual income for the year. If the paying parent is required to file a return of income and does not by the required date, their child support assessment will be worked out using the income that would have been used if they had not made an estimate.

If paying parents do estimate their income, Child Support encourages them to monitor their income throughout the year, and re-estimate if necessary, to avoid under or overpayment of child support.

Reciprocal agreement with Australia

Some of the amendments to the Child Support Act that came into force on 24 July 1999 will help Child Support implement a reciprocal agreement between New Zealand and Australia. Under the agreement the Australian Government will be able to collect ongoing child support payments and arrears from New Zealanders living there and return it to New Zealand.

The agreement will allow each country to use their own established methods for collecting child support. For example, New Zealand could send a request to Australia about a paying parent who owes child support for their children in New Zealand.

Australia would then use their own process to collect and pass the debt to Child Support in New Zealand who would then distribute to the custodial parent – and vice versa.

Parents need to keep us informed

It is important that custodians and paying parents keep Child Support informed of any changes to their personal circumstances because it can affect the amount of child support they pay or receive.

If custodians do not keep us informed, they may not receive their full entitlement or they might receive too much, which means they would have to pay it back.

Custodians should advise us when they:

- change their address and/or telephone number
- have a child who starts living with them or leaves their care
- enter into a shared custody arrangement
- go on or off a benefit
- change their bank account number
- have children who no longer qualify for child support
- start living with the person who is paying their child support

Paying parents should advise us when they:

- change their address and/or telephone number
- have a child who starts living with them or leaves their care
- enter into a shared custody arrangement
- start living with the person who is receiving child support
- go overseas
- have changes to their employment
- go on or off a benefit
- are going to have trouble making a payment on time

Administrative reviews

A child support assessment is based on a formula, which determines how much child support should be paid. In certain circumstances a paying parent or custodian might feel that the child support assessment is unfair, and in these cases they can apply for an administrative review.

An administrative review is a free and easy way of getting a child support formula assessment evaluated to consider individual circumstances. Given their circumstances fit into one of the following, either parent can apply.

Section 105 (2) (a) This section applies where a paying parent's capacity to provide financial support for the child is significantly reduced because of special circumstances as a result of:

Ground 1 their duty to maintain another child or person

Ground 2 their duty to maintain another child or person with special needs

Ground 3 the necessary commitments they have to support themselves

Ground 4 the necessary commitments they have to support another child or person they have a duty to maintain

Section 105 (2) (b) This section applies where, in the special circumstances of the case, the costs of maintaining the child are significantly affected because of:

Ground 5 high costs incurred in enabling the applicant access to the child

Ground 6 special needs of the child

Ground 7 the child being cared for, educated or trained in a way that was expected by either parent

Section 105 (2) (c) This section has application where, as a result of special circumstances, the formula assessment is unjust and unfair because of:

Ground 8 the income, earning capacity, property or other financial resources of either party or the child


Ground 9 previous payments, transfers or property settlements made by the paying parent for the benefit of the child

Ground 10 the custodian's entitlement to the continued occupancy of the property that they have a financial interest in

Administrative reviews are organised by Child Support and are based on the Family Court Departure Order process, and the hearings are carried out by independent review officers experienced in law.

Once the application has been accepted, the other party named is contacted and advised of the reasons for the review. Both parties are given the choice of attending a hearing, taking part via the telephone, or asking the review officer to make a decision on the written information provided. The hearing is an informal process and is free of charge.

For more details, see our pamphlet *Child Support administrative reviews – a general guide* (IR 175).



In March 2000, paying parents who get their child support deducted from their wages or benefit, and whose liability is changing, will receive a new deduction notice.

The notices advise what will be deducted from each pay from 1 April 2000.

If a paying parent disagrees with their deduction notice they should contact Child Support to discuss, otherwise their employer will deduct the amount advised on their notice from 1 April 2000.