

THE CHILD SUPPORT

NEWSLETTER

VOLUME 2

FEBRUARY 20, 1997

Bill C-41 - Update on the Legislative Process- May 1st is still the target date

Bill C-41, An Act to amend the Divorce Act, the Family Orders and Agreements Enforcement Assistance Act, the Garnishment, Attachment and Pension Diversion Act and the Canada Shipping Act, received Second Reading in the House of Commons on October 3, 1996 and was referred to the House of Commons Standing Committee on Justice and Legal Affairs. This Committee heard witnesses representing a broad-range of interest groups between October 21- 24 and reported back to the House of Commons on October 29. The Third Reading vote was held on November 18, when the Bill was passed.

The Senate stage began with First Reading on November 25. Second Reading was given on November 28 after two days of debate. The Standing Senate Committee on Social Affairs, Science and Technology had its first meeting for consideration of the Bill on December 4.

Most witnesses appearing before the Senate Committee represented the non-custodial parent's perspective and were generally negative about the Bill. Before they recessed in

December, the Senators on the Committee expressed their desire to hear additional witnesses. They felt that they had not heard from all interested parties and required further time to examine the Bill.

Consequently, they voted in favour of a motion to continue the hearings the week of January 27, 1997.

After holding more hearings, the Committee continued to be concerned by some aspects of the Bill and Guidelines, but on February 11, 1997, an agreement was reached between the Committee and the government. The agreement includes: the establishment of a Joint Parliamentary Committee to study the issue of Custody and Access; changing the shared custody provision of the Guidelines to take into account situations where the non-custodial parent has access or custody for 40% of the time; removing the reference to the pursuit of reasonable education; reintroducing in the Bill the statement that child support is a joint financial obligation of both parents; and a motion authorising the Senate Committee to monitor the implementation of the Bill and Guidelines.

The bill was passed with amendments by the Senate on February 13, 1997. The Bill was returned to the House of Commons, and was given Royal Assent on February 19, 1997. The regulatory process will now begin.

The Federal Child Support Table of Awards

The Child Support Table of Awards will change in two important ways. First, the format will change, returning to the format that was published in the 1995 Federal/Provincial/Territorial Family Law Committee's Report. Instead of one amount for each \$1000, there will be a basic amount at each \$1000 level with percentages of the next \$1000 to be added to the basic amount. This eliminates the "notch effect" that is present in the previous tables and which was raised as problematic in the consultations. This change has increased the amount of information needed on each table, making it necessary to change from one table per province to six (one per child) tables per province.

The second change involves the tax year used in the calculation of the award levels, from 1996 to 1997. The amounts for 1996 were based on projections of 1996 federal and provincial tax parameters and didn't account for some of the actual tax parameters. An analysis carried out on the differences between the two years revealed that Ontario experienced the greatest change, with awards increasing by 2 to 4 percent across the various income levels and numbers of children. This is due primarily to the tax cut that increased the amount of



disposable income for each parent, and thus increased the amounts available for child support. The remainder of the provinces and territories experienced some very minor differences in award levels based on minor adjustments to tax credits and deductions.

The revised version of the proposed Guidelines and Table of Awards is expected to be posted on the Internet in February, 1997 (see address below).

Technical Report on the Formula used to develop the Federal Child Support Tables

The Technical Report on the Formula used to develop the Federal Child Support Tables is in its final stages of drafting, and is expected to be released in March, 1997. It will also be posted on the Internet.

Budget Implementation Legislation

The Budget Implementation Legislation, which contains proposed changes to the Income Tax Act and the way Child Support payments are taxed, was introduced in the House of Commons on December 5, 1996.

Under the proposed legislation, the Income Tax Act will be amended to eliminate both the requirement to include child support in the custodial

parent's taxable income and the deduction available to payers of child support. The new tax rules will apply to agreements or court orders made on or after May 1, 1997. The new tax rules do not apply to child support awards made before May 1, 1997 unless:

⇒ the parties change their written agreement or court order after April 30, 1997 to change the amount of child support;

⇒ the order or agreement specifically provides that the new tax rules will apply after a specific date (which cannot be earlier than May 1, 1997); or

Where parents have an existing child support order or agreement and both parties agree to maintain that amount, but would like the new tax treatment to apply, they can do so by filing a form with Revenue Canada.

New 1-888 Number

In October, 1996, the federal Child Support toll-free enquiries number changed to 1-888-373-2222. Within the Ottawa area the number is (613) 946-2222.

Internet

Information on the federal Child Support Initiative can be accessed on the Internet at <http://canada.justice.gc.ca> under "Government Initiatives - Child Support Reforms".

Up-coming Communications Activities

In March, 1997, Revenue Canada will be sending the 700,000 Canadians who report paying or receiving child or spousal support, information regarding the new-tax treatment of child support and how it could affect current orders or written agreements. On behalf of the Department of Justice, Revenue Canada will include a pamphlet on the proposed Guidelines, as well as the table of child support awards for the relevant province.

Also in the Spring, the Department of Justice will launch a public awareness campaign to inform Canadians about the new federal laws regarding child support. Advertisements will appear in major daily newspapers across Canada.

A general booklet explaining the Guidelines will be published in April, 1997 along with a self-help workbook. Copies can be obtained by contacting the Child Support Team's toll free information line. Copies will also be available through the Department of Justice's Internet site.

