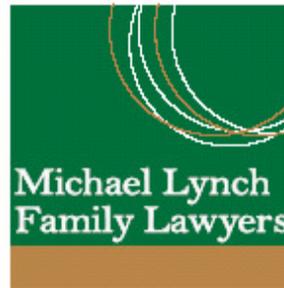


family flyer



“The New World of Child Support”

Introduction

The Family Flyer is a free community service by Michael Lynch Family Lawyers. The publication is designed to be informative and topical and to assist you in understanding the ever-changing field of Family Law.

This edition includes:

- The New World of Child Support

WHAT’S HAPPENED?

Significant changes have been made to the Child Support system. The changes are complex and are happening in 3 stages:

- Stage 1 started on 1 July 2006.
- Stage 2 started on 1 January 2007.
- Stage 3 starts on 1 July 2008.

From 1 July 2008, all assessments will be based on a new formula.

NEW FORMULA – 8 BASIC STEPS

1. Child Support Income
2. Combined Child Support Income
3. Income percentage
4. Care percentage
5. Cost percentage
6. Child Support percentage
7. Cost of the child
8. Annual rate of Child Support to transfer to other parent.

INCOME

Each parent’s income will be considered in the same way. The basic self-support deduction amount will be the same for each parent.

SECOND JOBS AND OVERTIME

For the first 3 years after separation, parents can apply to have their income from second jobs and overtime excluded (to a limit) from Child Support calculations.

LOW INCOME PAYMENTS

A parent on a very low income who pays Child Support to 2 or 3 families will stay at the minimum (\$6.00) but will pay it to each family instead of dividing the payment between the families.

Parents who are not receiving an income support payment yet claim to have a very low income, will automatically pay \$20 per week per child, up to 3 children.

LEVELS OF CARE

The new formula means shared parenting is recognised to a much greater degree.

Example:

- Starting from 52 nights per year (regular care) a carer parent will be acknowledged as directly meeting 24% of the costs of the child. These parents will no longer be entitled to a percentage of the Family Tax Benefit.
- From 128 nights a year (shared care) a sliding scale will proportionately increase the “cost percentage” from 25% up to 50% (at 176 nights per year).

SHARED PARENTING

The *Family Law Act* was changed dramatically on 1 July 2006 to introduce the concept of Shared Parenting.

These changes introduced the terms of “equal time” and “substantial and significant time” and have resulted in Court Orders being made that provide significantly greater sharing of time.

All separated parents should obtain Specialist Family Law advice with regards to their options for children’s care arrangements under the *Family Law Act*.



EVIDENCE OF CARE ARRANGEMENTS

The Agency will determine care arrangements based upon the terms of a Court Order, Parenting Plan or verbal agreement.

COST OF A CHILD

The new formula recognises that the cost of raising children is different in households with different income levels, different numbers of children and children of different ages.

A “Schedule of Costs” of children has been developed which will be applied in calculating the costs of the child according to the combined income of both parents.

AGREEMENTS

There are now 2 new types of Child Support Agreements, binding and limited.

A Binding Child Support Agreement has strict requirements, including a Solicitors Certificate being signed. These agreements can only be terminated by either, a further written agreement or an Order of the Court.

A Limited Child Support Agreement does not need to be certified by a Solicitor, there must be a formula assessment already in place and the amounts payable under the agreement must be equal to or greater than the Child Support assessed by the formula

A CSA notional assessment will be made every 3 years and if the assessment changes by more than 15% either parent may be able to end the agreement by writing to the Agency.

LUMP SUM PAYMENTS

Agreements can include lump sum payments (including transfer of property) to be credited as Child Support.

For these agreements, there must be a formula assessment in place and the lump sum must be equal to or greater than the annual Child Support rate under that assessment.

If the lump sum payment is greater than the annual Child Support rate, the difference will be used as a credit for future Child Support payments.

PARENTS WHO RECONCILE

If separated parents reconcile, Child Support payments will be able to be suspended for 6 months – and if the parents separate again, the assessment can be re-instated without having to make a new Application.

SPECIAL CIRCUMSTANCES

The situation remains that, if the basic formula does not apply because there are “special circumstances”, (such as, high contact transport costs, the costs of a child’s special needs or private schooling costs), a Departure Application can be made to the Agency for a re-assessment.

SUMMARY

- Ensure income information being used is accurate.
- Ensure care arrangements for the child being used, are accurate.
- Do not document child care arrangements without obtaining legal advice.
- If you have a Child Support Agreement, or are looking at preparing one, obtain Specialist Family Law advice.

The Child Support changes are complex. If you are unsure of your circumstances, obtain Specialist Family Law advice. Contact us on (07) 3221 4300.

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