



# Iowa Department of Human Services

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## GENERAL LETTER NO. 10-H-8

ISSUED BY: Bureau of Child Support Recovery  
Division of Field Operations

SUBJECT: Employees' Manual, Title 10, Chapter H, ***DETERMINING CHILD SUPPORT OBLIGATIONS***, pages 61, 62, and 141, revised.

### Summary

This chapter lists the policy and procedures for determining child support obligations. Chapter 10-H is revised to clarify the:

- ◆ Filing status to use when a parent does not indicate filing status or does not return the *Financial Statement*.
- ◆ Obligation that ICAR downloads to the guidelines application when there are multiple obligations on a case.

### Effective Date

Immediately.

### Material Superseded

This material replaces the following pages from Employees' Manual, Title 10, Chapter H:

<u>Page</u>	<u>Date</u>
61, 62, 141	March 4, 2016

### Additional Information

Refer questions about this general letter to your regional collections administrator.

Use single filing status when a non-custodial parent does not indicate marital status, or does not return the *Financial Statement*. Use head of household filing status when the custodial parent does not indicate marital status, or does not return the *Financial Statement*.

For court-ordered split physical care, use the filing status according to the chart above. Determine dependent exemptions for split physical care cases according to the court order for split physical care.

In a caretaker or foster care situation, neither parent is entitled to a dependent exemption, unless a parent provides proof of entitlement to the exemption. A parent may provide a copy of a court order as proof that the parent is allowed to claim the child for tax purposes.

For a parent who works in another state, use the tax calculators on the guidelines application and compute the state tax deduction the same as you would for a parent who works in Iowa. If the parent objects to the amount of the tax deduction, they can request a court hearing. When a parent works in a state that does not have state income tax, do not calculate a state tax deduction for that parent.

1. Ms. T is single and has one of the mutual children in her home. There is a court order for joint physical care, but it does not specify who is allowed to claim the children on taxes. When calculating her tax deduction, use Head of Household filing status and two exemptions (one personal exemption and one additional dependent exemption).

Mr. S is married and has the other mutual child in his home. Use Married filing status for Mr. S and two exemptions (one personal exemption and one additional dependent exemption) to calculate his tax deductions.

2. Mr. N is married and has none of the mutual children in his home. There is no court order for joint or split physical care. When calculating his taxes, use Married filing status and one personal exemption.

Ms. W is single and has three of the mutual children in her care. She also has one other child from a different relationship. Use Head of Household filing status and four exemptions (one personal exemption and three additional dependent exemptions for the mutual children) to calculate Ms. W's tax deductions. Do not give Ms. W an exemption for the child from a different relationship.

3. Mrs. K is married and has two of the mutual children in her home. There is no court order for joint or split physical care. When calculating her taxes, use Married filing status and three personal exemptions (one personal exemption and two additional dependent exemptions).

Mr. C is single and has none of the mutual children in his home. Use Single filing status and one exemption (one personal exemption) to calculate his tax deductions.

4. Mrs. L is married. Mr. and Mrs. L have court-ordered joint physical care of their child. The court order indicates that the tax deduction alternates every other year between the parents. Review the court order and/or tax documents to determine which parent is entitled to the tax deduction for the current year. In this case, the court order indicates Mrs. L is allowed the tax deduction in the current year. Use Married filing status for Mrs. L and two exemptions (one personal exemption and one additional dependent exemption.)

Mr. L is single. When calculating his tax deduction, use Head of Household filing status and one personal exemption.

5. Mrs. R is single. Mr. and Mrs. R have court-ordered joint physical care of their two children. The court order indicates Mr. R is allowed the tax deduction if he is current on his child support payments to Mrs. R. Use Head of Household filing status for Mrs. R and one personal exemption.

Mr. R is married. Use Married filing status. Review the court order and the payment history to determine if Mr. R is eligible for the deduction. In this case, Mr. R is current on the physical care offset payments. Give Mr. R three exemptions (one personal exemption and two additional dependent exemptions).

6. Child A is in foster care. Mrs. S and Mr. T are the child's parents. Mr. T, who is single, provides a court order stating that he is entitled to claim Child A for tax purposes. Give Mr. T two exemptions (one personal exemption and one additional dependent exemption).

If the parent's gross income is the only information available from other sources or you must use CSRU median income or Iowa wage rate information, assume a standard tax deduction of an amount equal to 20 percent of the gross income figure. This standard 20 percent figure is to cover federal and state income tax, Social Security and Medicare, mandatory pension, and union dues as required by Iowa administrative rule when the Unit uses estimated income.

If the amounts of federal and state income tax actually paid by the parent differ substantially from the amounts determined by the tax calculators in the guidelines application, review the calculation with your Unit attorney. The court may consider whether the difference is sufficient reason to adjust child support under the criteria in Iowa Court Rules Chapter 9. The Rules allow a variance from guidelines if substantial injustice would result to the payee, the payor, or the child.

- ◆ **VARIANCE:** The guidelines application displays the VARIANCE fields only if you have indicated the case is a modification case (either on the ICAR GUIDELINE screen or on the guidelines application's CREATE NEW AD-HOC SCENARIO dialog box).

Use the existing obligation amount as the recommended amount of support in review and adjustment actions where the 20 percent variance threshold has not been met. The guidelines application computes the variance between the existing child support amount and the guideline amount by using the following formula:

$$\frac{(\text{New Amount} - \text{Current Obligation Amount})}{\text{New Amount}} = \text{Variance}$$

- ◆ **CURRENT OBLIGATION:** The guidelines application displays the amount of the existing support obligations.
  - In cases downloaded from ICAR, the guidelines application displays the obligation amount stored in ICAR in this field. ICAR downloads the first obligation listed on the OBLIG screen. Change the downloaded amount in the CURRENT OBLIGATION field if it is from a different obligation than the one you are currently reviewing.
  - In ad-hoc cases, the guidelines application displays the current obligation amount entered in the CREATE NEW AD-HOC SCENARIO dialog box.
  - You may enter a new amount up to \$9,999,999.99.
- ◆ **NEW GUIDELINE DOLLAR AMOUNT:** The guidelines application displays the child support amount before deviations. In cases without extraordinary visitation, this figure matches the GUIDELINE AMOUNT OF CHILD SUPPORT field. In cases with extraordinary visitation, this figure matches the GUIDELINE AMOUNT OF CHILD SUPPORT (AFTER CREDIT FOR EXTRAORDINARY VISITATION) field on the EXTRAORDINARY VISITATION screen.
- ◆ **VARIANCE:** The guidelines application displays the percentage variance between the current obligation and the new guideline dollar amount before deviations but after extraordinary visitation, if applicable. When the payor is entitled to the extraordinary visitation credit, this credit is used before determining the 20 percent variance. The percentage variance is computed using the following formula:

$$\frac{(\text{New Amount} - \text{Current Obligation Amount})}{\text{New Amount}} = \text{Variance}$$