

Estimating current income

[1991/48](#) Schedule 1, 10 (2) of the Child Support Act 1991

[2012/2677](#) Regulation 42 of the Child Support (Maintenance Calculation) Regulations 2012

[2013/1517](#) Regulation 8 (3) Child Support (Miscellaneous Amendments) 2013

[1991/2628](#) Child Support (Northern Ireland) Order 1991, Para 10(2), Schedule 1

[2012/247](#) Regulation 41 Child Support Maintenance Calculation Regulations (Northern Ireland) 2012

The Child Support Act 1991 allows Regulations to be made which give CMG broad powers to estimate income where the available information is unreliable, insufficient or 'atypical' (i.e. does not reflect the non-resident parent's normal circumstances).

This may apply when the amount of historic income is nil or is not available and current income is being considered where:

- The Child Maintenance Service is seeking to obtain Current Income information because **no income information regarding the non-resident parent has been submitted to HMRC within the last six years**. This could be at the initial calculation stage or when a non-resident parent has ceased claiming benefit.
- Non-resident parent is newly self-employed and has failed to provide an estimate or projection of their annual profits for the current tax year.
- A non-resident parent is believed to be PAYE employed and we have been unable to contact an employer.
- The parent with care has demonstrated reasonable grounds for a request for current income and the non-resident parent has not supplied the evidence.

This guidance does not apply if a self employed non-resident parent has only recently started their business and has estimated or projected their annual profits. In this situation, the estimated figure given by the non-resident parent is treated as evidence of actual self-employment income. Refer to the section on Evidence of [current income](#) newly self-employed non-resident parent, profits not yet reported to HMRC

The purpose of estimating is to make a full Maintenance Calculation based on information that may not precisely reflect the non-resident parent's current circumstances, but that provides a reasonable approximation.

There is a right of appeal against a Maintenance Calculation based on an estimated income amount. Non-resident parents who want to challenge or appeal in these

circumstances should be encouraged to supply evidence allowing their Current Income to be calculated under Mandatory Reconsideration.

NOTE: if a Maintenance Calculation is based on estimated income and a non-resident parent or a third party provides evidence confirming their actual income, the Tolerance Rule will not apply. This is because an assessment based on evidence of actual income is always preferable to an estimate. Non-resident parents will therefore not be required to show that their actual income is at least 25% different to their estimated income for a supersession to be agreed. The effective date of the change will be the date that the actual income is reported to the Child Maintenance Service. Regulation 23(3)(c) of the Child Support Maintenance Calculation Regulations 2012

How to estimate income

An estimate of a non-resident parent's income can be based on either internal or external sources. The best source for estimating income will depend on the circumstances of the case, but generally, information that is more recent / specific to the client is likely to provide a better estimate than older or more general information.

Estimated income: internal sources

If we hold income information for the non-resident parent for any period during the last six years, then we can use these details to estimate the non-resident parent's Current Income.

The only time we would not use this type of information is if we have other information / evidence showing that the non-resident parent has changed their occupation since the details held were obtained.

Example:

On 9 January 2014 the non-resident parent provides current income of £10,000 following HMRC returning no income. The initial maintenance calculation is completed based on that current income figure. The non-resident parent leaves that employment in January 2015 and becomes unemployed with nil income. In March 2015 he claims benefit resulting in a flat rate liability of £7. The benefit claim ends on 16 May 2016, no historic income figure is held from HMRC and the non-resident parent fails to respond to requests for current income. As a current income figure is held from January 2014 of £10,000, and we are not aware of any change in occupation, that figure can be used to estimate current income and make a full maintenance calculation.

If an income figure is identified by the Financial Investigations Unit (FIU) following an investigation into the non-resident parent's current income then that figure can be considered as an estimate of current income.

Example:

A nil liability is in place due to the non-resident parent having no income. The parent with care reports that the non-resident parent is working on a self employed basis and provides reasonable grounds that the income has changed by 25%. The non-resident parent fails to provide evidence to confirm the change and no previous historic income is held. The case is referred to FIU who conclude that the non-resident parent is working on a self employed basis and receiving a regular income of £1000 a month. The information is insufficient to complete a normal current income calculation for a self employed client. The income is used to estimate current income and make a full maintenance calculation.

NOTE:

- You must NOT offset occupational or personal pension scheme contributions against an estimated income figure.
- An Additional income variation may be allowed where a Maintenance Calculation is based on an estimated income figure. However, a non-resident parent will not be allowed to apply for a Special Expenses variation. This is if an estimated income figure is in place, the non-resident parent has been non-compliant. Regulation 57(1)(f)(iv) of the Child Support Maintenance Calculations Regulations 2012

Estimated income: external sources

If we do not hold any income information for the non-resident parent, or it is inappropriate to use it because they have changed their occupation, you can consider an estimate of income based on external sources where we are satisfied that the non-resident parent is engaged in a particular occupation.

Where an occupation is known you can obtain income for that occupation via the Estimation of Earnings Tool, via the following link:

http://intranlink/1/csa/operational-resources/calculatointools/index.asp#P25_721

Where there are multiple potential matches to the occupation you should select the one that most accurately reflects the non-resident parent's occupation taking into account any estimated salary provided. You should document your decision to use that particular match and reference any supporting evidence.

Example:

A parent with care reports that the non-resident parent is working as a Scaffolder in London but has no further information on that employment. They do advise that the non-resident parent's previous occupations had gross annual earnings of approximately £35,000 a year. The EET returns two matches for Scaffolder. Scaffolder with earnings of £36,663 a year and Scaffolders mate with earnings of

£23,368 a year. The caseworker documents that they have selected Scaffolder based on the information provided by the parent with care regarding the occupation and approximate earnings.

The tool cannot be used where we do not know a particular occupation, e.g. where the only information we have is that the non-resident parent works for 'a building firm' or works for a supermarket. If this is the only information we have we cannot determine what occupation the non-resident parent has within that building firm or potential company. Further enquiries would need to be made to establish additional information. If this cannot be obtained then a DMD may be required,

Example:

At the initial calculation stage no historic income is returned by HMRC. During the initial gather call the non-resident parent advises that they are a car mechanic but refuse to provide any current income or employer details. The parent with care is unable to provide further information. As an occupation has been identified the Estimation of Earnings Tool can be used to identify an income for that occupation. This is used to estimate current income and make a full maintenance calculation.

Example:

At the initial calculation stage no historic income is returned by HMRC. The non-resident parent does not respond to requests for current income. The parent with care advises that the non-resident parent works for a supermarket but does not know which, or in what capacity and has no other information. The non-resident parents occupation could be one of many within that supermarket e.g. Delivery Driver, Accountant, Sales Assistant, Manager. As the information provided is too vague we cannot be satisfied what their occupation is. Therefore the estimation of earnings tool cannot be used to calculate an estimation of current income.

REMEMBER: You should NOT deduct pension contributions from an estimated income amount. You should tell the non-resident parent that they can only be deducted from actual current income. They should therefore provide the current income evidence CMG requested previously.