

Child support - estimating your income

If 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.

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 income we used in your child support assessment, and
- you've estimated during the child support year, and your "annualised income" is less than the income used in your assessment.

If your estimate is accepted, we will reassess your child support and send you a letter telling you the new amount you need to pay or what you are entitled to receive.

At the end of the child support year we will compare your estimated income to your actual income and reassess your child support to make sure you paid or received the right amount.

When your estimated income applies

If you estimate before or during April your estimated income will apply to the whole child support year (1 April – 31 March).

If you estimate anytime from May, your estimated income will apply from the start of the month in which you estimate until 31 March.

Example

You make an estimate in August. Your estimated income will apply from 1 August – 31 March.

The information we need from you

If you're estimating before the start of, or during, April of the child support year, you need to tell us the income you expect to receive from 1 April to 31 March.

If you're estimating any time from 1 May to 31 March of the child support year, you'll need to tell us:

- your year-to-date income. This is the total income you've received so far 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 from the start of the month you are estimating in, until the end of the child support year (31 March).

Example

You make an estimate on 17 August. You need to tell us:

- your year-to-date income for 1 April to 31 July, and
- how much income you expect to receive from 1 August – 31 March.

Income you need to tell us about

You need to tell us about all the taxable income you will receive in the child support year unless it is income from a superannuation fund, for example KiwiSaver.

Tax losses from a previous year cannot be included to reduce your estimated income. These losses are not considered for child support purposes.

We may ask for evidence to support your estimate, for example, payslips or a letter from your accountant or tax agent.

Note: If you live overseas or earn overseas income, you need to make your estimate in the currency you've earned or expect to earn your income in. We will convert your income into New Zealand dollars. If you live in a country where you do not have to pay tax on your income, include that income in your estimate.

Estimating for the full child support year

If you estimate before or during April of the child support year you need to estimate the income you expect to receive for 1 April to 31 March. We can use your estimated income provided it is at least 15% less than the income we used to work out your child support.

Example

We worked out your child support on \$40,500. You estimate in April that you will receive \$33,000 for 1 April to 31 March. Your estimated income for the year is more than 15% lower than the income we used for your child support. We work out your child support based on \$33,000.

Estimating during the child support year

If you estimate during the year you need to tell us your year-to-date income and what you expect to receive until 31 March. We take the income you expect to receive and convert it to an equivalent annual figure. That is; we work out the amount you would receive if the income was for 12 months (or 365 days). This is your "annualised estimated income" and we use this for your child support.

Example

You estimate on 17 August that you will receive \$35,000 from 1 August to 31 March (a 243-day period). We convert this into an "annualised estimated income" by working out the amount you will receive each day then multiplying that by 365:

$$(\$35,000 \div 243) \times 365 = \$52,572.$$

Your child support from 1 August will be based on \$52,572.

If you estimate during the year your estimate can be accepted when:

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

Example

We worked out your child support on \$65,000. You estimate in December. You tell us your year-to-date income for 1 April to 30 November is \$33,000, and you estimate you'll receive \$19,000 for 1 December to 31 March (a 121-day period).

Your year-to-date plus estimated income of \$52,000 is more than 15% below the income we assessed you on.

Your annualised estimated income is:

$$(\$19,000 \div 121) \times 365 = \$57,314.$$

Your annualised estimated income is less than the income we assessed you on of \$65,000. We can accept your estimate. Your child support will be based on \$57,314 from 1 December.

When we will not accept an estimate

We cannot accept your estimate of income for child support if:

- your year-to-date plus estimated income for the year hasn't reduced by at least 15%
- your annualised estimated income is more than the income we used to work out your child support
- you've estimated your income for a previous child support year and you were required to file a tax return for that year, but did not and the due date for filing has passed
- the month your child support ends has passed, for example, you cannot 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 income, child support income or annual amount of child support payable has been set as a result of an administrative review or court ordered departure.
- a receiving order has been made for your child support arrears.

How to estimate your income

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

You can download a copy from ird.govt.nz/forms-guides

If your income changes

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

- you have not elected to estimate within the last three months, or
- 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 in which we received your estimate.

Example

Your child support assessment originally used an 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 (121 days).

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

Your annualised income is:

$$(\$20,000 \div 121) \times 365 = \$60,330.58$$

The annualised estimated income of \$60,330.58 is less than the original income of \$95,000. Your income is still 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 had not estimated.

You can change or cancel your estimate:

- through your myIR Secure Online Services account at ird.govt.nz/myIR or
- 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 or
- by completing:
 - a new **Estimate of income for child support assessment - IR104** form to change your estimate, or
 - **Cancellation of child support income estimation - IR111** form to cancel your estimate.

You can download these forms from our website ird.govt.nz/forms-guides

End of year square-up

After the end of the child support year, we compare the income you actually received with your estimated income and reassess you for the period your estimate was in place. 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 income for the full year to work out the income you received in the period your estimate applied.

Example

You estimate in July. You tell us your year-to-date income is \$9,000 and you estimate your income for 1 July to 31 March will be \$22,000. At the end of the year your actual income was \$33,000. The income you received over the period your estimate applied was:

$$\$33,000 - \$9,000 = \$24,000.$$

We will take \$24,000 and annualise it when working out the income to square you up on.

What income is used in your square up

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

- your actual income earned in the period your estimate applied, which has been annualised, or
- the amount originally used to work out your child support.

We will not square up your child support using 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, once your actual income for the tax year has been confirmed.

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

You may 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.

If you've estimated your income incorrectly

Liable parent

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

Receiving carer (parent only)

If you have not 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.

How to contact us

By email

Send a message through myIR Secure Online Services at any time. You'll need to register first at ird.govt.nz/myIR

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



ird.govt.nz

Go to our website for information and to use our services and tools.

- **Log in or register for myIR** - manage your tax and entitlements online.
- **Calculators and tools** - 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 forms and guides.

You can also subscribe to our newsletters at ird.govt.nz/subscribe and follow us on Twitter @NZInlandRevenue.

www.govt.nz New Zealand Government