

## Child support - estimating your income

If you're a parent and you believe your income will be lower than the amount used for your child support assessment, you may be able to estimate your income. If we accept your estimate, we'll reassess your child support.

You can make an estimate for the whole child support year or at any time during the child support year (we call this an election period).

If you estimate for the whole child support year, the election period you're estimating for is from 1 April to 31 March, which is 365 days.

### Example

You make an estimate in August. The election period you're estimating for is from 1 August to 31 March, which is 243 days.

### When you can estimate your income

You can estimate your income for child support if:

- your year-to-date income, plus estimated taxable income, has reduced by 15% or more from the original adjusted taxable income we used in your child support assessment, and
- you've estimated during the child support year, and your "annualised estimated taxable income" is less than the original adjusted taxable income used in your assessment.

### Annualised estimated taxable income

Take the taxable income you expect to earn during the election period and convert it to an equivalent annual figure, (the income you would have received if the election period had been for 12 months), as follows:

a divided by b multiplied by 365 ( $a/b \times 365$ ) = annualised estimated taxable income

**a** = estimated taxable income for the election period

**b** = number of days in the election period

**365** = number of days in a year

**Note:** If you live overseas or earn overseas income, you'll need to make your estimate in the currency (or currencies) you've earned or expect to earn your income in. If you live in a country where you don't have to pay tax on your income, include that income in your estimate.



### Example

We've worked out your child support on an original adjusted taxable income of \$30,000. You estimate in June. You tell us that your year-to-date earnings for the period 1 April to 31 May are \$10,000 and you estimate you'll earn \$10,000 from 1 June to 31 March (days in the election period = 304).

Your total income is \$20,000, which is more than 15% below your original adjusted taxable income.

We annualise your estimated taxable income using the formula.

$$\$10,000/304 \times 365 = \$12,006.58$$

As the annualised estimated taxable income of \$12,006.58 is less than the original adjusted taxable income of \$30,000, your income has reduced enough for you to make an estimate.

If you make an estimate before or during April of the child support year, your income doesn't need to be annualised because your estimate is for 12 months.

If we accept your estimate of income we won't:

- use it to assess child support for any children where liability has been set by a departure order or administrative review, or
- apply it to any voluntary agreement or court-ordered child support or domestic maintenance.

## When we can't accept an estimate

We can't accept your estimate of income for child support if:

- you've estimated your income for a previous child support year and you were required to file a tax return for that year, but didn't and the due date for filing has passed
- the month your child support ends has passed, eg, you can't estimate your income after 30 June if your child support ended on 15 June
- the child support year you want to estimate for has ended
- your adjusted taxable income, child support income or annual amount of child support payable has been set by an income amount order
- a receiving order has been made for your child support arrears.

## How to estimate your income

You can estimate your income by calling us on 0800 221 221, through your myIR Secure Online Services account at [www.ird.govt.nz](http://www.ird.govt.nz) or by completing an *Estimate of income for child support assessment (IR104)* form.

You can download a copy from [www.ird.govt.nz](http://www.ird.govt.nz) "Forms and guides" or call 0800 257 773 and we'll send you a copy.

### The information we need from you

If you're estimating before the start of, or during, April of the child support year (ie, the election period is for 365 days), you need to tell us what you expect to earn for the period 1 April to 31 March.

If you're estimating any time from 1 May to 31 March of the child support year (ie, the election period is for less than 365 days), you'll need to tell us:

- your year-to-date income. This is any actual income you've earned from 1 April to the end of the month before the month you're completing your estimate in, and
- how much you expect to earn in the election period, which is from the start of the month you made the estimate in, until the end of the child support year (31 March).

We may ask you for evidence to support your estimate, eg, payslips or, if you're self-employed, a letter from your accountant or tax agent.

## After you've made an estimate

If we accept your estimate, we'll reassess your child support for the period you have estimated (the election period), using your annualised estimated taxable income.

The reassessment will apply from:

- the 1st day of the month in which the election period begins, or
- 1 April, if the estimate will apply to the whole child support year.

We'll send you and any other parent/carer a notice showing the amended child support assessment.

**Note:** All estimates end on 31 March, unless you cancel it earlier. If the formula assessment ends, the estimate ends on the same date.

## If your income changes

If your income changes but still meets the requirements for estimating, you can make a new estimate if:

- you haven't elected to estimate within the last three months, or
- at any time your annualised estimated income will change by more than \$500.

If we accept your new estimate of income, we'll reassess your child support from the first day of the month of the new election period.

### Example

Your child support assessment originally used an original adjusted taxable income of \$95,000. In October, you estimated your income at \$53,145. In December, you get a pay rise. You tell us your year-to-date earnings from 1 April to 30 November are \$43,000 and you estimate you'll earn \$20,000 from 1 December to 31 March (days in the election period = 121).

The total income is \$63,000, which is still more than 15% below your original adjusted taxable income.

We annualise your estimated income as follows:

$$\$20,000/121 \times 365 = \$60,330.58$$

The annualised estimated taxable income of \$60,330.58 is less than the original adjusted taxable income. Your income has reduced enough for you to re-estimate.

## Change or cancel your estimate

If your income changes and no longer meets the requirements for estimating, you need to cancel your estimate. We'll then work out your child support as if you hadn't estimated. You may have extra child support to pay as a result.

You can change or cancel your estimate:

- by calling us on 0800 221 221 from New Zealand, 1800 504 042 from Australia, or +64 9 984 2537 from the rest of the world
- through your myIR Secure Online Services account at [www.ird.govt.nz](http://www.ird.govt.nz) or
- by completing:
  - a new *Estimate of income for child support assessment (IR104)* form to change your estimate, or
  - a *Cancellation of child support income estimation (IR111)* form to cancel your estimate.

You can download these forms from our website [www.ird.govt.nz](http://www.ird.govt.nz) "Forms and guides" or order copies by calling 0800 257 773.

## End of year square-up

After the end of the child support year, we compare what you actually earned with your estimate (unless you've cancelled it), and reassess you for the period your estimate was in place (the election period). This process is called the "square-up".

We'll use any year-to-date income you gave us in your estimate and subtract it from your actual taxable income for the full year to work out the income earned in the election period.

We use the lesser of the following income in your square-up assessment:

- your actual income earned in the election period, which has been annualised, or
- the amount originally used to assess you.

We won't reassess you on an income higher than the one we used for your original assessment.

We'll send you a square-up assessment after the end of the child support year, after you've confirmed your actual income. If your estimate did not include any overseas income you can confirm your income by:

- filing your tax return, or
- confirming your personal tax summary (PTS).

If your estimate includes overseas income, you'll be required to provide evidence of your income for the New Zealand financial year (1 April to 31 March) in the currency you earned it. We then convert your overseas income into New Zealand dollars.

You'll need to provide one or more of the following:

- payslips
- tax returns
- letters from employers or your accountant
- a signed declaration of your overseas income.

**Note:** If both parents have estimated, the square-up will only be done when both parents income details are finalised.

## If you've estimated your income incorrectly

### Liable parent

If you've underpaid your child support, you'll have 30 days to pay the balance. If you've paid too much, we'll put the credit towards your future child support.

### Receiving carer (parent only)

If you haven't received enough child support, we'll pay you the balance when we receive it from the liable parent. If you've received too much, we may need to collect it back from you. We'll contact you if this happens.

#### Example

Your year-to-date income plus estimated income was \$63,000, but you actually earned \$95,000.

The annual amount of child support payable for the election period using your estimated income was \$11,430. The annual amount of child support payable for the election period using your actual income is \$12,900.

$\$12,900 - \$11,430 = \$1,470.$

This is the difference in the annual amount of child support payable in the election period.

## How to contact us

### By email

Send a secure email through myIR Secure Online Services at any time. You'll need to register first at [www.ird.govt.nz](http://www.ird.govt.nz)

### By phone

From New Zealand	0800 221 221 (8am to 5pm weekdays)
From Australia	1800 504 042 (8am to 5pm New Zealand standard time weekdays)
From other countries	+64 9 984 2537 (8am to 5pm New Zealand standard time weekdays)

### By fax

From overseas only	+64 7 959 7602
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- **Log in or register for myIR** to manage your tax and entitlements online.
- **Demonstrations** – learn about our services by watching short videos.
- **Get it done online** – complete forms and returns, make payments, give us feedback.
- **Work it out** – use our calculators, worksheets and tools, for example, to check your tax code, find filing and payment dates, calculate your student loan repayment.
- **Forms and guides** – download our guides and forms.

You can also subscribe to our newsletters at [www.ird.govt.nz/subscribe](http://www.ird.govt.nz/subscribe) and follow us on Twitter @NZInlandRevenue.

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