



Australian Government

Department of Families,
Housing, Community Services
and Indigenous Affairs

Child Support Scheme Reforms

Fact sheet Fifteen: Extra income earned after separation

After separation, parents may have extra costs to re-establish themselves. This applies to both resident and non-resident parents. Depending on the circumstances, one or both of the parents may need to find a new house to live in, or buy furniture, a car or other items to support the children during care. As a result of these extra costs, a parent may take on overtime or a second job.

To help parents manage the additional financial pressures during the first few years after separation, the new Scheme allows parents to apply to have extra income earned after separation excluded from their child support assessment. The process for having this extra income excluded is easier than the previous process where parents had to apply formally for a change to their assessment.

The extra income can be excluded from the child support assessment if it was not being earned prior to separation. There are two limits:

- Extra income can only be excluded for up to three years after separation. This recognises that a parent's costs to re-establish themselves diminish over time.
- Excluded income can be no more than 30 per cent of the parent's total adjusted taxable income. This ensures that children receive an adequate amount of child support. The 30 per cent limit is consistent with the limit on how much income parents could previously exclude from their child support assessment on the grounds that they were earning the income for the benefit of a resident child (previous change of assessment reason 10).

Example

Amy has an income of \$30,000 when she separates from James. After separation, Amy takes on a second job, increasing her income to \$60,000. Amy can apply to have the additional income of \$30,000 excluded from her total adjusted taxable income of \$60,000 for the child support assessment. If the application is successful, the \$60,000 can only be reduced by a maximum of 30 per cent i.e. a maximum of \$18,000.

Please note this fact sheet is for general guidance only. It should not be treated as a complete or authoritative legal statement.

More details about these changes can be found in other fact sheets and on the Child Support Agency website www.csa.gov.au

If you would like to read more information on the Taskforce and how the reforms started, visit the website of the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs www.fahcsia.gov.au

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