

Senate Finance and Public Administration Standing Committee

SUPPLEMENTARY BUDGET ESTIMATES – 20 October 2009 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Child Support Program – Income Determinations

Question reference number: HS17 (a-d)

Senator: Scullion

Type of question: *Written*

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Number of pages: 2

Question:

- a) How does the CSA arrive at assumed earnings for self employed parents?
- b) What avenue of appeal is available to someone who has had their assumed earnings set at a rate above that as reported and assessed by the Tax office?
- c) Can an individual who is a wage and salary earner have their CSA assessed income set at a level higher than that of their group certificate or pay slips from their employer?
- d) If so on what basis is the assessment made?

Answer:

- a) Assumed earnings refers to earnings that are set by the CSP that are different to those notified by the parent to the Australian Taxation office in their tax return. The process for setting assumed earning for self employed parents is through a financial investigation process conducted by the CSP and then referral to a Senior Case Officer who makes a decision on whether or not the child support assessment should be varied. This usually occurs when there is a reason to consider there may be additional income available for child support purposes.
- b) A parent who does not agree with a decision made to vary their taxable income can lodge an objection against the decision. An objection must be lodged in writing, stating reasons why the decision is incorrect, within 28 days from the date the CSP's letter advising the decision.

If a parent disagrees with the objection decision they can lodge an appeal with the Social Security Appeals Tribunal (SSAT). If they do not agree with the SSAT decision, they can appeal to a court but only on a question of law.

- c) Yes.

d) When calculating the child support assessment a broad range of income sources are taken into account to arrive at a parent's adjusted taxable income. Adjusted taxable income comprises the following amounts:

- taxable income;
- reportable fringe benefits total;
- target foreign income;
- the parent's net financial investment losses;
- some tax free pensions or benefits; and
- the parent's reportable superannuation contributions.

In addition, either parent can apply for a change of assessment if, in the special circumstances of the case, the assessment of child support results in what they consider to be an unjust and inequitable level of financial support by the paying parent for the child because of either parent's:

- income, property or financial resources; or
- earning capacity.

The CSP can also initiate a change of assessment for this reason where circumstances warrant.