

[Decision Making Guidance : Contents](#)

- [Historic Income: Decision Making Guidance](#)
 - [Private Pension Contributions: Decision Making Guidance](#)
 - [Occupational Pension Contributions: Decision Making Guidance](#)
-

[Historic Income: Decision Making Guidance](#)

[2012/2677](#) *Regulations 4, 35 and 36 of the Child Support Maintenance Calculation Regulations 2012*

[2012/427](#) *Regulations 3, 34 and 35 of the Child Support Maintenance Calculation Regulations (Northern Ireland) 2012*

Historic income and pension contributions

Any contributions made by a non-resident parent to an occupational or personal pension scheme should be excluded from the historic income figure before it is used in the maintenance calculation. (If they are contributing to both a private and an occupational scheme, the amounts will be combined and the total figure will be deducted).

NOTE: there is no limit on the amount of pension contributions that can be deducted from income in the main calculation. If a parent with care thinks the amount allowed is excessive, they can apply for a Variation on [Diversion of Income](#) grounds.

In most cases, where the non-resident parent makes payments to an employee pension scheme, this adjustment will already have been made when the historic income figure is provided. Where this applies, no further adjustment should be made to the historic income figure for these contributions.

However, this is unlikely to be the case where the non-resident parent is making payments to a private pension scheme. In these circumstances, payments will normally be made directly by the non-resident parent to the pension provider.

If a non-resident parent states they have made pension contributions that have not been deducted from the historic income figure, you should first check that the contributions they want to be taken into account were made during the same tax year as the historic income figure that is being used for the Maintenance Calculation. If not, you should explain to the non-resident parent that we can only take into account pension contributions made for the same tax-year.

If the contributions do relate to the same tax-year you should ask them whether their contributions were made to a private or an occupational pension scheme. The following sections provide further details.

Current Income

[2012/2677](#) *Regulations 34 (2) of the Child Support Maintenance Calculation Regulations 2012*

[2012/427](#) *Regulations 33 (2) of the Child Support Maintenance Calculation Regulations (Northern Ireland) 2012*

Note - current income from employment can be considered where:

- CMG initiates consideration of current income because HMRC are unable to provide Historic Income details
- the non resident parent or parent with care requests Current Income to be considered after the maintenance calculation has been completed, if they believe the non-resident parent's income is at least 25% different to the figure used in the maintenance calculation
- the non-resident parent advises that their Current Income is at least 25% different to the historic income figure provided in their provisional calculation
- where HMRC return provides a £0.00 income figure. If a £0.00 income figure is received, call the non-resident parent to ask for more recent current income. If they don't, use the £0.00 figure as the basis of a maintenance calculation

Please refer to the Policy, Law and Decision Making Guidance Current income (employed) or Current income (self employed) for further guidance.

[Return to Contents](#)

[Private Pension Contributions: Decision Making Guidance](#)

[2012/2677](#) *Regulations 35 and 36 of the Child Support Maintenance Calculation Regulations 2012*

[2012/427](#) *Regulations 34 and 35 of the Child Support Maintenance Calculation Regulations (Northern Ireland) 2012*

The non-resident parent should be asked to provide evidence of their contributions for the relevant tax year.

Private pension contributions: evidence

The preferred evidence for these purposes will be a copy of the annual statement that pension providers are legally obliged to provide for each tax year. The CMG does not have any legal authority to obtain this information directly from the pension

provider and the onus will therefore be on the non-resident parent to obtain a duplicate copy of the statement if they no longer have one.

Copies of bank statements showing the payments made over an annual period can be accepted in exceptional circumstances: e.g. where the non-resident parent has confirmed they no longer have a copy of the annual statement and their pension provider is unable to provide a duplicate.

Private pensions: deductions

If the non-resident parent makes private pension contributions, the relevant amount will need to be deducted from the historic income figure provided by HMRC. The non-resident parent's gross weekly income will then be calculated on the basis of the adjusted annual amount.

The amount that should be deducted for pension contributions will be the 'gross' amount. This means the amount of the contributions, plus the income tax relief due on them. These amounts will normally be shown separately on the pension provider's annual statement.

If the statement shows a single amount, you should assume that this is the gross amount. If a non-resident parent disputes this, they must provide confirmation from their pension provider that this is the case.

NRP reports private pension contributions post maintenance calculation

Where private pension contributions are reported after the maintenance calculation has been completed;

- and these were made for the same tax year as the historic income tax year
- and not included in the historic income figure

the calculation will be revised using the adjusted historic income figure. No time limit will apply and Mandatory Reconsideration will not be required. Please refer to the Policy, Law and Decision Making Guidance Revisions for further guidance

Evidence of pension contributions taken from bank statements

Where evidence of pension payments is taken from bank statements, rather than an annual pension statement, the following rules should be applied to calculate the gross amount.

NOTE: You will need to ask the non-resident parent if they were a basic or higher rate taxpayer, as this will affect the evidence you will require.

NRP was a basic rate taxpayer during the relevant tax year

The gross amount of their pension contributions will be:

- £ amount of contributions x 100 / 80 (this reflects the current basic income tax rate of 20%)

NRP was a higher / additional tax payer

Tax relief is only given by the pension provider at the basic rate of income tax. The remainder must be claimed by the taxpayer from HMRC.

The gross amount of the pension contributions that should be deducted from the non-resident parent's income will be the total of:

- £ amount of contributions x 100 / 80 (this reflects the current basic income tax rate of 20%), and
- £ amount of additional tax relief allowed by HMRC

Higher / additional rate tax payers who want pension contributions to be deducted from their income must submit the normal evidence required PLUS a copy of the HMRC calculation notice, which will provide the amount of additional tax relief allowed.

If the non-resident parent fails to provide this evidence, you should only allow tax relief at the basic rate.

Example: NRP was a higher rate / additional tax payer

Non-resident parent is required to support one qualifying child. HMRC confirm an income figure of £60,000 for the tax year 2010 – 2011. The non-resident parent claims he paid £3000 to his personal pension scheme during that tax year. He submits an annual statement from his pension provider, confirming they received £3000 in payments from him and that they have added £750 in income tax relief at the basic rate of 20%. The non-resident parent also submits a tax calculation notice from HMRC, which shows additional relief of £750 for the balance of tax relief at the higher income tax rate (i.e. 40% higher income tax rate less 20% basic income tax rate already covered by the pension provider).

The total amount to be deducted for pension contributions from the non-resident parent's will therefore be: £3000 (amount of contributions) + £750 (basic rate income tax relief) + £750 (balance of higher rate income tax relief) = £4500.

The income figure to be used in the Maintenance Calculation will therefore be £60,000 - £4500 = £55,500.

This figure will be converted into a weekly amount of: £55,500 x 7 / 365 = £1064.38.

ROUNDING RULE: when you are calculating the above amounts:

[2012/2677](#) Regulation 6 of the Child Support Maintenance Calculation Regulations 2012

- amounts that are 0.5 of a penny or more are rounded up;
- amounts that are less than 0.5 of a penny are rounded down

Example:

£1.126 will be £1.13.

£1.124 will be £1.12

[Occupational Pension Contributions: Decision Making Guidance](#)

[2012/2677](#) *Regulations 35 and 36 of the Child Support Maintenance Calculation Regulations 2012*

[2012/427](#) *Regulations 34 and 35 of the Child Support Maintenance Calculation Regulations (Northern Ireland) 2012*

You should explain to the non-resident parent that their employer will normally have already made an adjustment for these contributions before submitting details of their gross taxable pay to HMRC. So the CMG will already be using a reduced income figure to calculate their child maintenance.

If a non-resident parent states this has not happened, the onus is on them to provide evidence confirming this.

Evidence that pension payments were made will not be sufficient for these purposes. The non-resident parent will also need to provide confirmation from their employer that no adjustment has been made to their taxable earnings for these amounts.

Example

The non-resident parent's annual gross pay is £29,000. During the year they pay £2000 into their employer's pension scheme.

At the end of the tax year, the employer advises HMRC that the non-resident parent's gross taxable pay is £29,000 - £2,000 = £27,000.

This is the figure that will be passed on to the CMG.

Sufficient evidence

The non-resident parent should ask for written confirmation from their employer / former employer and should be advised that we cannot make a deduction for pension contributions without this. You will need:

- the amount of the contributions made during the tax year, and

- confirmation no adjustment was made for this amount against the taxable income information provided by the employer in their end of year return to HMRC, and
- the reason why this was not done

In exceptional circumstances the non-resident parent may be unable to obtain this information from their employer. For example: the company is no longer trading and the pension scheme has been wound up. In these circumstances, the non-resident parent will need to provide the above details and you will need to decide, on the balance of probabilities, whether their evidence can be accepted.

[Return to Contents](#)

PLDMG @ 09.03.2017