



Income - Current - Periodic Check

A paying parent's income is reviewed annually. This is normally completed by the system, which automatically requests income details held by Her Majesty's Revenue & Customs (HMRC) and decides if a review of the current assessment is required.

In some circumstances a paying parent may be recorded as non HMRC. This occurs when data from HMRC is unavailable or the paying parent's current income is at least 25% different to the HMRC figure. In these circumstances the paying parent will be assessed based on evidence of current income they or their employer/accountant have provided. If you cannot obtain evidence of current income, consider using estimated income or a default maintenance decision (DMD).

When current income has been in place for 11 months it will be subject to a periodic current income check. The paying parent will be asked to provide evidence to show that their current income remains at least 25% different to the most recent HMRC figure. If this is the case then current income will remain in place, otherwise the most recent historic HMRC figure is used. When reviewing the current income, check to see if there is a variation in place this will also need to be reviewed.

HMRC income is the preferred option on the system as it will prevent the need for further manual periodic income checks.

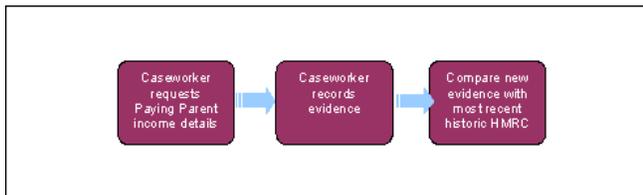
Arrears scheduling at annual review (AR) is automated with any arrears being added to ongoing maintenance and scheduled across the year up to the next AR date. If the payment method on a case is direct debit, and the paying parent does not contact us to discuss payment after they have received the proposed schedule, this schedule will be implemented and there is a risk that an amount the paying parent could not afford would be deducted directly from their bank account.



If a client queries the income figure, explain that we worked out their gross weekly income using information that the client, their employer or a third-party such as their accountant gave to HMRC. HMRC only holds the income they receive from these sources nothing more. If they have a concern about the accuracy of the information, they should speak to their employer or third party contact, about the accuracy of the data as HMRC will only react to changes from these sources.

This process will be carried out by the caseworker in the service that has case ownership at the time of the review.

For more information refer to the Policy, Law and Decision Making Guidance. 



When speaking to clients always use the new terminology - for more information refer to [Terminology Changes](#).



This procedure uses the terms receiving parent and paying parent.

The receiving parent is the parent who receives or who is expected to receive child maintenance, known as the parent with care (PWC) or person with care (PeWC) on the system and in legislation. The paying parent is the parent who pays or who is expected to pay child maintenance, known as the non resident parent (NRP) on the system and in legislation.

Caseworker requests paying parent income details



If a decision has been made to decline/reject a **Current Income Review** SR as evidence was not received within 14 days, but evidence is then received within allowable time i.e. 30 days + 2 days for posting, from the date the decision to decline/reject the change was made, refer to [Mandatory Reconsideration](#).

- The system will generate a **Current Income Review** service request (SR) 28 days before the end date of the current income validity period. The process will be:
 - **Process = Change of Circumstances**
 - **Area = Review Case**
 - **Sub Area = Current Income Review**
- Before starting the SR, check if the current income has an effective date of less than 11 months ago or if the annual review process is in progress or an annual income update is due to take place within the 30 days:
 - If the effective date for the current income is less than 11 months ago and none of the following bullet points apply, go to the **Customer Profile** in the PP contact screen and update the **Validity End Date** of the current and notional income record to 11 months from the effective date. **Update** the **Status** of the **Current Income Review** SR to **closed** and the **Sub Status** to **Error**. A new SR will generate 28 days before the validity end date.

- If the annual review process is in progress or an annual income update is due within 30 days, go to the **Customer Profile** in the PP contact screen and update the **Validity End Date** of the current and notional income record to 58 days after the annual review date for the case. **Update** the **Status** of the **Current Income Review** SR to **closed** and the **Sub Status** to **Error**. A new SR will generate 30 days after the Annual Review
- If the Annual Review has been completed within the last 30 days, check the Annual Review SR to determine whether HMRC income was used. If HMRC has been put in place, no further action will be required in this SR. Update the **Status** to **Closed** and **Sub Status** to **Error**. If current income was left in place at annual review, proceed to **step 3**
- If the annual review process is not in progress or an annual review is not due within the next 30 days, and the current income was put in place with an effective date 11 months ago, proceed to **step 3** to continue with this SR.

 Complete the Current Income Review SR for Current Income. Default Maintenance Decision liabilities are subject to a separate DMD review process, for more information refer to [DMD Review](#)

 If the paying parents Current Income Review is due as the paying parent was previously unemployed, the effective date of the change will be the date that the paying parent started work as the paying parent has a requirement to inform us of this change.

3. Update the **Status** of the SR to **In Progress**, an activity plan will be generated by the system in the **More Info** applet.
4.  Attempt to contact the paying parent by telephone. Call the client as many times as necessary, at different times of the day, until satisfied that to continue call attempts will delay progression of the case. Explain to the paying parent that a review of their income is due, and ask them to provide evidence of their current income. If there is a variation in place the system will automatically review it, for more information refer to the Policy, Law and Decision Making Guidance. 
5.  Issue letter **CMSL9521** requesting written evidence of the paying parent's income if they cannot be contacted by telephone. Allow 14 days for a response to be received.
6. Manually create a record of the information requested in the **Gather Record Evidence** tab, recording the date, type of evidence and any other details and update the SR as follows:
 - **Status** to **Wait**
 - **Sub Status** to **Awaiting Evidence**

Allow 14 days for a response to be received.

 The effective date of a current income periodic review change is always the date the decision is made (i.e. the date that the new Maintenance Calculation is calculated on the system). However, the Current Income Review SR generates 28 days ahead of the end date of the current income validity period and will pre-populate as the day the Current Income Review SR is generated. Change this to the date the change is being completed.

The only exception is for changes that the Paying Parent is legally required to report (e.g. a 25% increase to his current income) - the effective date of these changes is set as the date the 25% increase in current income occurred. For more information refer to the Policy, Law and Decision Making Guidance. 

 At Periodic Check where a backdated change came to light after the annual review, placing paying parent on to current income and HMRC figure given at annual review is now 25% different, raise an incident with your local AAC for guidance on how to complete actions.

HMRC record available and PP has failed to provide evidence of current income

HMRC record refreshed with the latest tax year at the Annual Review

Where the paying parent has failed to supply evidence of current income but there is an up to date HMRC record and the tax year for this record is equal to or later than the current income record, complete the Maintenance Calculation using the HMRC historic income figure, go to **Step 1**. If the HMRC record is for a period earlier than the Current Income record, treat as if HMRC income didn't refresh, go to **Step 3**.

As a discretionary decision, usual considerations apply eg Welfare of the Child would need to be recorded.

1. Update the **Sub Status** to **Income Evidence Unacceptable** and then update the **Sub Status** again to **Current Income No Longer Valid**.

 Potentially there will be two records in the **Customer Profile**, refer only to **Earned Income-HMRC** field.

2.  Issue letter **CMSL9522**. Update the **Review Outcome** field with **No Evidence/Non Compliant** and update the **Resolution Code** to **CoC Accepted**. A **Perform Calculation** child SR will generate to place the paying parent onto the HMRC income. For more information refer to: [Calculation - Post Initial](#)

HMRC record did not refresh with the latest tax year at the Annual Review

3. Where the paying parent has failed to supply evidence of current income but the HMRC record was not refreshed with up to date information at Annual Review, a decision should be made to determine whether it is relevant to revert back to HMRC income or leave the existing current income record in place. This is a discretionary decision. For more information refer to the Policy, Law and Decision Making Guidance 

- If reverting back to HMRC income, go to **step 1**

- If existing current income is to be left in place, go to **step 4**

4. Go to the **Income Summary View**, click the revised income tab and choose the existing current income record from the pop up, before checking tolerance.
5. Update the **Sub Status** to **Income Evidence Unacceptable** and then update the **Sub Status** again to **Current Income Still Valid**. Issue letter **CMSL9527**.

 Even if the paying parent has not supplied new evidence of current income letter CMSL9527 must be issued.

6. Go to **CoC More Info** tab, **Close/Review Case** view and update the **Review Outcome** to **HMRC Tolerance Breached**. Update the **Resolution Code** to **CofC Accepted**.
7. Once all actions are completed manually close the SR by updating the **Status** to **Closed** and the **Sub Status** to **Complete**.
 The validity end date of the current income record will automatically be moved on to the following year
8. Contact the clients to inform them of your decision.

HMRC record not available and no / insufficient evidence received

1. Where the paying parent has failed to supply evidence of current income and there is no HMRC record, the existing current income record can be left in place. Update the **Sub Status** to **Income Evidence Unacceptable** and then update the **Sub Status** again to **Current Income Still Valid**.

For further information where the paying parent has not provided sufficient or any evidence of current income, refer to the Policy, Law and Decision Making Guidance. 

2. Go to the **Income Summary View**, click the revised income button and choose the existing current income record from the pop up, before going to **CofC More Info** tab to check tolerance.
3.  Issue letter **CMSL9527** and update the review outcome to **Failed to Report New Income**. Update the **Resolution Code** to **CoC Accepted**. The system will generate a child SR to calculate the liability and generate letters. For more information refer to: [Calculation - Post Initial](#).
4. Once all actions are completed manually close the SR by updating the **Status** to **Closed** and the **Sub Status** to **Completed**.

 The validity end date of the current income record will automatically be moved on to the following year.

Acceptable evidence received

1. Where acceptable evidence has been supplied, update the **Sub Status** to **Income Evidence Acceptable**. Consider if SMS is appropriate - for more info refer to [SMS Text](#)
Go to the **Income Summary View** and select the **Revised Income** button and choose the existing current income record. This will be populated in the **Income Summary View**.

 Verbal evidence can be accepted for an increase reported from a paying parent to their current or HMRC income, however this should not be considered for short term changes to current income. Changes to income should be for the foreseeable future. Caseworkers will use their own discretion on whether verbal or written evidence is most appropriate for each case. For more information refer to the Policy, Law and Decision Making Guidance. 

-  If the Paying Parent does supply evidence to show they are now employed, ensure the effective date of the change is the date that the client started work and refer to the [Third Party Employer - Set Up](#) procedure to create an employer third party account. If this effective date falls before the last Annual Review and the Annual Review now needs to be implemented, raise an incident with IMT to obtain guidance on how to complete actions
2. Select the Modify button and update the record with the new income information. Return to the SR using the SR number hyperlink on the thread bar and select the **Tolerance Check** button.

Tolerance Breached

3.  If tolerance breaches against HMRC record, update the **Sub Status** to **Current Income Changed** save the record and then update the **Sub Status** again to **HMRC Tolerance Breached**. Issue letter **CMSL9527**.

 If no HMRC income is held and income is being updated from current income to current income and does not breach income tolerance when completing the tolerance check, complete **step 5** for the new current income amount to be used for the calculation.

4. Update the **Review Outcome** field to **HMRC Tolerance Breached** and the **Resolution Code** to **CofC Accepted**. The system will generate a **Perform Calculation** child SR and will use the new current income amount. For more information refer to: [Calculation - Post Initial](#)

 A validation message will display advising that the **Tolerance Result** and the **Review Outcome** selected must be aligned. This is to ensure that if tolerance is breached, the Review Outcome is not selected as HMRC so that the current income is used. This is not an error message and will still generate if the Tolerance Result and the Review Outcome do align. This can be worked past and the case can be progressed as normal.

Tolerance Not Breached

5.  If tolerance doesn't breach against HMRC record, update the **Sub Status** to **Current Income Changed**, and then update the **Sub Status** again to **Tolerance Not Breached**. Update the **Review Outcome** field to **HMRC Tolerance Not Breached** and update the **Resolution Code** to **CoC Accepted**. The system will generate an SR to place the paying parent onto the HMRC income. Issue letter **CMSL9526**
6. Once all actions are completed manually close the SR by updating the **Status** to **Closed** and the **Sub Status** to **Completed**.

Evidence of unemployment/on benefit/ employment

1. Where **Current Income Review** SR has generated due to paying parent status previously being updated as unemployed or on benefit; and the paying parent has provided evidence which shows the client is still unemployed, no further action will be required in this SR. Update the **Status** to **Closed** and **Sub Status** to **Error** to close the **Current Income Review** SR without completing any further sub status updates.
2. Go to the **Customer Profile** tab under the paying parent contact and update the **Validity End Date** of the £0.00 **Current Income Record** to the following year. This action will ensure that the unemployed status is retained and a further **Current Income Review** SR will generate the following year.
3. If a decision is made that the client is no longer unemployed, update the **Status** of the SR to **Closed** and the **Sub Status** to **Error**. Go to the **Customer Profile** tab under the paying parent contact and record the end date as the day before the paying parent started work next to the **Current Income Record** of £0.00 before saving the record.
4. Manually create a **Perform Calculation** SR, check the effective date is the date that the PP started working and complete the SR.



If the paying parent does supply evidence to show they are now employed, ensure the effective date of the change is the date that the client started work and if required create an employer third party account, for more information refer to [Third Party Employer - Set Up](#). If this effective date falls before the last Annual Review and the Annual Review now needs to be implemented, raise an incident with IMT to obtain guidance on how to complete actions

CMSL9521 - We need information about your gross weekly income

A letter to the paying parent to advise that review period is due for current income. Evidence of current income is again required or we will place the paying parent onto HMRC income.

All fields in this letter are system generated, no manual intervention is required.

CMSL9522 - We have changed the information we use to work out your child maintenance payments

Letter to the paying parent, who hasn't provided evidence of current income when requested (via letter CMSL9521) so we revert to HMRC data to recalculate liability. New liability and schedule to follow.

This is a clerical letter.

CMSL9523 - Please provide evidence of an employee's income

A letter to employer to advise that the paying parent's review period is due for current income. Evidence of current income is again required or we will place the paying parent onto HMRC income.

This is a clerical letter.

CMSL9526 - We are changing your child maintenance payments

Current income has changed but is not 25 % different to the HMRC figure. Historic income figure (HMRC data) therefore used. New liability and schedule to follow.

You will need to select one of the following paragraphs under the heading 'Why we have made this decision':

- If the change has been backdated, use the paragraph 'if change has been backdated'
- If the effective date for the change is in the future, use the paragraph 'If the effective date is in the future'

This is a clerical letter which requires a Team Leader check.

CMSL9527 - We are changing your child maintenance payments

Current income is 25 % or more different from HMRC figure. New current income figure used. Additional option for effective date to be backdated if the paying parent didn't advise the change at the time.

You will need to select one of the following paragraphs under the heading 'Why we have made this decision':

- If the effective date for the change is in the future, use the paragraph 'If the effective date is in the future'
- If the change has been backdated, use the paragraph 'Use if change has been backdated'

This is a clerical letter which requires a Team Leader check.

Calculation - Non HMRC

Calculation - Post Initial

HMRC - Unmatched Income

Terminology Changes

Variation - Review Existing

Are employees' "allowable expenses" deducted by HMRC from the paying parent's gross income amount that is received in the earned income interfa

No, they are not deducted from the HMRC earned income figure received, nor should they be. "Allowable expenses" for employees are costs associated with doing a job that are not reimbursed by an employer e.g. professional subscriptions, allowable travel, certain clothing costs, etc. If a paying parent has these expenses they may claim some tax relief from HMRC. However 2012 Scheme legislation does not make any allowances. Allowable expenses should not be confused with benefits in kind. Benefits in kind are benefits that an employer pays to an employee that HMRC consider taxable - these are included in the HMRC earned income interface and form part of the paying parent's assessable income for 2012 Scheme calculation purposes.