

You can reduce your payments by estimating your income for child support.

When can I estimate my income?

You can estimate your income if you expect to earn at least 15% less than the income we've used to work out your child support (or your taxable income, if we've used the maximum income amount).

For example, if we've worked out your child support on \$30,000, your estimate of income needs to be no more than \$25,500.

When can't I estimate my income?

You can't estimate if:

- your child support income has been set by either court order or child support administrative review, or
- you've estimated your income for a previous child support year, and:
 - you were required to file a tax return for that year, and
 - you have not filed the return, and
 - the due date for filing the return has passed.
- the month in which your liability ends has already finished eg, if your liability ended on 15 June your estimation cannot be accepted after 30 June.

How do I estimate?

You can write to us or complete the *Estimate of income for child support assessment (IR 104)* form.

We need to receive this before the end of the child support year which it applies to.

You need to include:

- your estimate of how much you expect to earn for the whole child support year (1 April to 31 March)
- evidence to support your estimation—for example, payslips or, if you're self-employed, a letter from your accountant.

What happens next?

We will send you:

- a notice of assessment advising you what your new payments are, and
- a statement of account advising you when your next payment is due.

If you're paying your child support straight from your wages, salary or benefit, we will also advise your employer or Work and Income how much to deduct.



What if my income changes?

If your income changes but still meets the 15% threshold, you can make a new estimation:

- any time if your income has changed by at least \$500, or
- at least three months after your previous estimate, if your income has changed by less than \$500.

You will need to write to us or complete another *Estimate of income for child support assessment (IR 104)* form.

It is important that you keep track of your income over the year so that your estimation is as accurate as possible.

What if my income changes and no longer meets the 15% criteria?

If your income changes so that it no longer meets the 15% criteria, you need to cancel your estimate.

You need to complete a *Cancellation of child support income estimation (IR 111)* form and send it to us. We will then work out your child support as if you had never estimated.

Example

Your original assessment income was \$30,000 and you estimated at \$25,000. You then realise that your income for the whole year will be \$28,000. You need to cancel your estimate because you no longer meet the 15% criteria. We will then reassess you on your original income of \$30,000.

What happens at the end of the year?

After the end of the child support year, we compare what you actually earned with what you estimated you would earn (unless you have cancelled your estimation), and reassess you. This process is called the "square-up".

Your square-up assessment will be sent to you after the end of the child support year:

- in July:
 - if you have either called to confirm your personal tax summary, or
 - if no personal tax summary was issued to you and you were not required to file a tax return
- after you have filed your tax return for the year
- in February, using income information from your employer or Work and Income if a personal tax summary was issued to you but you have not confirmed it.

Note

We can't assess you on an income greater than we would have used if you had not estimated—so if your original child support income was \$30,000 but you actually earned \$32,000, we would square you up as if you had earned \$30,000.

What happens if I've paid too much child support?

If you've paid too much we will use the credit to reduce your future child support. However, in some cases you can ask for the credit to be refunded.

What happens if I haven't paid enough child support?

If you've underpaid your child support, you'll be given 30 days to pay the balance. In some cases, we will charge you an underestimation penalty. We charge a 10% penalty if your child support based on your estimate is less than 80% of your child support based on your actual income.

Example

You had to pay \$3,600 based on your estimate but your actual income means you should have paid \$6,000. We will charge a penalty because \$3,600 is less than 80% of \$6,000.

The 10% penalty is charged on the difference between the estimated and actual amounts—so your penalty would be $\$6,000 - \$3,600 = \$2,400 \times 10\% = \240 .

For more help

To talk to us please phone **0800 221 221** between 8am and 6pm Monday to Friday.

For further copies of this factsheet or any of our forms:

- visit our website www.ird.govt.nz/childsupport/
- phone INFOexpress on **0800 257 773** any day between 6am and 12 midnight. Make sure you have your IRD number and the number or name of the factsheet or form handy.