



MAIL  **POSTE**

Canada Post Corporation
Société canadienne des postes

Postage paid Port payé
if mailed in Canada si posté au Canada
Business Reply Réponse d'affaires

0346588899 03



0346588899-K1A0H8-BR03

CHILD SUPPORT TEAM
DEPARTMENT OF JUSTICE CANADA
284 WELLINGTON ST
OTTAWA ON K1A 9Z9



Your feedback is important to us in order to provide Canadians with the information they require on the Federal Child Support Guidelines. Please take a few moments to complete the following response card and return it, postage paid, to the Department of Justice Canada.

1. How easy was it to read the Complete Workbook?

- Very difficult
- Somewhat difficult
- Easy
- Very easy

2. How useful did you find the information in the Complete Workbook?

- Not at all useful
- Somewhat useful
- Very useful

3. To help us ensure that we are meeting the various needs of all our client groups, please indicate which client group you belong to.

- Legal professionals Accounting firm
- Mediators Other _____



A helpful tool for estimating child support payments

A few months ago, the Department of Justice's Child Support Team sent you a copy of *Federal Child Support Guidelines: Reference Manual*. We are enclosing a copy of a new publication, *Federal Child Support Guidelines: The Complete Workbook*, which we believe will complement the reference manual.

The workbook is a helpful resource for divorcing or separating parents, and for professionals, such as lawyers, mediators, court workers and accountants, who help parents estimate their child support payments under the new Federal Child Support Guidelines.

By using the workbook, you will get a better understanding of important aspects of the Guidelines. The workbook guides you step-by-step through forms and worksheets so you can figure out the approximate monthly child support amount. The information in the workbook covers all types of custody arrangements and all income sources.

For parents using the workbook on their own, this means that they can have an idea of how much their child support payments would likely be and can try to agree on the amount before going to court. For people advising divorcing and separating parents, the workbook can help them give parents the information they need.

Please note that, in December 1997, a number of minor technical amendments were made to the Guidelines. Most of these amendments do not affect the workbook. The few that do are reflected in the publication, particularly in the section on comparing standards of living for the undue hardship test. We have also enclosed a new consolidated version of the Federal Child Support Guidelines, as revised on December 9, 1997, to be inserted in the Reference Manual under Reference Documents. As well, we have enclosed a two-page description of the amendments.

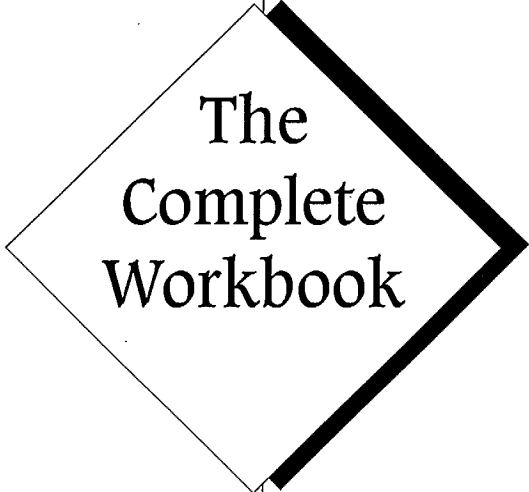
The *Complete Workbook* fits in a standard one-inch, three-ring binder (not supplied), with clear vinyl pockets on the front and the spine. The cover and spine that slip in those pockets are enclosed in this package, along with the workbook text itself. Any updates to the workbook will also be formatted to fit in the binder.

The Child Support Team hopes that you find *The Complete Workbook* to be a useful tool. We would greatly appreciate receiving your feedback on any of our publications. Please write to the Child Support Team, Department of Justice Canada, Ottawa, Ontario K1A 0A8 or fill out and return the postage-paid response card enclosed with the workbook.

FEDERAL

CHILD SUPPORT

GUIDELINES



The
Complete
Workbook

November 1997

This workbook was prepared under the direction of the Department of Justice Canada.

This workbook provides basic information only, and does not in any way override the *Divorce Act* or any regulations passed under it. It does not contain legal advice or replace the specialized advice of lawyers or other experts.

The material in this workbook may be used without seeking permission, provided it is accurately reproduced and includes an acknowledgement of the Department of Justice Canada as its source. Reproduction of the workbook material is permitted, in whole or in part, by any means. The Department of Justice Canada does not take responsibility for the accuracy or reliability of the material that is reproduced.

Également disponible en français.

The workbook is available in alternative formats on request.

You may request extra copies by writing to the following address:

Publications
Child Support Team
Department of Justice Canada
Ottawa, Ontario
K1A 0H8

For convenience, the masculine pronoun is used in this document to refer to either male or female persons if the context does not clearly indicate one or the other.

This workbook is a project of the Child Support Team, published by authority of the Minister of Justice and the Attorney General of Canada by the Communications and Executive Services Branch.

© Her Majesty the Queen in Right of Canada, 1997, as represented by the Minister of Justice.

Canadian Cataloguing in Publication Data

Main entry under title: Federal child support guidelines: the complete workbook

Also issued in French under title: Lignes directrices
fédérales sur les pensions alimentaires pour enfants :
cahier d'application détaillé
Includes bibliographical references.
ISBN 0-662-26166-6
Cat. no. J2-145/1-1997E

1. Child support - Law and legislation - Canada - Handbooks, manuals, etc.
I. Canada. Dept. of Justice

KE600.F42 1997 346.710172 C97-980397-7

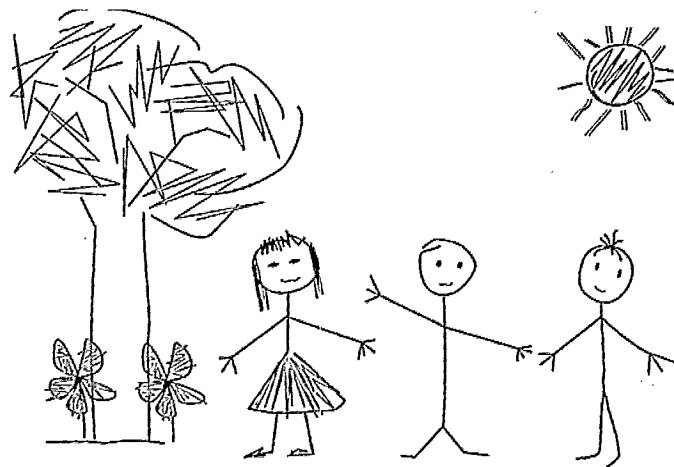
JUS-727E



Contents

| | |
|--|-----|
| Before You Start | 5 |
| New laws and a new approach to child support | 5 |
| Using this workbook | 5 |
| You may need other information | 6 |
| You don't have to read every word! | 6 |
| Court is the last resort | 6 |
| Other people can help | 7 |
| Changing an Existing Child Support Order | 8 |
| The impact of the new <i>Income Tax Act</i> rules | 8 |
| The Steps to Calculating Child Support | 10 |
| The First Four Steps | 11 |
| Step 1 <i>Do the federal Guidelines apply to you?</i> | 11 |
| Step 2 <i>Determine the number of children</i> | 13 |
| Step 3 <i>Determine the type of custody arrangement</i> | 15 |
| Step 4 <i>Choose the appropriate child support tables</i> | 17 |
| Sole Custody | 19 |
| Step 5 <i>Calculate annual income</i> | 22 |
| Step 6 <i>Determine the basic amount from the child support tables</i> | 25 |
| Step 7 <i>Special expenses</i> | 26 |
| Step 8 <i>Undue hardship</i> | 28 |
| Worksheet A | 31 |
| Form 1 | 35 |
| Form 2A | 49 |
| Forms 3A and 3B | 71 |
| Split Custody | 93 |
| Step 5 <i>Calculate annual income</i> | 96 |
| Step 6 <i>Determine the basic amount from the child support tables</i> | 99 |
| Step 7 <i>Special expenses</i> | 100 |
| Step 8 <i>Undue hardship</i> | 102 |
| Worksheet B | 105 |
| Form 1 | 109 |
| Form 2B | 123 |
| Forms 3A and 3B | 147 |

| | |
|---|-----|
| Shared Custody | 169 |
| Step 5 <i>Calculate annual income</i> | 173 |
| Step 6 <i>Consider the discretionary factors</i> | 176 |
| Worksheet C | 179 |
| Form 1 | 183 |
| | |
| Additional Information | 197 |
| Parents must provide complete and accurate income information | 197 |
| Other factors that can affect the amount of annual income | 199 |
| Sources of more information | 200 |
| ◆ about the Federal Child Support Guidelines | 200 |
| ◆ about income tax rules | 200 |
| ◆ about how to find a lawyer | 200 |
| ◆ about how to find a mediator | 200 |



Before You Start

New laws and a new approach to child support

The *Divorce Act* and the *Income Tax Act* were changed on May 1, 1997. Now, when parents are getting divorced or changing a child support order made under the *Divorce Act*, judges must use the *Federal Child Support Guidelines* to decide on child support. The Guidelines consider income, the number of children, the province or territory in which family members live and, in some cases, other factors to arrive at an amount of child support.

One of the principles behind the Guidelines is that both parents have a financial obligation to support their children, even after their marriage ends. The Guidelines aim to make the calculation of child support fair, predictable and consistent. Having a better idea of the amount of child support that a judge *would likely* set, and how this amount is arrived at, should reduce the conflict between parents over child support payments.

Using this workbook

We encourage you to use this workbook to understand how the law affects child support arrangements and to estimate what the child support payments would likely be in your specific situation.

The workbook sets out the steps for you to work through to estimate the child support payments a judge would likely set in a new child support order or in an order that is being changed under the *Federal Child Support Guidelines*. You will find worksheets, forms and step-by-step instructions to help you make the right calculations. Either parent can use this workbook, but it may be best when both parents share information and work together to calculate the appropriate amount of child support.

Please remember, though, that this workbook cannot replace the personalized advice of a lawyer. Although you may develop a good understanding of the Guidelines by using this workbook, child support is a very complex area of the law, and the courtroom proceedings that are part of any divorce case require a lawyer's specialized knowledge.

Your provincial or territorial government may have general information on court proceedings that you may also find useful. Please call us (the numbers are on page 6) and we will give you the number to phone in your province or territory.

The workbook was written during the summer of 1997 when the new child support law came into force. It is too early to predict how judges will interpret the new law if someone takes a case to court.

You may need other information

To complete the workbook steps, you will need income information from one or, in some cases, both parents, as well as other Department of Justice Canada publications. Follow workbook steps 1 to 4 (beginning on page 11) to find out what you need. This workbook also contains forms to help you with your calculations. You may wish to read the introductions to those forms (they are at the back of the coloured sections of the workbook) to find out what information you will need to fill them out.

If we can help you, call toll-free 1-888-373-2222, or (613) 946-2222 in the National Capital Region.

You don't have to read every word!

The workbook is thick because we have provided information for parents in every situation, and because we have given you extra copies of all the forms you need to fill out. We have divided up the information into three sections, one for each of the three types of custody arrangement — sole custody, split custody and shared custody. You will find that only some of the pages apply to you.

Court is the last resort

The Guidelines tell you how judges will most likely determine the amount of child support in your situation. As parents, you may both decide that another amount of child support — higher or lower — is better for you and your children. But, if you ask a judge to decide, he or she will set the amount of child support according to the Guidelines, unless there are special circumstances (see page 8 for more information).

It is to everyone's advantage when both parents can agree on the terms of their divorce and on child support arrangements or changes to them. Asking a judge to make the decisions for you is costly and time-consuming and can be stressful for everyone in the family, especially your children. This workbook can help you get the figures you need to come to an agreement.

Other people can help

There are many people who are skilled at helping divorcing parents reach an agreement on how things will work after the divorce. Once an agreement is reached, the judge may review the child support arrangements to be sure they are reasonable and, if they are, will make them part of the court order.

Lawyers (and notaries in Quebec) can tell you how the law applies to your situation and give you legal advice about the choices you have. A lawyer can review an agreement you have made with the other parent and make sure that your legal rights, and those of your children, have been respected. A lawyer can also negotiate an agreement for you, talking with you about what you want and handling all of the back-and-forth discussions with the other parent. If you cannot reach an agreement with the other parent and have to go to court, your lawyer can represent you.

We recommend that you seek the advice of a lawyer *before* you sign any agreement related to child support.

Income tax specialists and **accountants** are knowledgeable about the tax system. They can help you calculate the impact of your choices on your financial situation.

Family mediators work with mothers and fathers to help them decide what they want to do. By asking questions and gathering information, mediators help parents to see various options and to make their own decisions. They are often able to help parents reach an agreement on the terms of their divorce, including child support.

Arbitrators are available to help you in certain provinces and territories. Arbitrators hear what each parent has to say and then make a decision for them. The difference between going to court and seeing an arbitrator is that you and the other parent can choose the arbitrator. An arbitrator may also use a less formal process than a judge. Both parents must agree to follow what the arbitrator says for the process to work.

For sources of information on how to find a lawyer or mediator, as well as on other individuals and organizations that may be able to help you, please see "Sources of more information" on page 200.

Enforcement

If you have questions about the enforcement of child support orders, please contact your provincial or territorial government, or refer to the government listings in the telephone book.

Changing an Existing Child Support Order

Please read this section if your court order or written agreement on child support was made *before* May 1, 1997.

The new law on child support says that anyone who has a child support order or written agreement made **before** May 1, 1997 has the right to change it to reflect the Guidelines and the new tax rules (see below), even if nothing else has changed. Either parent can ask a judge to change the child support order or written agreement to reflect the amounts in the Guidelines.

However, there are some situations in which the amounts set out under the Guidelines may not apply. When a past decision on child support was linked to special provisions that benefited the children, and applying the Guidelines now would be unfair, the judge can decide on another amount. For example, at the time child support was set, the parents might have agreed that the parent paying child support would transfer his or her share in the family home to the parent receiving the child support so that the children would not have to move. As a result, it might not be fair now to use the amount set out under the Guidelines because it would not take into account the unequal division of property included in the previous arrangement that benefited the children.

The impact of the new *Income Tax Act* rules

New tax rules apply to any new amount of child support set out under a court order or written agreement made **on or after** May 1, 1997:

- ◆ the person who pays child support does not claim the amount of child support paid as a deduction; and
- ◆ the person who receives child support does not include the amount of child support received as income.

This is different from the way child support payments are treated under the *Income Tax Act* for court orders or written agreements made **before** May 1, 1997. For these orders or written agreements, the person paying child support can claim the amount paid as a deduction and the person receiving the child support payments has to declare the payments as income.

Parents with child support orders or written agreements made **before** May 1, 1997, that is, those that are subject to the old tax rules, have three options.

1. Do nothing

Both parents can decide *not* to change their existing child support order or agreement, so the amount of child support would stay the same. The parent who pays child support would continue to claim the deduction for his or her payments. The parent receiving child support would continue to declare the payments he or she receives as income.

2. Change the court order or written agreement

The parents can agree to change the child support arrangements and obtain a new court order or negotiate a written agreement based on the Guidelines. Because this new court order or written agreement would be made **on or after** May 1, 1997, it would fall under the new tax rules. The parent paying child support could not claim a deduction for his or her payments and the parent receiving the payments would not be obliged to claim them as income.

3. Change the way child support payments are treated for tax purposes

After looking at the amount of child support that a judge would likely set under the Guidelines, you may decide that you would be satisfied with your existing child support order, but under the new tax rules. If you and the other parent can agree to keep the amount of child support the same and simply change how it is treated for tax purposes, you can do so very easily.

The effect of this arrangement would be that the value of the child support would increase for the parent receiving the payments since he or she would not have to pay taxes on them. The full amount of the child support payments could then be used for the benefit of the children.

If the parents agree to this approach, they can then both sign and file Revenue Canada Form T1157, *Election for Child Support Payments*, with Revenue Canada. This action does not change any terms of the pre-May 1, 1997 court order or written agreement, except for the way the payments are treated for tax purposes. It also means that the parents do not have to go to court and pay additional legal fees to set up a new arrangement.

These tax options and the Guidelines can have a significant impact on the net income of the parents for the purposes of the Guidelines and on the amount of money available for the benefit of the children. See page 8 and pages 26–27 of *Federal Child Support Guidelines: A Guide to the New Approach* for more information about taxes and child

support. To determine which of the three options is the best in your situation, you should consider the effect that each would have.

Spousal support payments

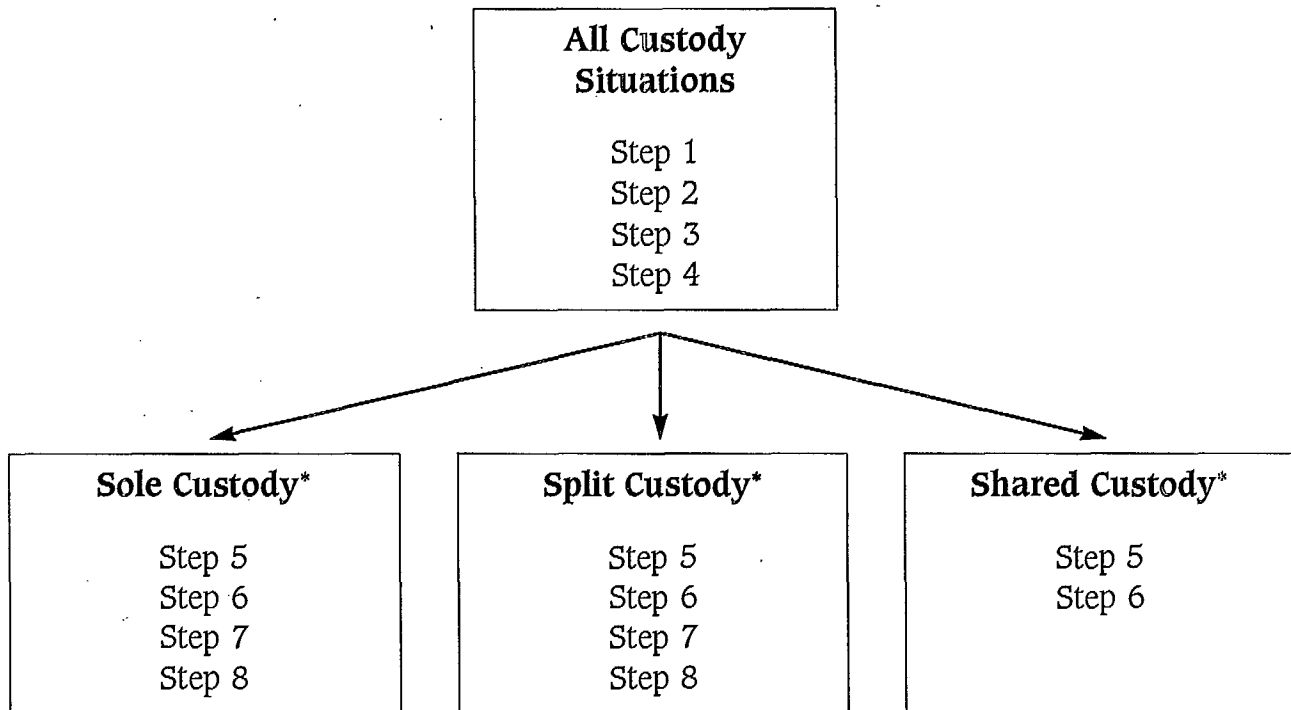
In general, the new tax rules outlined above do not apply to spousal support payments. As long as any child support payments subject to the new tax rules are fully paid, spousal support payments can be deducted by the person who makes them and must be included as income by the person who receives them. For more information, contact Revenue Canada at 1-800-959-8281.

The Steps to Calculating Child Support

This workbook sets out the steps to follow to determine the estimated amount of child support that is payable in your situation.

All parents should complete steps 1, 2, 3 and 4 (starting on page 11). After Step 4, be sure to go to the section of the book that applies to your custody arrangement.

Here's how to proceed through the steps.



*See pages 15 and 16 for definitions of these terms.

The First Four Steps

Step 1

Do the federal Guidelines apply to you?

In this step, you determine if the federal Guidelines apply to you.

In Canada, the provinces and territories share responsibility for matters relating to child support. The federal *Divorce Act* sets out the rules for determining child support if you are already divorced or want to get divorced. Provincial laws apply if you have never been married, or are separated or planning to separate but have decided not to get divorced.

On May 1, 1997, the federal laws for setting child support changed and the *Federal Child Support Guidelines* were introduced. Recognizing that it was not practical to have one set of laws to determine child support for children of divorcing couples and another for children of separating couples, the government included a special provision in the new law that allows each province and territory to use its own guidelines instead of the federal ones in divorce cases if they wish.

The provinces and territories can either develop their own unique child support guidelines or they can simply adopt the federal ones. If a province or territory develops its own guidelines, they would apply to both separations and divorces as long as both parents live in that province or territory. If the parents live in different provinces or territories, the federal Guidelines apply, even if the provinces or territories have their own guidelines.

Most of Canada's provinces and territories are introducing child support guidelines. When this workbook was published,

- ◆ Saskatchewan had adopted the federal Guidelines. They apply in all situations in which child support is being determined;
- ◆ Ontario had changed its laws to reflect the federal Guidelines. As of December 1, 1997, all Ontario families will use the same method to calculate child support.
- ◆ Quebec had adopted provincial guidelines that are different from the federal Guidelines. The Quebec guidelines apply to divorced or divorcing parents as well as to those who are separated or separating. The federal Guidelines apply in Quebec only when one of the parents lives outside Quebec; and
- ◆ all other provinces and territories were either drafting child support guidelines or they had not decided what to do. If you live in one of these provinces or territories, the federal Guidelines apply to you when you have children for whom child support is required

and you are getting divorced or are already divorced. If you were never married, or if you were married and are separated but not divorcing or are planning to separate, provincial laws apply.

Call us toll-free at 1-888-373-2222, or (613) 946-2222 in the National Capital Region, to find out if the province or territory where you and the other parent live has adopted the federal Guidelines or has its own guidelines. If your province or territory is using the federal Guidelines, we encourage you to use this workbook.

Recap

If the federal Guidelines apply to you, go to Step 2.



Step 2

Determine the number of children

In this step, you figure out the number of children for whom you are calculating child support.

First, you must determine which children are being considered for support, and whether they are under or over the age of majority. All children of the marriage who are under the age of majority are covered by the Guidelines; children of the marriage at or over the age of majority *may* be covered by them.

The age of majority is either 18 or 19, depending on the province or territory in which the child lives.

The age of majority is **18**
in six provinces:

Alberta
Manitoba
Ontario
Prince Edward Island
Quebec
Saskatchewan

The age of majority is **19** in four
provinces and two territories:

British Columbia
New Brunswick
Newfoundland
Northwest Territories
Nova Scotia
Yukon

Children of the marriage who are at or over the age of majority

A child may be at or over the age of majority but still be dependent on his or her parents. See page 10 of *Federal Child Support Guidelines: A Guide to the New Approach* for more information.

When parents cannot agree whether a child who has reached the age of majority is a dependent for whom child support should be paid, they can ask a judge to decide.

The Guidelines provide two ways to calculate child support for dependent children who are at or over the age of majority. The first way is to use the child support tables and to calculate special expenses (if any) as if the child were *under* the age of majority — in other words, to calculate the amount in the same way as for any child. If that approach is inappropriate — for example, if the child lives away from home to attend school — the second way is to set the amount of child support according to the child's means and needs and the financial ability of each parent to contribute. If parents cannot decide which approach to take, a judge will decide. Steps 5, 6, 7 and 8 explain in detail the concepts referred to here.

Children toward whom a person has acted as a parent

Sometimes, a person takes care of a child and acts as the child's parent without being his or her biological or adoptive parent. If the relationship that brought them together ends, the person may have to pay child support. When the adults cannot agree on the appropriate amount of child support, a judge decides.

For example, Jacquelyn had two children with her first husband. A few years after they divorced, she married Marc. Marc has shared the financial and other responsibilities of bringing up the children with Jacquelyn for the last six years. Now, Jacquelyn and Marc are divorcing. As the children will be living with Jacquelyn, she could ask Marc to pay child support.

The first question to be answered is whether Marc has acted in the place of a parent to the children. If so, then Jacquelyn and Marc may use the Guidelines to help them determine the amount of child support. If they cannot agree on whether child support should be paid, and on how much, they will have to go to court. The judge will decide whether Marc must pay child support and what that amount would be. In determining the amount, the judge would consider the obligation of the biological father to pay support for the children.

Write the number of children you are calculating support for here: _____.

Recap

You should now know how many children you are calculating child support for under the Guidelines. Next, go to Step 3.

Step 3

Determine the type of custody arrangement

In this step, you determine the type of custody arrangement.

The Guidelines divide custody arrangements into three categories. You need to decide which type of custody arrangement applies to your situation before you can calculate the approximate amount of child support.

Please read carefully the description of the three categories of custody arrangement recognized by the Guidelines. The words “sole custody,” “split custody” and “shared custody” may be used in the Guidelines in a way that is different from how you would describe custody arrangements to friends, or from how provincial or territorial laws might define these words. Be sure to choose the description that reflects your situation.

Sole custody

In sole-custody arrangements, all of the children of the marriage live with one parent more than 60 per cent of the time over the course of a year, even though they may spend time with each parent and both parents may make decisions about the children’s education and upbringing. The parent that does not have the children for 60 per cent of the year or more should pay child support to the other parent.

Split custody

Split custody can occur only when there are two or more children in the family. With split custody, each parent has sole custody of at least one child. In other words, at least one child lives with one parent more than 60 per cent of the time over the course of a year and at least one other child lives with the other parent more than 60 per cent of the time. Both parents may still make all decisions about the children’s education and upbringing — it is the living arrangements that are split between the two parents.

For example, Alice and Paul have three children. The two younger children will live with Alice and the older child with Paul. Alice will pay child support for the child in Paul’s custody. Paul will pay child support for the two children in Alice’s custody.

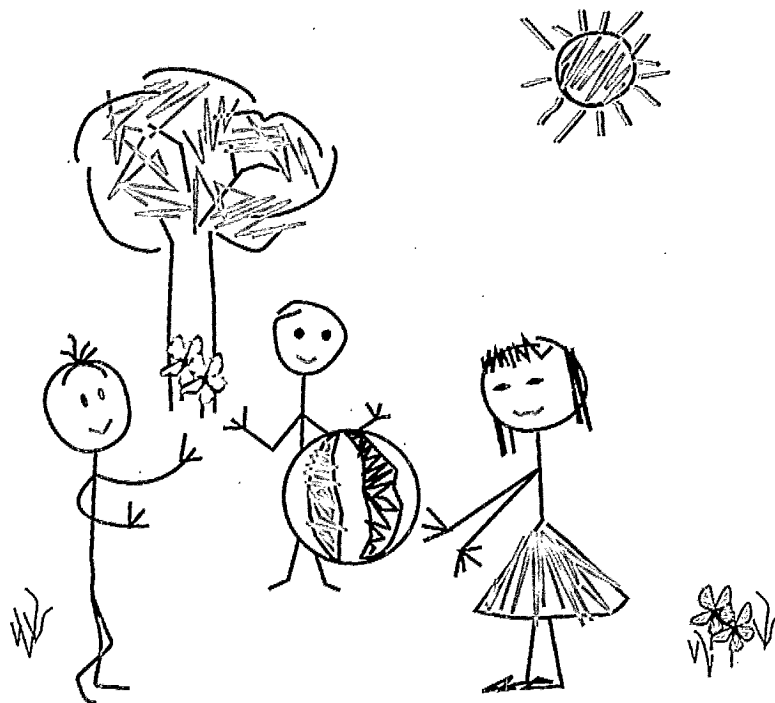
Shared custody

Parents have shared custody of their children under the Guidelines when the time the children live with each parent is shared nearly equally. In a shared-custody arrangement, the children live with each parent at least 40 per cent of the time over the course of the year.

The fact that both parents have a legal right to make decisions concerning the children, and have an equal voice in education and upbringing decisions, does not necessarily mean that they have shared custody for the purposes of the Guidelines. Parents have shared custody under the Guidelines only when they have physical custody of, or exercise access to, the children at least 40 per cent of the time over the course of the year.

Recap

**You should now know which custody arrangement applies in your situation.
Next, go to Step 4.**



Step 4

Choose the appropriate child support tables

In this step, you find the child support tables that apply to your situation.

Once you know which tables you need, you can then go to the section of the workbook that applies to your custody situation (purple: sole custody; red: split custody; green: shared custody).

Before you start working through the rest of the book, please read all of Step 4.

Before you can complete the rest of the steps in the workbook, you will need to have a copy of the child support tables that apply to your situation. These tables are available as separate publications for each province or territory (they are called *How to Use the Simplified Federal Child Support Tables*) from the Department of Justice Canada. You may already have a copy of the tables or you may have received them with this workbook.

If you do not have the tables, call toll-free 1-888-373-2222, or (613) 946-2222 in the National Capital Region, to have copies sent to you.

Be ready to give the person who answers your call the following information:

- ◆ the number of children of the marriage for whom you are calculating child support; and
- ◆ the province or territory in which you live and in which the other parent lives (if different).

If you and the other parent live in the same province or territory, you need only the one table for the province or territory in which you both live. If you and the other parent live in different provinces or territories, you should get the tables for the province or territory where the parent who will be paying child support lives. If you have a split- or shared-custody arrangement (see pages 15 and 16 for definitions), you will need the tables for the province or territory where each parent lives. If the other parent lives outside of Canada, or you do not know his or her address, please ask for the table for your own province or territory.

The Department of Justice Canada can also send you a copy of *Federal Child Support Guidelines: A Guide to the New Approach*, if you do not have one already, and a brochure (*10 Things You Should Know About the Federal Child Support Guidelines*) that you may find helpful.

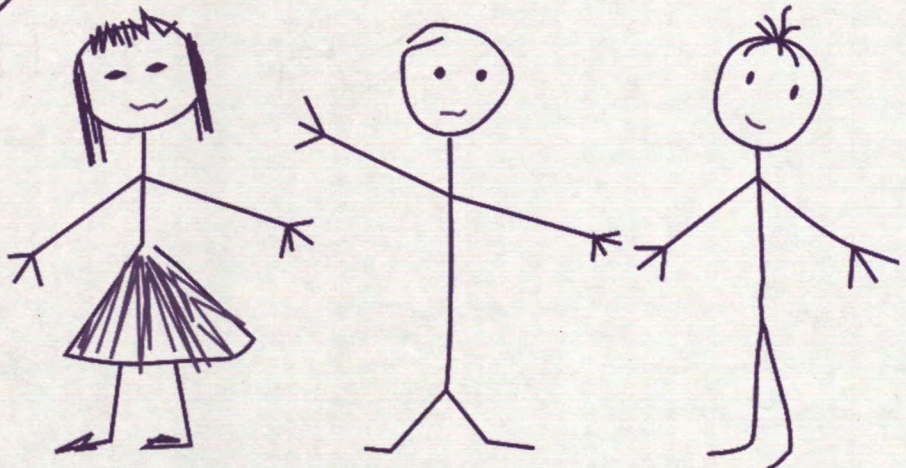
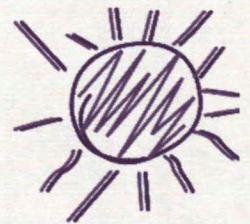
Recap

Once you have the tables you need, you can work through the section of the workbook that applies to your custody arrangement.

- ◆ sole custody: the purple section, starting on page 19
- ◆ split custody: the red section, starting on page 93
- ◆ shared custody: the green section, starting on page 169



Sole Custody

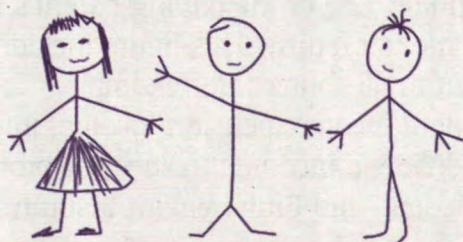


Sole Custody

Use this section if, in Step 3, you decided that “sole custody” describes your custody arrangement.

In sole-custody arrangements, one parent has custody of the children for more than 60 per cent of the time. The other parent, who has custody or access less than 40 per cent of the time, pays child support. In this section, the person who pays child support is referred to as the “paying parent.” The parent who receives the child support is referred to as the “receiving parent.”

By working through the four steps in this section of the workbook, you will be able to estimate the amount of child support that would apply to your sole-custody situation. There are three forms and a worksheet to help you do your calculations, and line-by-line instructions for you to follow.



Before you start

Pull out Worksheet A and the working copies of forms 1, 2A, 3A and 3B from the back of this section.

You will find an overview of what you will need to complete each of the forms at the back of the section (see page 35 for Form 1, page 49 for Form 2A, and page 71 for forms 3A and 3B). You may wish to read those pages and collect any information you need before you start working.

You may also wish to have on hand a calculator and a copy of *Federal Child Support Guidelines: A Guide to the New Approach*.

If you would like to have a permanent copy of your finished calculations, we have included a “Record Copy” of Worksheet A and each of the forms at the back of the section onto which you can copy your final figures.

Step 5

Calculate annual income

In this step, you calculate the paying parent's income.

Use **Form 1** to help you calculate the paying parent's annual income. You will find an overview of the form and of the information you need to complete it on page 35. Line-by-line instructions begin on page 41.

Before you start filling in the form, please read through the rest of Step 5.

Parents provide income information

When child support is being discussed by parents in sole-custody situations, it is recommended that the paying parent provides complete and accurate information about his or her income for the past three taxation years. When the receiving parent's income is a factor in determining the amount of child support — for example, when special expenses are involved or in cases of undue hardship (see steps 7 and 8) — it is recommended that the receiving parent provides complete and accurate income information for the past three taxation years. If a case goes to court, parents are *required* to provide complete and accurate income information. If either parent fails to do so, the judge can order the parent to comply and impose a penalty (such as awarding costs to the other parent). If the parent still does not comply, the judge can set the amount of income for the parent that will be used to determine child support.

After a child support order has been made, a parent whose income is a factor in determining child support must continue to provide income information if asked to do so by the other parent. Both parents must also provide current information about the status of any special expenses or of circumstances surrounding undue hardship. The request for information may be made no more than once a year after the order has been made and must be in writing.

You will find a list on page 197 of the financial information that each parent must provide to the other when a formal request is made, if it has not already been provided.

Note: To get the most accurate estimate of child support using the workbook, use the most recent income information you have. If you do not have these figures, use the best figure you do have to get some idea of the amount a judge might set. When you do go to court, however, the judge will require exact income information.

Where to start?

A good place to start is with the total income figure on line 150 of the paying parent's federal income tax return. This figure includes income from all sources, for example, employment income, pension income, interest and dividend income, business or professional income, and Employment Insurance

and social assistance payments. In some cases, this is the parent's most recent income information. If so, this is the number you need to use in Form 1 to calculate the paying parent's annual income.

Is the paying parent's income more than \$150,000 a year?

For incomes of more than \$150,000, the child support tables specify an amount of child support for the first \$150,000, and a percentage you can use if you think it is appropriate for the part of the income over \$150,000. The Guidelines allow for discretion in setting the amount of child support for that part of the income over \$150,000. Please refer to the *Federal Child Support Guidelines: A Guide to the New Approach*, page 22, for more information on how to calculate child support for incomes of more than \$150,000 a year.

When line 150 does not contain the most recent income information

The most recent federal tax return and the Revenue Canada notice of assessment may not be the best sources for current income information if they are not up-to-date or they are not accurate or a fair reflection of income. In this case, please use more recent sources of information, such as pay stubs, to update the information on the tax return. Even if the income tax information is up-to-date, it could still be inaccurate because the parent's income has changed a lot recently, or because income is not always calculated the same way for income tax forms as it is for child support purposes.

Changing income

The parents or a judge may decide to use a figure that is different from the one on line 150 of the paying parent's most recent income tax return when, for example,

- ◆ the amount the parent received from a particular source of income varied over the last three years. In this case, the judge could decide to use an average of the amounts received from that source of income during the last three years; or
- ◆ the amount the parent received from a particular source of income was a non-recurring amount (for example, a bonus paid to employees because the company had an exceptionally profitable year). In this case, the judge may decide that only a portion of the amount, if any, should be included in income.

(Page 199 contains a list of reasons why a judge could decide that a parent's income is not properly reflected on the income tax return.)

This means that, in some cases, the figure on line 150 of the paying parent's most recent income tax return is not the figure to use in Form 1. You will have to decide if you believe the line 150 figure is accurate. If not, try to get additional information to update the income amount for each source of income and calculate an accurate amount for line 150. If the paying parent earns money from a source other than a job, such as stocks and bonds, you may wish to seek professional advice.

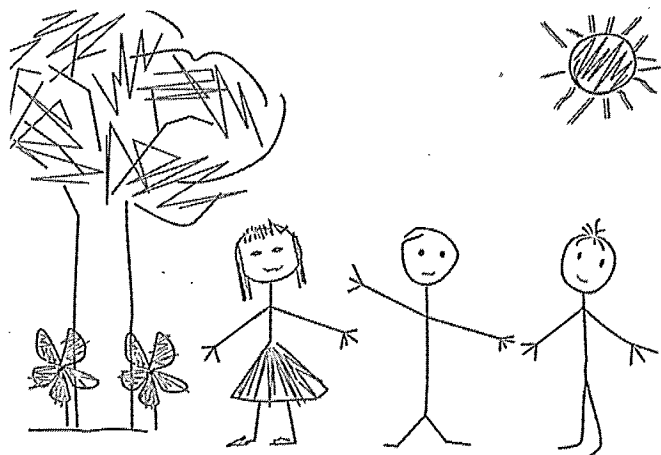
Adjusting total income

The paying parent's income may have to be adjusted to reflect his or her disposable income before taxes. This is because the annual income figure you use when consulting the child support tables may not be exactly the same income figure used for income tax purposes. Form 1 shows you how to adjust the paying parent's annual income for child support purposes.

Complete Form 1 and copy the figure from line 18 (the paying parent's annual income) onto line 1 on Worksheet A (page 31).

Recap

**You should now know
the paying
parent's annual income.
Next, go to Step 6.**



Step 6

Determine the basic amount from the child support tables

In this step, you figure out the amount of child support the paying parent would pay according to the child support tables.

First, you need the child support table that you identified in Step 4 (check the front page of the table to make sure you have the right one).

Now, locate the paying parent's income (you figured this out in Step 5) on the table. Look to the right of that figure under the column that shows the number of children for whom you are calculating child support (you figured out this number in Step 2).

For example, if Thomas and Louise have two children, age 8 and age 10, both parents live in Alberta, and Thomas has an income of \$33,500, you would find the monthly amount of child support by locating \$33,500 on the Alberta table, then looking to the right under the "2" column (for the number of children). In this case, the appropriate amount of child support is \$490 per month.

Go to Worksheet A (page 31) and fill in, on line (2a), the basic amount from the child support tables.

Recap

You should now know the basic amount of child support that would be payable in your situation.

Next, go to Step 7.

Step 7

Special expenses

In this step, you figure out if there are any special expenses you need to consider when determining the child support amount.

Use **Form 2A** to calculate the amount a judge might require the **paying parent** to contribute toward special expenses. You will find an overview of the form and of the information you need to complete it on page 49. Line-by-line instructions begin on page 59.

Before you start filling in the form, please read through the rest of Step 7.

In addition to the amount of child support set out in the child support tables, both parents may be required to pay part of a child's "special expenses." The paying parent's portion of these expenses would be added to the basic amount from the child support tables. Special expenses are reasonable expenses that are in a child's best interests and that are consistent with the family's means and spending pattern before the separation. For example, if a receiving parent has child-care expenses, the parents may agree that they are reasonable and necessary and, for this reason, a portion of the child-care expenses should be added to the basic amount from the child support tables. If the parents cannot agree on which special expenses are to be shared, either one can ask a judge to decide for them.

The Guidelines list special expenses as the following:

- ◆ child-care expenses arising from the receiving parent's job, illness, disability, education or employment training;
- ◆ the portion of a parent's medical and dental insurance premiums that provides coverage for the child;
- ◆ the child's health-care needs that are more than \$100 a year per illness or health event over and above what is covered by insurance (for example, orthodontics, medication or speech therapy);
- ◆ the child's extraordinary expenses for primary and secondary education;
- ◆ the child's expenses for post-secondary education; and
- ◆ the child's extraordinary expenses for extracurricular activities.

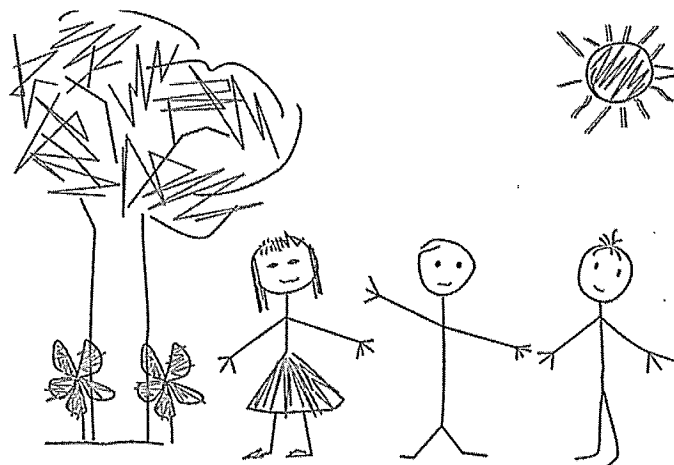
The parents can decide together which special expenses, if any, are reasonable and necessary and how much each parent will contribute to them.

As a general rule, each parent shares in the expenses in proportion to his or her income, although the parents can agree on a different way of dividing the costs. If they cannot agree, either parent can ask a judge to decide for them.

Complete Form 2A and copy the figure from line 44 onto line 24 on Worksheet A (page 31). Then, add lines 24a and 24b on the worksheet to get the estimated amount of child support payable each month by the paying parent (line 26).

Recap

You should now know the estimated amount of child support the paying parent would pay each month. Next, go to Step 8.



Step 8

Undue hardship

In this step, you figure out if the estimated amount of child support would cause undue hardship that would qualify for a change to the amount of child support.

Use **forms 3A and 3B** to figure out the standards of living for your household and for the other parent's household. You will find an overview of the forms and of the information you need to complete them beginning on page 71. Line-by-line instructions begin on page 81.

Before you start filling in the forms, please read through the rest of Step 8.

In some situations, the amount of child support set in the child support tables, combined with other circumstances, could create undue hardship for either parent or for the children who are living with the receiving parent.

There are two steps to determine whether the amount of child support should be different because of undue hardship:

- ◆ deciding if the amount causes undue hardship for either parent or for the children; and
- ◆ proving that the parent claiming undue hardship does not have a higher standard of living than the other parent.

Determine if there is undue hardship

The Guidelines set out some of the circumstances that may cause undue hardship:

- ◆ the parent has to pay off unusually high debts that were reasonably incurred to support the family prior to separation;
- ◆ the parent has to pay unusually high debts to earn a living;
- ◆ the parent has unusually high expenses for exercising access to a child;
- ◆ the parent has a legal duty under a court order, or in a separation agreement, to support another person;
- ◆ the parent has a legal duty to support a child who is not a child of the marriage but is under the age of majority or is over the age of majority and unable to support himself or herself because of an illness, disability or other cause (such as continuing schooling); and
- ◆ the parent has a legal duty to support a person unable to support himself or herself because of an illness or disability (for example, a new spouse who cannot work because of a disability).

Note: There may also be other circumstances not listed here that could cause undue hardship.

Determine the standard of living of both households

Before a judge would agree with your claim and order a different amount of child support because of undue hardship, you would have to show that the standard of living in your household is not higher than the standard of living in the household of the other parent, given the child support amount set in the Guidelines.

Compare standards of living

Complete Form 3A and copy the income ratio for the father's household from line 63 onto line ③ on Worksheet A (page 31). Complete Form 3B and copy the income ratio for the mother's household onto line ④. Compare the figures on line ③ and ④ and write which household has the lower income ratio, which represents standard of living, on line ⑤ on Worksheet A.

The results of this test will give you a general idea of the standards of living of the two households and how they compare.

Please note that this test is optional.

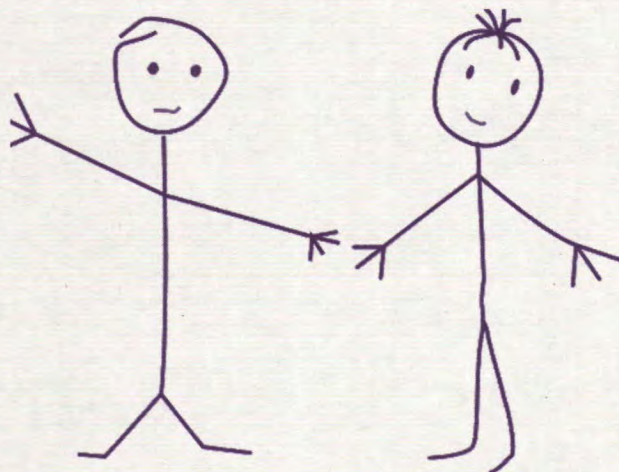
You, the other parent, your lawyer or a judge could decide to use other means to compare the standards of living of the two households. If the parent claiming undue hardship is not able to prove that his or her standard of living is not higher than the other parent's standard of living, the judge must reject the claim of undue hardship.

If the judge agrees that undue hardship exists, he or she may order a different amount of child support than would otherwise result from the Guidelines.

Recap

You should now have an idea of the impact that undue hardship might have on the amount of child support you figured out in steps 6 and 7. You can now try to reach an agreement with the other parent on child support payments.

You will find information about how to find professionals to help you with this agreement on page 200.



Worksheet A

1 Write the amount of the paying parent's *annual income* from Form 1, line 18 here:

2 Write the *basic amount* of child support from the child support tables (or another amount if there are any children at or over the age of majority, or if the paying parent's income is more than \$150,000) here:

a)

Write the amount the paying parent has to contribute to *special expenses* (Form 2A, line 44) here:

+ b)

Add lines 2a and 2b to get the **estimated total amount of child support payable each month by the paying parent.**

= c)

If claiming undue hardship (Step 8)

3 Write the income ratio for the father's household (Form 3A, line 63) here:

4 Write the income ratio for the mother's household (Form 3B, line 63) here:

5 Write which household has the lower income ratio (representing standard of living) here:

Worksheet A

1 Write the amount of the paying parent's *annual income* from Form 1, line 18 here:

2 Write the *basic amount* of child support from the child support tables (or another amount if there are any children at or over the age of majority, or if the paying parent's income is more than \$150,000) here:

a) _____

Write the amount the paying parent has to contribute to *special expenses* (Form 2A, line 44) here:

+ b) _____

Add lines 2a and 2b to get the **estimated total amount of child support payable each month by the paying parent.**

= c) _____

If claiming undue hardship (Step 8)

3 Write the income ratio for the father's household (Form 3A, line 63) here:

4 Write the income ratio for the mother's household (Form 3B, line 63) here:

5 Write which household has the lower income ratio (representing standard of living) here:

Form 1

To calculate annual income for the Guidelines

Use this form to calculate annual income for any one of the following:

- ◆ the paying parent in a sole-custody situation;
- ◆ the paying parent and the receiving parent when there are special expenses;
- ◆ a person who has acted as a parent (see page 14);
- ◆ the paying parent and the receiving parent when
 - the child is over the age of majority (18 or 19) and the judge does not consider it appropriate to look only at the paying parent's income, or
 - the paying parent earns more than \$150,000 a year;
- ◆ the father and mother in split- or shared-custody arrangements; or
- ◆ the father, mother and other household members when assessing undue hardship.

Please note that we refer to "parent" throughout Form 1, although other household members may have to complete it as well.

Before you complete this form...

- ◆ **remember: not all lines will apply**

The form has a lot of lines to cover all income possibilities. When a parent's income is straightforward, you will need to fill in only a few lines to complete the form. Skip any lines that do not apply to your situation.

- ◆ **use up-to-date income information**

You can use the information in a parent's federal income tax return and its schedules to complete this form when that information is an accurate reflection of actual income. If there has been a change in income since the federal income tax return was filed, you should use information from the Revenue Canada notice of assessment, recent pay slips or other income records to update the information on the tax return. See page 199 for information on "income" for the purposes of calculating child support under the Guidelines.

- ◆ **check if there have been a lot of changes in income**

Sometimes, a parent's income changes a lot from year to year. When that has happened, the law says that a judge can look at the parent's income over the last three years to establish the parent's annual income for the Guidelines.

◆ **check if a parent is a director, officer or shareholder of a corporation**

When a parent is a director, officer or shareholder of a corporation, a judge may find that the parent's income tax return does not fairly reflect all the money available to the parent to pay child support. In that case, the judge can consider other factors to establish the parent's annual income for the Guidelines.

◆ **look for definitions of income tax terms**

Form 1 refers to many income tax terms. They are all defined in Revenue Canada income tax material. For example, you can deduct "carrying charges." If you would like to have the definition of "carrying charges," please refer to the Revenue Canada income tax guide.

Documents to have ready

To complete this form, you will need the parent's most recent income information, for example,

- ◆ the parent's federal income tax return;
- ◆ the schedules to that federal income tax return;
- ◆ the Revenue Canada notice of assessment; and
- ◆ pay slips or other income records, if applicable.

Form 1: To calculate annual income for the Guidelines

Please refer to Line-by-line Help, starting on page 41, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

This form applies to _____
 (father, mother, other household member)

When the parents agree on a parent's annual income for the Guidelines, write that amount on line 18. In that case, you do not have to fill out any other lines on this form.

| | |
|--|----------|
| TOTAL INCOME BEFORE ADJUSTMENTS | |
| Total income | 1. _____ |

Adjustments to total income

| | |
|---|------------------|
| Deductions from total income (make sure to use annual amounts) | |
| Child support received and included in total income | 2. _____ |
| Spousal support received from the other parent and included in total income | 3. _____ |
| Union, professional or other dues and employment expenses | 4. _____ |
| Social assistance received by the parent for other members of the household | 5. _____ |
| Excess portion of dividends from taxable Canadian corporations | 6. _____ |
| Actual business investment losses | 7. _____ |
| Carrying charges and interest expenses | 8. _____ |
| Prior-period earnings | 9. _____ |
| Sole proprietorship and partnership income | 10. _____ |
| Total deductions from income (add lines 2 to 10) | 11. _____ |

| | |
|---|------------------|
| Additions to total income (make sure to use annual amounts) | |
| Capital gains | 12. _____ |
| Payments by a self-employed person to a family member or someone else not at arm's length | 13. _____ |
| Capital cost allowance for real property | 14. _____ |
| Employee stock options | 15. _____ |
| Total additions to income (add lines 12 to 15) | 16. _____ |

| | |
|---|------------------|
| ANNUAL INCOME FOR THE GUIDELINES | |
| Total income with adjustments (line 1 minus line 11 plus line 16) | 17. _____ |
| Annual income | 18. _____ |
| <i>(Copy this amount to line ⑫ on Worksheet A, page 31)</i> | |

Form 1: To calculate annual income for the Guidelines

Please refer to Line-by-line Help, starting on page 41, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

This form applies to _____

(father, mother, other household member)

When the parents agree on a parent's annual income for the Guidelines, write that amount on line 18. In that case, you do not have to fill out any other lines on this form.

| | |
|--|----------|
| TOTAL INCOME BEFORE ADJUSTMENTS | |
| Total income | 1. _____ |

Adjustments to total income

| | |
|---|------------------|
| Deductions from total income (make sure to use annual amounts) | |
| Child support received and included in total income | 2. _____ |
| Spousal support received from the other parent and included in total income | 3. _____ |
| Union, professional or other dues and employment expenses | 4. _____ |
| Social assistance received by the parent for other members of the household | 5. _____ |
| Excess portion of dividends from taxable Canadian corporations | 6. _____ |
| Actual business investment losses | 7. _____ |
| Carrying charges and interest expenses | 8. _____ |
| Prior-period earnings | 9. _____ |
| Sole proprietorship and partnership income | 10. _____ |
| Total deductions from income (add lines 2 to 10) | 11. _____ |

| | |
|---|------------------|
| Additions to total income (make sure to use annual amounts) | |
| Capital gains | 12. _____ |
| Payments by a self-employed person to a family member or someone else not at arm's length | 13. _____ |
| Capital cost allowance for real property | 14. _____ |
| Employee stock options | 15. _____ |
| Total additions to income (add lines 12 to 15) | 16. _____ |

| | |
|---|------------------|
| ANNUAL INCOME FOR THE GUIDELINES | |
| Total income with adjustments (line 1 minus line 11 plus line 16) | 17. _____ |
| Annual income | 18. _____ |

(Copy this amount to line ① on Worksheet A, page 31)

Line-by-line Help for Form 1

Total income before adjustments

Line 1

Use the figure on line 150 of the parent's federal income tax return, if the return provides complete and up-to-date income information. **Copy the figure from line 150 onto line 1.**

If the parent's federal income tax return is not up-to-date, calculate annual income using information from the Revenue Canada notice of assessment, pay slips or other income records. **Write the amount of annual income based on those records on line 1.**

There may be reasons why even the up-to-date income figure still is not the best reflection of total income for the purposes of the Guidelines (for example, if the parent received an inheritance). Look at the list at the top of page 199. If any of these circumstances apply to you, try to agree with the other parent on how they will affect income and change the figure on line 1. If you cannot agree, you can ask a judge to decide for you.

Adjustments to total income

Deductions from income (use annual amounts)

The law says to deduct certain amounts from income to get the amount of annual income for Guidelines purposes. Lines 2 to 10 list the items to subtract from income.

Line 2

Write an amount on line 2 only if child support was included in the total income figure you wrote on line 1. Look on line 128 of the federal income tax return to find the amount of **child** support the person received during the year. (**Note:** line 128 reports both child and spousal support. A court order or writ-

ten agreement often sets out how much of this amount is for child support and how much is for spousal support. If there is no written record to separate child support from spousal support, try to come to an agreement with the other parent on what amount is for child support.)

Line 3

Write an amount on line 3 only if spousal support was included in the total income figure you wrote on line 1. Look on line 128 of the federal income tax return to find the amount of **spousal** support the parent received during the year from the other parent. (**Note:** line 128 reports both child and spousal support. The amount of child support that you wrote on line 2 plus the amount of spousal support should equal the figure on line 128 of the federal income tax return.) **Write the amount of spousal support on line 3.**

Line 4

Find lines 212 and 229 of the parent's federal income tax return, which are for expenses related to earning income. **Write the total of these expenses on line 4.**

Line 5

Find line 145 of the parent's federal income tax return. To determine the amount of social assistance received for other family members, write the total amount of social assistance for the family that this parent receives on line 5A below. Identify the portion of this amount that is for this parent's benefit. (If it is not clear what amount should be included for social assistance for the parent, please contact the social assistance office.) Write the parent's portion of social assistance on line 5B. Line 5A minus line 5B gives you the amount of social assistance received for other members of the family. **Copy this figure to line 5.**

| | | | | |
|---|---|---------|---|------------------------------------|
| To calculate social assistance received for other members of the household | | | | |
| _____ | - | _____ | = | _____ |
| line 5A | | line 5B | | line 5C <i>(Copy to line 5)</i> |

Line 6

Find line 120 of the federal income tax return and copy the amount listed there to line 6A below. Next, calculate the actual amount of **dividends** received by dividing the amount on line 6A by 1.25. Finally, subtract the amount on line 6B from the amount on line 6A to calculate the excess portion. **Copy the figure on line 6C onto line 6.**

| | | | |
|--|---|------|---------|
| To calculate dividends | | | |
| from a taxable Canadian corporation | | | |
| _____ | ÷ | 1.25 | = _____ |
| line 6A | | | line 6B |

| | | | |
|--|---|---------|------------------------------------|
| To calculate the excess portion | | | |
| _____ | - | _____ | = _____ |
| line 6A | | line 6B | line 6C <i>(Copy to line 6)</i> |

Line 7

Find line 228 of the federal income tax return. **Copy the figure for the amount of business investment losses suffered during the year onto line 7.**

Line 8

Find line 221 of the federal income tax return. **Copy the figure for the carrying charges and interest expenses onto line 8.**

Line 9

Self-employed income for the 12 months ending on December 31 of the year reported in the tax return may include an additional amount earned in a prior period (reserve amount). You must subtract the prior-period amounts from income. Prior-period amounts are on Revenue Canada Form T1139 (*Reconciliation of Business Income for Tax Purposes*). **Copy the figure from line 9C, below, onto line 9.**

| To calculate prior-period earnings | |
|--|--------------------------------------|
| Reserves deducted in preceding tax year (Add lines C and O from Form T1139) | 9A. _____ |
| Reserve amount (Add lines K and W from Form T1139) | 9B. _____ |
| Total amount of reserves (line 9A minus line 9B) | 9C. _____ <i>(Copy to line 9)</i> |

Line 10

When income is earned through a partnership or a sole proprietorship, deduct any amount included in income that is required by the partnership or sole proprietorship for capitalization purposes. **Write the amount on line 10.**

Line 11

To calculate the deductions to total income, add lines 2 to 10. **Write the total on line 11.**

| To calculate the deductions to total income | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|---------|-------------------------------------|
| + | + | + | + | + | + | + | + | + | = |
| line 2 | line 3 | line 4 | line 5 | line 6 | line 7 | line 8 | line 9 | line 10 | line 11 <i>(Copy to line 11)</i> |

Additions to income (use annual amounts)

The income reported on line 150 of the federal income tax return does not include all types of income needed for the Guidelines. The following amounts must be added on lines 12, 13, 14 and 15.

Line 12

There are two kinds of capital gains, recurring and non-recurring. A recurring capital gain has an ongoing effect on a parent's income, for example if he or she regularly buys and sells stocks. A non-recurring capital gain is a rare, or even a once-in-a-lifetime, event, for example when a cottage is sold.

When a parent has recurring capital gains, the entire amount must be taken into account, as the amount on line 1 includes only taxable capital gains (75% of total capital gains). Refer to the box below to calculate the missing portion and enter it **on line 12**.

When parents have non-recurring capital gains, the amount to include on Form 1 is discretionary and should already be taken into account when you are calculating annual income on line 1.

To calculate the amount of capital gains for line 12

| | | |
|--|------|--------------------------|
| Total capital gain (line 040, Schedule 3 of the federal income tax return*) | 12A. | _____ |
| Reported capital gains (line 127, federal income tax return) | 12B. | _____ |
| Capital gains for the Guidelines (line 12A minus 12B) | 12C. | _____ |
| | | <i>(Copy to line 12)</i> |

*The figure on line 040 of Schedule 3 equals the total of capital gains for the year minus any capital losses. If this figure is zero or less than zero, you do not need to work through this box. **Write "0" on line 12.**

The figure you wrote on line 12A should not include any non-recurring gains or losses already accounted for in line 1.

Line 13

When there is a business relationship between a self-employed parent and another individual, such as a family member (called a non-arm's length relationship), include in income any amount for salaries, benefits, wages, management fees or other payments paid to or on behalf of the other individual. You do not need to include the amount if it is reasonable and necessary to earn the self-employment income.

Write the amount on line 13.

Line 14

Include the amount that was deducted for capital cost allowance with respect to real property (lands and buildings).
Write amount on line 14.

Line 15

Complete this line when the parent has exercised a stock option to purchase shares of a Canadian-controlled private corporation.

Write "0" on line 15 if the shares were sold during the same year in which the parent exercised the stock options to obtain the shares. If the shares are for a corporation that is not a Canadian-controlled private corporation, this line does not apply.

To calculate the value of an employee stock option

| | | |
|---|------------|-------------------|
| Value of shares of a Canadian-controlled private corporation acquired through the exercise of a stock option (multiply the market value of one share by the number of shares) | | 15A. _____ |
| Amount paid for the stock options | 15B. _____ | |
| Amount paid for the shares | 15C. _____ | |
| Cost of shares (add lines 15B and 15C) | | 15D. _____ |
| Value of stock options (15A minus 15D) | | 15E. _____ |
| | | (Copy to line 15) |

Line 16

Add lines 12, 13, 14 and 15. **Write the total on line 16.**

To calculate the additions to total income

$$\begin{array}{ccccccc} \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & = & \underline{\hspace{2cm}} \\ \text{line 12} & & \text{line 13} & & \text{line 14} & & \text{line 15} & & \text{line 16} \\ & & & & & & & & \text{(Copy to} \\ & & & & & & & & \text{line 16)} \end{array}$$

Line 17

Subtract line 11 from line 1 and add line 16. **Write the result on line 17.**

| To calculate total income | | | | | | |
|---------------------------|---|---------|---|---------|---|---------|
| | - | | + | | = | |
| line 1 | | line 11 | | line 16 | | line 17 |

Line 18

Some parents may still need to do one more calculation to bring the income figure up to the level a judge would consider appropriate for the purposes of the Guidelines. Refer to the list at the bottom of page 199 for examples of situations when this may occur.

If none of these applies to you, simply **copy the figure from line 17 to line 18.**

If one or more of these circumstances does apply, you may wish to add an amount to the income figure. If you do not wish to do this, **copy the figure from line 17 to line 18.**

If you do decide to add an amount to income, the amount is discretionary, and you and the other parent should agree on it. If you cannot agree, you can ask a judge to decide on an amount for you.

Once you have an amount, add it to the figure on line 17 and **write the total on line 18.**

| To calculate annual income | | | |
|----------------------------|---|----------------------------|-------------------------------------|
| | + | | = |
| line 17 | | amount to add to income | line 18 <i>(Copy to line 18)</i> |

Copy the amount from line 18 onto line ⑪ on Worksheet A (page 31).

Form 2A

To calculate the paying parent's share of special expenses
for sole-custody arrangements

Use this form when

- ◆ you are in a sole-custody situation; and
- ◆ your children have special expenses.

Note for parents with shared custody: When parents share custody of children, the Guidelines do not set an amount of child support to be paid as they do for sole- and split-custody arrangements. Shared custody involves increased costs and the law instructs a judge to take other circumstances — such as the child's needs — into account when deciding on the amount of child support. However, parents with shared custody can use this form to get an idea of the total amount they have to spend to meet their children's needs, and their relative ability to contribute to them.

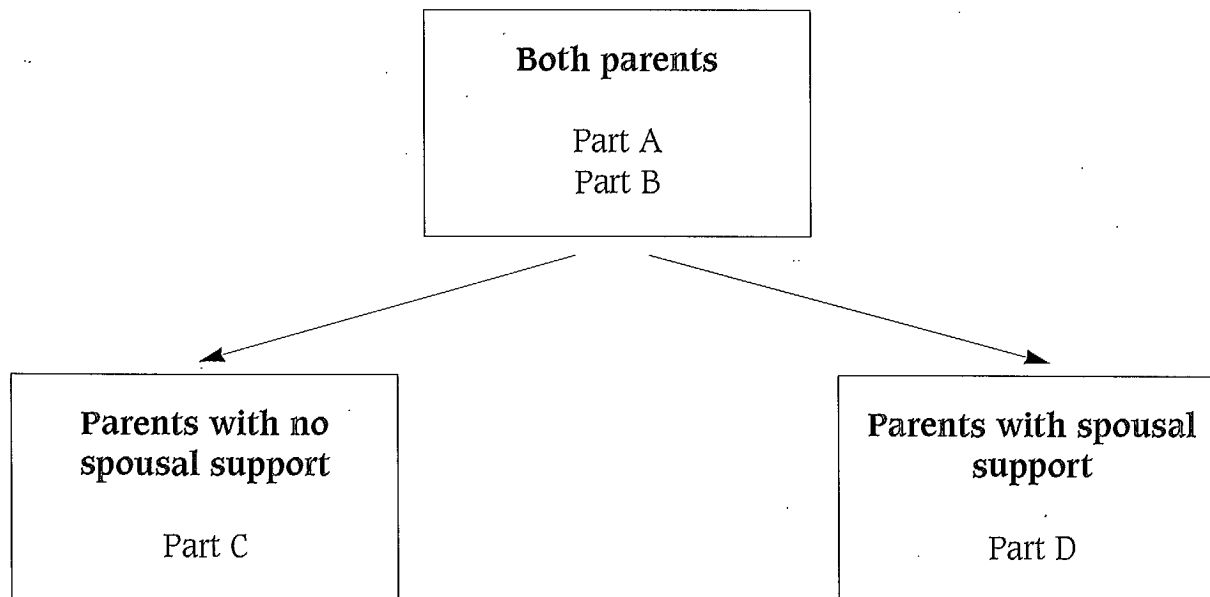
Before you complete this form...

◆ identify a child's special expenses

The law says that in addition to the amount of child support set out in the Guidelines, a parent may also be required to pay money to cover part of a child's special expenses when these expenses are reasonable and necessary. Generally, special expenses are shared by both parents. This form helps you to estimate each parent's share of special expenses and to calculate the amount that the paying parent is supposed to add to the child support payments to cover these special expenses. It is not clear how judges will interpret what constitutes special expenses, but parents can agree on what special expenses they are willing to share. If the parents cannot agree, either parent can ask a judge to decide for them.

◆ **use only the parts of the form that apply to you**

Both parents should complete Part A *and* Part B. Fill in a column for each child for whom there are special expenses. Fill out either Part C *or* Part D, depending on whether or not a parent pays spousal support to the other parent.



Please note that a "paying parent" is the person who is paying or going to pay child support. The "receiving parent" is the parent who has sole custody of the children and is receiving child support for them.

Documents to have ready


To complete this form, you will need information about the children's special expenses and the income of both parents. This consists of at least the following:

- ◆ the most recent federal income tax return for each parent;
- ◆ the schedules to those federal income tax returns; and
- ◆ the Revenue Canada notice of assessment.

You will also need to complete Form 1 for each parent.

Form 2A: To calculate the paying parent's share of special expenses for sole-custody arrangements

Please refer to Line-by-line Help, starting on page 59, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| Part A | | | | |
|--|---|--------------|--------------|--------------|
| TOTAL ANNUAL AMOUNT SPENT ON SPECIAL EXPENSES BY BOTH PARENTS | | | | |
| <i>For each child, write the total amount that both parents pay each year for any of the following expenses:</i> | | | | |
| | Child's Name | Child's Name | Child's Name | Child's Name |
| Child-care expenses (per year) | 19A. _____ | B. _____ | C. _____ | D. _____ |
| Medical and dental insurance premiums for the child (per year) | 20A. _____ | B. _____ | C. _____ | D. _____ |
| Health-related expenses (per year) | 21A. _____ | B. _____ | C. _____ | D. _____ |
| Extraordinary expenses for primary and secondary education (per year) | 22A. _____ | B. _____ | C. _____ | D. _____ |
| Post-secondary education expenses (per year) | 23A. _____ | B. _____ | C. _____ | D. _____ |
| Extraordinary expenses for extracurricular activities (per year) | 24A. _____ | B. _____ | C. _____ | D. _____ |
| Total annual amount of special expenses spent on child (add lines 19 to 24 in each column) | 25A. _____ | B. _____ | C. _____ | D. _____ |
| Total annual amount spent on special expenses by both parents (add lines 25A, B, C and D) |  26. _____ | | | |

Part B.

TOTAL AMOUNT OF SPECIAL EXPENSES THAT THE PARENTS HAVE TO SHARE

| | Child's Name | Child's Name | Child's Name | Child's Name |
|--|--------------|--------------|------------------|--------------|
| Payments (per year) from sources other than the parents | 27A. _____ | B. _____ | C. _____ | D. _____ |
| Amounts contributed (per year) by a child for special expenses | 28A. _____ | B. _____ | C. _____ | D. _____ |
| Total amounts received for each child (add lines 27 and 28 in each column) | 29A. _____ | B. _____ | C. _____ | D. _____ |
| Total amount received for all children (add lines 29A, B, C and D) | | | 30. _____ | |
| Total amount of income tax relief (per year) for both parents | | | 31. _____ | |
| Total amount received to pay for the expenses listed in Part A (add lines 30 and 31) | | | 32. _____ | |
| Total amount of special expenses that the parents have to share (line 26 minus line 32) | | | 33. _____ | |

Complete either Part C or Part D

Complete **Part C** if you do not pay spousal support to or receive spousal support from the other parent.
 Complete **Part D** if you pay spousal support to or receive spousal support from the other parent.

| Part C | |
|--|--|
| PAYING PARENT'S SHARE OF SPECIAL EXPENSES IF NO SPOUSAL SUPPORT IS BEING PAID TO THE OTHER PARENT | |
| | PAYING PARENT RECEIVING PARENT |
| Annual income (from Form 1, line 18) | 34A. _____ B. _____ |
| Note: no lines 35-38 | |
| Total annual income of both parents (add lines 34A and 34B) | 39. _____ |
| Paying parent's proportion of both parents' total annual income (divide line 34A by line 39 — the result will usually be in decimal form, for example, 0.66) | 40. _____ |
| Amount of paying parent's share of special expenses (multiply line 40 by line 33) | 41. _____ |
| Real (net) cost of all special expenses paid directly by paying parent | 42. _____ |
| Annual amount of special expenses payable to the receiving parent by the paying parent (line 41 minus line 42) | 43. _____ per year |
| Monthly amount of special expenses payable to the receiving parent by the paying parent (divide line 43 by 12) | 44. _____ per month |
| <i>(Copy this amount to line 2b Worksheet A, page 31)</i> | |

OR


**Part D
PAYING PARENT'S SHARE OF SPECIAL EXPENSES IF
SPOUSAL SUPPORT IS BEING PAID TO THE OTHER PARENT**

| | PAYING PARENT | RECEIVING PARENT |
|--|---------------------|------------------|
| Annual income (from Form 1, line 18) | 34A. _____ | B. _____ |
| Spousal support received from the other parent | 35A. _____ | B. _____ |
| Add lines 34 and 35 in each column | 36A. _____ | B. _____ |
| Spousal support paid to the other parent | 37A. _____ | B. _____ |
| Annual income for purposes of sharing special expenses (line 36 minus line 37 in each column) | 38A. _____ | B. _____ |
| | ↙ | ↘ |
| Total annual income of both parents (add lines 38A and 38B) | 39. _____ | |
| Paying parent's proportion of both parents' total annual income (divide line 38A by line 39 — the result will usually be in decimal form, for example, 0.66) | 40. _____ | |
| Amount of paying parent's share of special expenses (multiply line 40 by line 33) | 41. _____ | |
| Real (net) cost of all special expenses paid directly by paying parent | 42. _____ | |
| Annual amount of special expenses payable to the receiving parent by the paying parent (line 41 minus line 42) | 43. _____ per year | |
| Monthly amount of special expenses payable to the receiving parent by the paying parent (divide line 43 by 12) | 44. _____ per month | |

(Copy this amount to 2b Worksheet A, page 31)

Form 2A: To calculate the paying parent's share of special expenses for sole-custody arrangements

Please refer to Line-by-line Help, starting on page 59, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.


| Part A | | | | |
|--|--|--------------|--------------|--------------|
| TOTAL ANNUAL AMOUNT SPENT ON SPECIAL EXPENSES BY BOTH PARENTS | | | | |
| <i>For each child, write the total amount that both parents pay each year for any of the following expenses:</i> | | | | |
| | _____ | _____ | _____ | _____ |
| | Child's Name | Child's Name | Child's Name | Child's Name |
| Child-care expenses (per year) | 19A. _____ | B. _____ | C. _____ | D. _____ |
| Medical and dental insurance premiums for the child (per year) | 20A. _____ | B. _____ | C. _____ | D. _____ |
| Health-related expenses (per year) | 21A. _____ | B. _____ | C. _____ | D. _____ |
| Extraordinary expenses for primary and secondary education (per year) | 22A. _____ | B. _____ | C. _____ | D. _____ |
| Post-secondary education expenses (per year) | 23A. _____ | B. _____ | C. _____ | D. _____ |
| Extraordinary expenses for extracurricular activities (per year) | 24A. _____ | B. _____ | C. _____ | D. _____ |
| Total annual amount of special expenses spent on child (add lines 19 to 24 in each column) | 25A. _____ | B. _____ | C. _____ | D. _____ |
| Total annual amount spent on special expenses by both parents (add lines 25A, B, C and D) |  | | | |
| | 26. _____ | | | |

Part B
TOTAL AMOUNT OF SPECIAL EXPENSES THAT THE PARENTS HAVE TO SHARE

| | <u>Child's Name</u> | <u>Child's Name</u> | <u>Child's Name</u> | <u>Child's Name</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Payments (per year) from sources other than the parents | 27A. _____ | B. _____ | C. _____ | D. _____ |
| Amounts contributed (per year) by a child for special expenses | 28A. _____ | B. _____ | C. _____ | D. _____ |
| Total amounts received for each child (add lines 27 and 28 in each column) | 29A. _____ | B. _____ | C. _____ | D. _____ |
| Total amount received for all children (add lines 29A, B, C and D) | | | 30. _____ | |
| Total amount of income tax relief (per year) for both parents | | | 31. _____ | |
| Total amount received to pay for the expenses listed in Part A (add lines 30 and 31) | | | 32. _____ | |
| Total amount of special expenses that the parents have to share (line 26 minus line 32) | | | 33. _____ | |

Complete either Part C or Part D

Complete **Part C** if you do not pay spousal support to or receive spousal support from the other parent.
 Complete **Part D** if you pay spousal support to or receive spousal support from the other parent.

| Part C | |
|--|--|
| PAYING PARENT'S SHARE OF SPECIAL EXPENSES IF NO SPOUSAL SUPPORT IS BEING PAID TO THE OTHER PARENT | |
| | PAYING PARENT RECEIVING PARENT |
| Annual income (from Form 1, line 18) | 34A. _____ B. _____ |
| Note: no lines 35-38 |  |
| Total annual income of both parents (add lines 34A and 34B) | 39. _____ |
| Paying parent's proportion of both parents' total annual income (divide line 34A by line 39 — the result will usually be in decimal form, for example, 0.66) | 40. _____ |
| Amount of paying parent's share of special expenses (multiply line 40 by line 33) | 41. _____ |
| Real (net) cost of all special expenses paid directly by paying parent | 42. _____ |
| Annual amount of special expenses payable to the receiving parent by the paying parent (line 41 minus line 42) | 43. _____ per year |
| Monthly amount of special expenses payable to the receiving parent by the paying parent (divide line 43 by 12) | 44. _____ per month |
| <i>(Copy this amount to line 2b Worksheet A, page 31)</i> | |

OR

Part D
PAYING PARENT'S SHARE OF SPECIAL EXPENSES IF
SPOUSAL SUPPORT IS BEING PAID TO THE OTHER PARENT

| | PAYING PARENT | RECEIVING PARENT |
|--|---------------|----------------------------|
| Annual income (from Form 1, line 18) | 34A. _____ | B. _____ |
| Spousal support received from the other parent | 35A. _____ | B. _____ |
| Add lines 34 and 35 in each column | 36A. _____ | B. _____ |
| Spousal support paid to the other parent | 37A. _____ | B. _____ |
| Annual income for purposes of sharing special expenses (line 36 minus line 37 in each column) | 38A. _____ | B. _____ |
| | | |
| Total annual income of both parents (add lines 38A and 38B) | | 39. _____ |
| Paying parent's proportion of both parents' total annual income (divide line 38A by line 39 — the result will usually be in decimal form, for example, 0.66) | | 40. _____ |
| Amount of paying parent's share of special expenses (multiply line 40 by line 33) | | 41. _____ |
| Real (net) cost of all special expenses paid directly by paying parent | | 42. _____ |
| Annual amount of special expenses payable to the receiving parent by the paying parent (line 41 minus line 42) | | 43. _____ per year |
| Monthly amount of special expenses payable to the receiving parent by the paying parent (divide line 43 by 12) | | 44. _____ per month |

(Copy this amount to (2b) Worksheet A, page 31)

Line-by-line Help for Form 2A

The law on special expenses recognizes that some children in some families have special expenses that are not covered by the amount of child support set in the child support tables. The law instructs a judge to take the following into account:

1. the necessity of the expense in relation to the child's best interests; and
2. the reasonableness of the expense, considering the means of the parents and of the child, and the family's spending pattern before the marriage ended.

This form enables parents to review the children's special expenses and then to decide how much each parent should contribute to them. As a general rule, each parent shares in the expenses in proportion to his or her income, although parents may agree on a different way of dividing the costs. When the parents cannot agree, either parent may ask a judge to decide for them.

Part A

Total annual amount spent on special expenses by both parents

The purpose of Part A is to calculate the total annual amount spent on special expenses by both parents in sole-custody arrangements. In this part, you add together all the special expenses for each child and then total the special expenses for all children.

For lines 19–25, use a separate column — A, B, C or D — for each child. When there are more than four children, you will need to photocopy this form before you complete it.

Line 19

Only certain child-care expenses are considered special expenses under the Guidelines. Include all child-care expenses that arise because of the receiving parent's job, illness, disability, or training or education for employment. Other types of child-care expenses are not considered eligible special expenses under the Guidelines. **Write only eligible child-care expenses on line 19.**

Line 20

When a parent pays into a medical or dental insurance plan for a child's benefit, then the portion of the parent's contribution to the plan on behalf of the child is an eligible special expense. **Write the portion of the parent's contribution to the plan made for the child on line 20.** When both parents pay into plans, add the contributions of both parents together and **write the total on line 20.**

Line 21

Some children require health care that is paid for by a parent and not by a provincial or territorial public health plan or private insurance. When this health care costs more than \$100 per year per illness or health event, after deducting any amount received from an insurance plan, it may be considered a special expense. Health-care costs that might be special expenses include orthodontic treatment, speech therapy, prescription drugs, glasses, contact lenses, hearing aids, physiotherapy, occupational therapy and professional counselling provided by a psychologist, social worker or psychiatrist. **Write the total amount of health-related special expenses paid by either parent on line 21.**

Line 22

The law says that special expenses may include extraordinary expenses for primary or secondary school and any other educational programs that meet a child's particular needs. **Write the amount of these extraordinary expenses paid by either parent on line 22.**

Line 23

Write any amounts paid by either parent for a child's post-secondary education on **line 23.**

Line 24

Write the amounts paid by either parent for any extraordinary expenses for extracurricular activities on **line 24.**

Line 25

Add lines 19, 20, 21, 22, 23 and 24 for each child. **Write the totals on line 25.**

Line 26

Add lines 25A, B, C and D to get the total amount spent by both parents on special expenses for all their children.

| To calculate the total amount spent on special expenses for all children | | | | | | | | |
|---|---|----------|---|----------|---|----------|---|---|
| _____ | + | _____ | + | _____ | + | _____ | = | _____ |
| line 25A | | line 25B | | line 25C | | line 25D | | line 26 <i>(Copy to line 26)</i> |

Part B

Total amount of special expenses that the parents have to share

The purpose of Part B is to calculate the total amount of special expenses that the parents have to share. In this part, you subtract from the total of special expenses on line 26 any amounts that either parent receives to help pay for the expenses.

For lines 27–29, use a separate column for each child.

Line 27

A parent or child may receive a contribution towards a special expense. For instance, a service organization might pay part of the costs of a child's hearing aid or a post-secondary school might offer a child a scholarship to help to pay tuition costs. **Write all the amounts the parents or children received or are entitled to receive for special expenses on line 27.**

Line 28

Sometimes a child may pay part of a special expense. For example, a child may use money from a part-time job to help pay university tuition. **Write all the amounts that a child contributes toward his or her special expenses on line 28.**

Line 29

Add lines 27 and 28 for each child. **Write the totals on line 29.**

Line 30

Add line 29A, B, C and D to get a total amount received for special expenses.

| | | | | | | | | |
|---|---|----------|---|----------|---|----------|---|---|
| To calculate the total amount received for special expenses for all children | | | | | | | | |
| _____ | + | _____ | + | _____ | + | _____ | = | _____ |
| line 29A | | line 29B | | line 29C | | line 29D | | line 30 <i>(Copy to line 30)</i> |

Line 31

Tax rules allow a taxpayer to deduct certain child-related expenses from income. This has the effect of reducing the amount of income tax the person has to pay. So, the parent who gets tax relief for a child-related expense saves money. You will need to subtract the amount of this tax relief when you calculate the total cost of special expenses.

There are three categories of child-related expenses that qualify for tax relief.

1. Child-care expenses (line 214, federal income tax return)
2. Educational expenses that a child transfers to a parent (line 324, federal income tax return)
3. Medical expenses (line 332, federal income tax return)

You need to estimate the amount of tax relief each parent gets and write this amount on line 31. There are two ways to calculate the amount of tax relief a parent receives or is entitled to receive for child-related expenses. Only do this calculation when a parent is claiming or intends to claim the expense on his or her income tax return.

Option 1**Use the charts**

You can use the Child-care Expenses Tax Relief and Medical Expenses Tax Relief charts to estimate the amount of tax relief a parent gets.

You should have received these charts with this workbook. If not, please call the Department of Justice Canada at 1-888-373-2222, or (613) 946-2222 in the National Capital Region, to request a copy.

Note: If you have educational expenses to consider, you will have to use Option 2.

There are specific rules about who is eligible to claim a deduction for child-care expenses. You may wish to refer to the *Income Tax Guide* for more information.

Follow the instructions on the Child-care Expenses Tax Relief and Medical Expenses Tax Relief charts to get the figures you need to complete the calculations below.

| Father | | Mother | |
|---|------------|---|------------|
| Amount of tax relief for child-care expenses | a) _____ | Amount of tax relief for child-care expenses | a) _____ |
| Amount of tax relief for medical expenses | + b) _____ | Amount of tax relief for medical expenses | + b) _____ |
| Total tax relief (add two amounts) | = c) _____ | Total tax relief (add two amounts) | = c) _____ |

| Total amount of tax relief | | |
|----------------------------|---|------------------------------|
| _____ | + | _____ |
| line C (father) | | line C (mother) |
| | | = _____ |
| | | line 31 (Copy to line 31) |

OR

Option 2

Fill out income tax forms

The most accurate way to find out the amount of tax relief is to complete an income tax return for each parent who has child-related expenses.

In some families, only one parent will have amounts to write on lines 214, 324 or 332 of the federal income tax return. In other families, both parents will have amounts to write in.

There are specific rules about who is eligible to claim a deduction for child-care expenses. You may wish to refer to the *Income Tax Guide* for more information.

Follow these steps:

Step 1

Use a blank income tax return to simulate two situations. (These forms are for your use only; you do not need to submit them to Revenue Canada.) Complete the first tax return with the appropriate amounts written on lines 214, 324 and 332 to calculate the tax that would be owing. Copy this amount onto line a) in the box on the next page. You may need to fill in only one line or you may have special expenses to include on two or all three lines.

Step 2

Now, do the income tax return again leaving lines 214, 324 and 332 blank. Calculate the tax that would be owing. Copy this amount onto line b) in the box on the next page.

Step 3

Now, you need to compare the two tax amounts. Subtract the amount of tax owing when special expenses have been included in the tax return from the amount of tax owing when no special expenses were taken into account. The difference is the amount of that parent's tax relief.

If the other parent can claim a deduction for any of the same special expenses, follow steps 1, 2 and 3 for that parent, too: complete a draft return and include any special expenses on lines 214, 324 and 332 and then do it again leaving lines 214, 324 and 332 blank.

| Father | | Mother | |
|---|------------|---|------------|
| Tax owing when lines 214, 324 and 332 are blank | a) _____ | Tax owing when lines 214, 324 and 332 are blank | a) _____ |
| Tax owing when lines 214, 324 and 332 are filled in | - b) _____ | Tax owing when lines 214, 324 and 332 are filled in | - b) _____ |
| Total tax relief | = c) _____ | Total tax relief | = c) _____ |

| | | | | |
|-----------------------------------|---|-----------------|---|-------------------------------------|
| Total amount of tax relief | | | | |
| _____ | + | _____ | = | _____ |
| line C (father) | | line C (mother) | | line 31 <i>(Copy to line 31)</i> |

Line 32

Add line 30 and line 31 to get the total amount received to help pay for the special expenses listed in Part A. **Write the total on line 32.**

| | | | | |
|--|---|---------|---|-------------------------------------|
| To calculate the total amount received to help pay for special expenses | | | | |
| _____ | + | _____ | = | _____ |
| line 30 | | line 31 | | line 32 <i>(Copy to line 32)</i> |

Line 33

Line 26 minus line 32 gives you the total amount of special expenses that the parents have to share. **Write this amount on line 33.**

| | | | | |
|---|---|---------|---|-------------------------------------|
| To calculate the total amount of special expenses that the parents have to share | | | | |
| _____ | - | _____ | = | _____ |
| line 26 | | line 32 | | line 33 <i>(Copy to line 33)</i> |

Part C or Part D

Income of each parent and the portion of the special expenses each parent should pay

Part C or Part D helps you to calculate the income of each parent and the portion of the special expenses that each parent should pay. If you do not pay spousal support to nor receive spousal support from the other parent, you should be completing Part C of this form. Use Part D when one parent pays spousal support to the other parent so that the amount of spousal support is reflected in the calculation of annual income. In Part D, use a separate column for each parent.

Line 34A

Write the paying parent's annual income from Form 1, line 18 on **line 34A**.

Line 34B

You will now need to complete Form 1 for the receiving parent. Write the receiving parent's annual income from Form 1, line 18 on **line 34B**.

Note: If you do not pay spousal support to or receive spousal support from the other parent, you should be completing Part C of this form. Lines 35 to 38 are not necessary for the calculations in Part C. Please skip to the explanation for line 39 if you are completing Part C.

Line 35 (Part D)

Write the amount of spousal support that the parent receives from the other parent. In many cases, the amount of spousal support received will be in the Receiving Parent column. However, sometimes the parent who has custody of the children, and receives child support for them, pays spousal support to the other parent. In that case only, the amount of spousal support received will be in the Paying Parent column. Whatever your situation, the amount of spousal support received should appear in only one of the two columns for line 35.

Line 36 (Part D)

Add lines 34 and 35 in each column. **Write the totals on line 36.**

| To calculate the effect of receiving spousal support on income | | |
|---|----------|---------------------------|
| Paying Parent | | |
| _____ | + _____ | = _____ |
| line 34A | line 35A | line 36A |
| | | <i>(Copy to line 36A)</i> |
| Receiving Parent | | |
| _____ | + _____ | = _____ |
| line 34B | line 35B | line 36B |
| | | <i>(Copy to line 36B)</i> |

Line 37 (Part D)

Write the amount of spousal support that the parent pays or is going to pay to the other parent. In almost all cases, the amount of spousal support paid will be in the Paying Parent column. However, sometimes the parent who has custody of the children, and receives child support for them, pays spousal support to the other parent. In that case only, the amount of spousal support paid will be in the Receiving Parent column. Whatever your situation, the amount of spousal support paid should appear in only one of the two columns for line 37. Once you have filled in a figure on line 37, go back and check that you only have a number in one column on line 35 and the same number in the other column on line 37.

Line 38 (Part D)

Subtract line 37 from line 36 to get the annual income of each parent to use to calculate each parent's share of special expenses.

| To calculate each parent's annual income for special expenses | | |
|--|----------|---------------------------|
| Paying Parent | | |
| _____ | - _____ | = _____ |
| line 36A | line 37A | line 38A |
| | | <i>(Copy to line 38A)</i> |
| Receiving Parent | | |
| _____ | - _____ | = _____ |
| line 36B | line 37B | line 38B |
| | | <i>(Copy to line 38B)</i> |

Line 39

For people completing **Part C**, add lines 34A and 34B. **Write the total on line 39.**

| | | |
|---|---|---------------------------------------|
| To calculate the combined annual income of the parents | | |
| _____ | + | _____ = _____ |
| line 34A | | line 34B line 39 |
| | | <i>(Copy to line 39)</i> |

For people completing **Part D**, add lines 38A and 38B. **Write the total on line 39.**

| | | |
|---|---|---------------------------------------|
| To calculate the combined annual income of the parents | | |
| _____ | + | _____ = _____ |
| line 38A | | line 38B line 39 |
| | | <i>(Copy to line 39)</i> |

Line 40

For people completing **Part C**, divide line 34A by line 39. **Write the result on line 40.**

| | | |
|--|---|--------------------------------------|
| To calculate the proportion of income earned by the paying parent | | |
| _____ | ÷ | _____ = _____ |
| line 34A (Part C) | | line 39 line 40 |
| | | <i>(Copy to line 40)</i> |

For people completing **Part D**, divide line 38A by line 39. **Write the result on line 40.**

| | | |
|--|---|--------------------------------------|
| To calculate the proportion of income earned by the paying parent | | |
| _____ | ÷ | _____ = _____ |
| line 38A (Part D) | | line 39 line 40 |
| | | <i>(Copy to line 40)</i> |

The purpose of this calculation is to find out what part of the total net annual income of both parents is earned by the paying parent. The number you will get when you divide the paying parent's income by the total income of both parents will usually be a number with a decimal, such as 0.66. Make sure you divide the smaller number by the larger number.

(**Note:** When the receiving parent has no income on line 34B in Part C, the result of the calculation will be '1' for the paying parent.)

Line 41

To calculate the **amount** of the paying parent's share of special expenses, multiply line 40 by the actual cost of special expenses on line 33. Please make sure that the figure on line 41 is a dollar amount, not a proportion, to avoid problems enforcing the final child support order.

| | | |
|---|---|--------------------------------------|
| To calculate the paying parent's share of special expenses | | |
| _____ | x | _____ = _____ |
| line 40 | | line 33 line 41 |
| | | <i>(Copy to line 41)</i> |

Line 42

The paying parent may be paying some special expenses directly. For instance, the paying parent may give an orthodontist a series of postdated cheques to cover orthodontic work on a child for a year or pay tuition directly to a university. When a paying parent is paying some special expenses directly, then the total amounts paid can be subtracted from the amount he or she has to pay the receiving parent for special expenses. Add up the amounts for special expenses that the paying parent pays directly. Put that figure on the first line in the box below. To find out the amount of tax relief the paying parent gets for expenses paid directly, go back and do the calculations for line 31. Write the figure you get from these calculations on the second line in the box below and subtract it from the first figure.

**To calculate the real (net) cost of special expenses
paid directly by the paying parent**

| | | | | |
|--|---|--|---|-------------------------------------|
| Special expenses paid directly by the paying parent | - | Paying parent's tax relief (follow instructions for line 31) | = | line 42 <i>(Copy to line 42)</i> |
|--|---|--|---|-------------------------------------|

Line 43

Line 41 minus line 42 gives you the annual amount of special expenses that the paying parent will pay.

**To calculate paying parent's share
of special expenses**

| | | | | |
|---------|---|---------|---|-------------------------------------|
| line 41 | - | line 42 | = | line 43 <i>(Copy to line 43)</i> |
|---------|---|---------|---|-------------------------------------|

Line 44

Divide line 43 by 12 to find out how much the paying parent will pay each month to the receiving parent to share the costs of their children's special expenses.

**To calculate the total monthly amount
the paying parent will pay**

| | | |
|---------|--------|-------------------------------------|
| line 43 | ÷ 12 = | line 44 <i>(Copy to line 44)</i> |
|---------|--------|-------------------------------------|

Copy the amount from line 44 onto line 2b on Worksheet A, page 31.

Forms 3A and 3B

To determine the household income ratio
to compare household standards of living

Use this form when either the father or the mother is making a claim for undue hardship.

- ◆ Form 3A is for the father's household
- ◆ Form 3B is for mother's household

Before you complete this form...

- ◆ **identify members of the household**

Members of the household are the following:

- ◆ the parent;
- ◆ any person who has a legal duty to support the parent or whom the parent has a legal duty to support (for example, the parent's new spouse);
- ◆ any person who shares living expenses with the parent or from whom the parent receives an economic benefit as a result of living with that person, if it is reasonable for that person to be considered part of the household. (For example, the parent may live with his or her mother and the mother may contribute part of her pension to pay for food and household bills, or the house may be hers and the parent is living there without having to pay rent. In that case, count the parent's mother as a member of the household.); and
- ◆ any child whom the parent or other household member has a legal duty to support (for example, a child of the parent from another marriage or a child of the parent's new spouse).

◆ **determine for whom you should complete this form**

In some households, the only person with an income will be the father or the mother. In other households, the father or the mother's new spouse or the child of that new spouse may be considered to be an income-earning member of the household. Their incomes must be included in forms 3A and 3B.

You must fill in the column "Other Household Member" for every income-earning member of the parent's household. When the parent's household has more than three people whose income must be included in forms 3A or 3B, you will need to photocopy the form before you complete it. (Do not repeat the information for the father or mother on this additional form.)

Documents to have ready

To complete this form you will need the parents' and household members' most recent income information. This consists of at least the following:

- ◆ the parents' and household members' federal income tax returns;
- ◆ the schedules to those federal income tax returns;
- ◆ the Revenue Canada notices of assessment; and
- ◆ pay slips or other income records, if applicable.

You will also need to complete Form 1 for each income-earning member of the father's and mother's households. Please note that we refer to "parent" throughout Form 1, although other household members may have to complete it as well.

Form 3A: To establish the household standard of living — FATHER's household

Please refer to Line-by-line Help, starting on page 81, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| INCOME OF HOUSEHOLD MEMBERS TO COMPARE STANDARDS OF LIVING | | | |
|--|-----------|---|---|
| | Father | Other Household Member (if applicable) | Other Household Member (if applicable) |
| Annual income (from Form 1, line 18) | 47. _____ | 47. _____ | 47. _____ |
| Amount of spousal support, if any, received by the father from the mother if deducted on Form 1, line 3 | 48. _____ | | |
| Federal taxes payable | 49. _____ | 49. _____ | 49. _____ |
| Provincial taxes payable | 50. _____ | 50. _____ | 50. _____ |
| Total federal and provincial taxes payable (add lines 49 and 50) | 51. _____ | 51. _____ | 51. _____ |
| Annual income to compare standards of living (line 47 plus line 48 minus line 51) | 52. _____ | 52. _____ | 52. _____ |

Adjustments to annual income to compare standards of living

| Deductions from income | | | |
|--|-----------|-----------|-----------|
| Annual amount that causes undue hardship (father) | 53. _____ | | |
| Annual amount of child support, if any, that would be payable by the father to the mother according to the child support tables | 54. _____ | | |
| Annual amount of support paid by the father or other household member(s) under a court order or written separation agreement | 55. _____ | 55. _____ | 55. _____ |
| Total deductions For father , add lines 53, 54 and 55 For other household member(s) , copy amount on line 55 to line 56 | 56. _____ | 56. _____ | 56. _____ |

| Additions to income | Father | Other Household Member (if applicable) | Other Household Member (if applicable) |
|---|-----------|---|---|
| Annual amount of child support, if any, that would be received by the father from the mother according to the child support tables | 57. _____ | | |
| Annual amount of child support, if any, received by father or other household member(s) under a court order or written separation agreement for any child | 58. _____ | 58. _____ | 58. _____ |
| Total additions For father , add lines 57 and 58 For other household member(s) , copy amount on line 58 to line 59 | 59. _____ | 59. _____ | 59. _____ |

FATHER'S HOUSEHOLD INCOME RATIO

Adjusted annual income to compare standards of living
(line 52 minus line 56 plus line 59)

60 A. _____

B. _____

C. _____

Total annual income for all members of the **father's** household
(add lines 60A, B and C)

61. _____

Low-income measures amount for **father's** household

62. _____

Father's household income ratio
(divide line 61 by line 62)

63. _____

(Copy this amount onto line ③ on Worksheet A, page 31)

Form 3B: To establish the household standard of living — MOTHER's household

Please refer to Line-by-line Help, starting on page 81, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| INCOME OF HOUSEHOLD MEMBERS TO COMPARE STANDARDS OF LIVING | | | |
|--|-----------|---|---|
| | Mother | Other Household Member (if applicable) | Other Household Member (if applicable) |
| Annual income (from Form 1, line 18) | 47. _____ | 47. _____ | 47. _____ |
| Amount of spousal support, if any, received by the mother from the father if deducted on Form 1, line 3 | 48. _____ | | |
| Federal taxes payable | 49. _____ | 49. _____ | 49. _____ |
| Provincial taxes payable | 50. _____ | 50. _____ | 50. _____ |
| Total federal and provincial taxes payable (add lines 49 and 50) | 51. _____ | 51. _____ | 51. _____ |
| Annual income to compare standards of living (line 47 plus line 48 minus line 51) | 52. _____ | 52. _____ | 52. _____ |

Adjustments to annual income to compare standards of living

| Deductions from income | | | |
|--|-----------|-----------|-----------|
| Annual amount that causes undue hardship (mother) | 53. _____ | | |
| Annual amount of child support, if any, that would be payable by the mother to the father according to the child support tables | 54. _____ | | |
| Annual amount of support paid by the mother or other household member(s) under a court order or written separation agreement | 55. _____ | 55. _____ | 55. _____ |
| Total deductions For mother , add lines 53, 54 and 55 For other household member(s) , copy amount on line 55 to line 56 | 56. _____ | 56. _____ | 56. _____ |

| Additions to income | Mother | Other Household Member (if applicable) | Other Household Member (if applicable) |
|---|-----------|---|---|
| Annual amount of child support, if any, that would be received by the mother from the father according to the child support tables | 57. _____ | _____ | _____ |
| Annual amount of child support, if any, received by mother or other household member(s) under a court order or written separation agreement for any child | 58. _____ | 58. _____ | 58. _____ |
| Total additions For mother , add lines 57 and 58 For other household member(s) , copy amount on line 58 to line 59 | 59. _____ | 59. _____ | 59. _____ |

MOTHER'S HOUSEHOLD INCOME RATIO

Adjusted annual income to compare standards of living
(line 52 minus line 56 plus line 59)

60 A. _____ B. _____ C. _____

Total annual income for all members of the **mother's** household
(add lines 60A, B and C)

61. _____

Low-income measures amount for **mother's** household

62. _____

Mother's household income ratio
(divide line 61 by line 62)

63. _____

(Copy this amount to line 63 on Worksheet A, page 31)

Form 3A: To establish the household standard of living — FATHER's household

Please refer to Line-by-line Help, starting on page 81, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| INCOME OF HOUSEHOLD MEMBERS TO COMPARE STANDARDS OF LIVING | | | |
|--|-----------|---|---|
| | Father | Other Household Member (if applicable) | Other Household Member (if applicable) |
| | _____ | _____ | _____ |
| Annual income (from Form 1, line 18) | 47. _____ | 47. _____ | 47. _____ |
| Amount of spousal support, if any, received by the father from the mother if deducted on Form 1, line 3 | 48. _____ | | |
| Federal taxes payable | 49. _____ | 49. _____ | 49. _____ |
| Provincial taxes payable | 50. _____ | 50. _____ | 50. _____ |
| Total federal and provincial taxes payable (add lines 49 and 50) | 51. _____ | 51. _____ | 51. _____ |
| Annual income to compare standards of living (line 47 plus line 48 minus line 51) | 52. _____ | 52. _____ | 52. _____ |

Adjustments to annual income to compare standards of living

| Deductions from income | | | |
|--|-----------|-----------|-----------|
| Annual amount that causes undue hardship (father) | 53. _____ | | |
| Annual amount of child support, if any, that would be payable by the father to the mother according to the child support tables | 54. _____ | | |
| Annual amount of support paid by the father or other household member(s) under a court order or written separation agreement | 55. _____ | 55. _____ | 55. _____ |
| Total deductions For father , add lines 53, 54 and 55 For other household member(s) , copy amount on line 55 to line 56 | 56. _____ | 56. _____ | 56. _____ |

| Additions to income | Father | Other Household Member (if applicable) | Other Household Member (if applicable) |
|---|-----------|---|---|
| Annual amount of child support, if any, that would be received by the father from the mother according to the child support tables | 57. _____ | | |
| Annual amount of child support, if any, received by father or other household member(s) under a court order or written separation agreement for any child | 58. _____ | 58. _____ | 58. _____ |
| Total additions For father , add lines 57 and 58 For other household member(s) , copy amount on line 58 to line 59 | 59. _____ | 59. _____ | 59. _____ |

FATHER'S HOUSEHOLD INCOME RATIO

Adjusted annual income to compare standards of living
(line 52 minus line 56 plus line 59)

60 A. _____

B. _____

C. _____

Total annual income for all members of the **father's** household
(add lines 60A, B and C)

61. _____

Low-income measures amount for **father's** household

62. _____

Father's household income ratio
(divide line 61 by line 62)

63. _____

(Copy this amount to line ③ on Worksheet A, page 31)

Form 3B: To establish the household standard of living — MOTHER's household

Please refer to Line-by-line Help, starting on page 81, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| INCOME OF HOUSEHOLD MEMBERS TO COMPARE STANDARDS OF LIVING | | | |
|--|-----------|---|---|
| | Mother | Other Household Member (if applicable) | Other Household Member (if applicable) |
| Annual income (from Form 1, line 18) | 47. _____ | 47. _____ | 47. _____ |
| Amount of spousal support, if any, received by the mother from the father if deducted on Form 1, line 3 | 48. _____ | | |
| Federal taxes payable | 49. _____ | 49. _____ | 49. _____ |
| Provincial taxes payable | 50. _____ | 50. _____ | 50. _____ |
| Total federal and provincial taxes payable (add lines 49 and 50) | 51. _____ | 51. _____ | 51. _____ |
| Annual income to compare standards of living (line 47 plus line 48 minus line 51) | 52. _____ | 52. _____ | 52. _____ |

Adjustments to annual income to compare standards of living

| Deductions from income | | | |
|--|-----------|-----------|-----------|
| Annual amount that causes undue hardship (mother) | 53. _____ | | |
| Annual amount of child support, if any, that would be payable by the mother to the father according to the child support tables | 54. _____ | | |
| Annual amount of support paid by the mother or other household member(s) under a court order or written separation agreement | 55. _____ | 55. _____ | 55. _____ |
| Total deductions For mother , add lines 53, 54 and 55 For other household member(s) , copy amount on line 55 to line 56 | 56. _____ | 56. _____ | 56. _____ |

| Additions to income | Mother | Other Household Member (if applicable) | Other Household Member (if applicable) |
|---|-----------|---|---|
| Annual amount of child support, if any, that would be received by the mother from the father according to the child support tables | 57. _____ | _____ | _____ |
| Annual amount of child support, if any, received by mother or other household member(s) under a court order or written separation agreement for any child | 58. _____ | 58. _____ | 58. _____ |
| Total additions For mother , add lines 57 and 58 For other household member(s) , copy amount on line 58 to line 59 | 59. _____ | 59. _____ | 59. _____ |

MOTHER'S HOUSEHOLD INCOME RATIO

Adjusted annual income to compare standards of living
(line 52 minus line 56 plus line 59)

60 A. _____ B. _____ C. _____

Total annual income for all members of the **mother's** household
(add lines 60A, B and C)

61. _____

Low-income measures amount for **mother's** household

62. _____

Mother's household income ratio
(divide line 61 by line 62)

63. _____

(Copy this amount to line ④ on Worksheet A, page 31)

Line-by-line Help for forms 3A and 3B

Form 3A To establish the household standard of living — father's household

Form 3B To establish the household standard of living — mother's household

There are three sections to complete for this form.

1. Calculate income of household income-earning members to compare standards of living

Line 47

You need to complete Form 1 for every income-earning member of the household. Write the amount from Form 1, line 18, for each income-earning person **on line 47**.

Line 48

Write the amount of spousal support that one parent is receiving from the other parent, if any, **on line 48**. You will find this number on Form 1, line 3.

Line 49

When a person's latest federal income tax return is an accurate and up-to-date report on current income, write the amount of federal taxes payable from line 420 of the federal income tax return on **line 49**.

When a person's income has changed since the last tax return was filed, you will have to calculate the amount of federal taxes payable by filling in the up-to-date income amounts on a federal income tax return. (You do not need to send this income tax return to anyone. It is just to help you with these calculations.) This will allow you to calculate the amount to write on lines 49 and 50. Use pay stubs or other income records to update the income amount to use for the tax return. Page 23 has more information on what to do when income has changed since the last tax return was filed. When you have completed this updated income tax return, write the amount appearing on line 420 of the return on **line 49**.

Note: The figure on line 420 of the federal income tax return does not apply to Quebec residents. Refer to the *General Income Tax Guide* for information on how to calculate actual federal taxes payable. For example, consider how the Quebec abatement will affect federal taxes.

Line 50

Write the amount of provincial taxes payable from line 428 of the federal income tax return on **line 50**. **Note:** The figure on line 428 of the federal income tax return does not apply to most Quebec residents. Refer to the Quebec income tax return (and, if applicable, line 428 on the federal income tax return) to calculate actual provincial taxes payable. Please review the notes for line 49 about using the most up-to-date income information to calculate the amount of provincial tax payable.

Line 51

Add lines 49 and 50. **Write the total on line 51.**

To calculate total taxes payable by the father (Form 3A)

$$\begin{array}{rccccccc} \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & = & \underline{\hspace{2cm}} & & \\ \text{line 49} & & \text{line 50} & & \text{line 51} & & \\ & & & & & & \text{(Copy to line 51)} \end{array}$$

To calculate total taxes payable by the mother (Form 3B)

$$\begin{array}{rccccccc} \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & = & \underline{\hspace{2cm}} & & \\ \text{line 49} & & \text{line 50} & & \text{line 51} & & \\ & & & & & & \text{(Copy to line 51)} \end{array}$$

Line 52

Add lines 47 and 48 and subtract line 51. **Write the total on line 52.**

**To calculate father's annual income
to compare standards of living (Form 3A)**

$$\begin{array}{rccccccc} \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & - & \underline{\hspace{2cm}} & = & \underline{\hspace{2cm}} & \\ \text{line 47} & & \text{line 48} & & \text{line 51} & & \text{line 52} & \\ & & & & & & & \text{(Copy to line 52)} \end{array}$$

**To calculate mother's annual income
to compare standards of living (Form 3B)**

$$\begin{array}{rccccccc} \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & - & \underline{\hspace{2cm}} & = & \underline{\hspace{2cm}} & \\ \text{line 47} & & \text{line 48} & & \text{line 51} & & \text{line 52} & \\ & & & & & & & \text{(Copy to line 52)} \end{array}$$

2. Adjustments to annual income to compare standards of living

Deductions from income

Line 53

Line 53 applies only to a parent who is claiming undue hardship. **Note:** In some situations, both parents could have an amount on line 53 if they both claim undue hardship.

First, figure out the amount that represents the circumstances that cause the parent or the children to suffer undue hardship.

Below is a list of some of the circumstances that might cause undue hardship. Read through the list and identify any that apply in this situation. Please note that there may be other circumstances not listed here that could also be considered to cause undue hardship.

- ◆ The parent has to pay off unusually high debts that were reasonably incurred to support the family prior to separation.
- ◆ The parent has to pay unusually high debts to earn a living.
- ◆ The parent has unusually high expenses for exercising access to a child.
- ◆ The parent has a legal duty under a court order, or in a separation agreement to support another person.
- ◆ The parent has a legal duty to support a child who is not a child of the marriage but is under the age of majority, or is over the age of majority and unable to support himself or herself because of an illness, disability or other cause (such as continuing schooling).
- ◆ The parent has a legal duty to support a person unable to support himself or herself because of an illness or disability (for example, a new spouse who cannot work because of a disability).

Refer to Step 8 on page 29 to find out more about how judges deal with claims of undue hardship. Please note that if a parent claims that supporting a second family causes undue hardship, there is no amount to write on line 53. The costs for this second family are taken into account in the low-income measures amount that will be included on line 62.

Now, figure out how much these circumstances cost each year. For example, it may cost a parent \$10,000 each year to see the children because they live far away. **Write the appropriate amount on line 53.**

Line 54

This is the basic amount that the father (Form 3A) or mother (Form 3B) would pay according to the child support table if the claim for undue hardship were not made. For the purposes of line 54, this amount must be changed from a monthly amount to an annual amount. You will find the monthly amount for whichever parent is the paying parent on line 24²⁴ on Worksheet A (page 31). If the child support table is not used, you can agree with the other parent on an amount or ask a judge to set one for you. Write the amount on the first line in the box below.

| | | |
|---|--------|-------------------------------------|
| To calculate annual child support amount | | |
| _____ | x 12 = | _____ |
| monthly amount | | line 54 <i>(Copy to line 54)</i> |

Note: Line 54 does not apply to any household members other than the parent.

Line 55

Line 55 represents the total amount that a parent or other household member(s) pays for support under a court order or written separation agreement. This amount could include child support, spousal support or another kind of support.

Do not write any amount on line 55 if line 53 already includes this support, or if the amount of support includes child support payable for a child for whom the amount on line 54 is calculated.

Line 56

For the parent, add lines 53, 54 and 55. **Write the result on line 56.** For other household member(s), **copy the amount from line 55 onto line 56.**

To calculate the total amount of father's deductions (Form 3A)

$$\frac{\text{line 53}}{\text{line 53}} + \frac{\text{line 54}}{\text{line 54}} + \frac{\text{line 55}}{\text{line 55}} = \frac{\text{line 56}}{\text{line 56}}$$

(Copy to line 56)

To calculate the total amount of mother's deductions (Form 3B)

$$\frac{\text{line 53}}{\text{line 53}} + \frac{\text{line 54}}{\text{line 54}} + \frac{\text{line 55}}{\text{line 55}} = \frac{\text{line 56}}{\text{line 56}}$$

(Copy to line 56)

Additions to income

Line 57

This is the amount that the father (Form 3A) or mother (Form 3B) would receive according to the applicable child support table if the claim for undue hardship were not made. For the purposes of line 57, this amount must be changed from a monthly amount to an annual amount. You will find the monthly amount on line 2c on Worksheet A (page 31). If the child support table is not used, you can agree on an amount with the other parent or ask a judge to set one for you.

Note: If you wrote an amount on line 54 for the father or the mother, you should not write an amount on line 57 on that same parent's form. The amount should appear on line 57 of the form for the other parent.

To calculate annual child support amount

$$\begin{array}{ccc} \underline{\hspace{2cm}} & \times 12 = & \underline{\hspace{2cm}} \\ \text{monthly amount} & & \text{line 57} \\ & & \text{(Copy to line 57)} \end{array}$$

Line 58

Write the full amount that the parent or other household member(s) receives for child support under a court order or a written separation agreement. Do not write an amount for any children who are included in the amount on line 57.

Line 59

For the parent, add lines 57 and 58. **Write the result on line 59.** For the other household member(s), **copy the amount from line 58 to line 59.**

To calculate total additions to father's income (Form 3A)

$$\frac{\quad}{\text{line 57}} + \frac{\quad}{\text{line 58}} = \frac{\quad}{\text{line 59}}$$

(Copy to line 59)

To calculate total additions to mother's income (Form 3B)

$$\frac{\quad}{\text{line 57}} + \frac{\quad}{\text{line 58}} = \frac{\quad}{\text{line 59}}$$

(Copy to line 59)

3. Calculate the household income ratio**Line 60**

To calculate the adjusted annual income to compare standards of living, subtract line 56 from line 52 and add line 59. **Write the result on line 60.**

To calculate father's adjusted annual income (Form 3A)

$$\frac{\quad}{\text{line 52}} - \frac{\quad}{\text{line 56}} + \frac{\quad}{\text{line 59}} = \frac{\quad}{\text{line 60}}$$

(Copy to line 60)

To calculate mother's adjusted annual income (Form 3B)

$$\frac{\quad}{\text{line 52}} - \frac{\quad}{\text{line 56}} + \frac{\quad}{\text{line 59}} = \frac{\quad}{\text{line 60}}$$

(Copy to line 60)

Line 61

Add the amounts on line 60 for each member of the household and **write the result on line 61.**

To calculate father's household income (Form 3A)

$$\frac{\text{line 60A}}{\text{line 60A}} + \frac{\text{line 60B}}{\text{line 60B}} + \frac{\text{line 60C}}{\text{line 60C}} = \frac{\text{line 61}}{\text{line 61}}$$

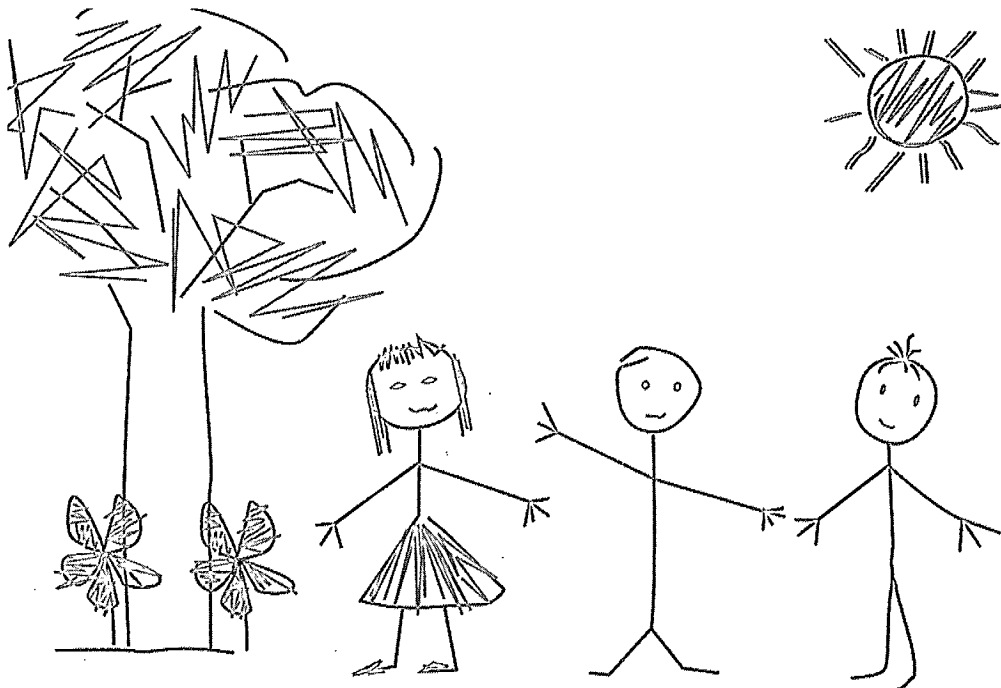
(Copy to line 61)

To calculate mother's household income (Form 3B)

$$\frac{\text{line 60A}}{\text{line 60A}} + \frac{\text{line 60B}}{\text{line 60B}} + \frac{\text{line 60C}}{\text{line 60C}} = \frac{\text{line 61}}{\text{line 61}}$$

(Copy to line 61)

Line 61 reflects the total amount of adjusted annual income for all members of a household. Before proceeding to a comparison of standards of living, this amount must be considered in relation to the household size.



Line 62

Line 62 provides a way to recognize that a household with two adults costs more to run than a household with only one adult, and that a household with three children costs more to run than a household with only one child. The Guidelines provide a low-income measures chart (figures from Statistics Canada) that gives the minimum after-tax cost to run a household, according to the number of adults and children.

First, write down the total number of people in the two households in the box below.

Note: Count all adults and children who are in the household (See "Before you complete this form..." on page 71 to identify household members), even if they have no income.

| | | | |
|--|-------|--------|----------------|
| Household size | | | |
| (Write the <i>number</i> of household members) | | | |
| Father's household: | _____ | Adults | _____ Children |
| Mother's household: | _____ | Adults | _____ Children |

Find the appropriate line in the low-income measures chart on page 91 for the father's household size, and write the corresponding amount on **line 62 on Form 3A**.

For example, if the father's household has two adult members and two children, you would look under the heading "Four persons, 2 adults and 2 children" and write \$20,764 on line 62.

Now do the same for the mother's household (Form 3B). Find the appropriate line in the low-income measures chart for the mother's household size, and write the corresponding amount on **line 62**.

Line 63

Divide line 61 by line 62 for each parent's household. Write the answer on **line 63**.

To calculate father's household income ratio (Form 3A)

$$\frac{\text{line 61}}{\text{line 62}} = \frac{\text{line 63}}{\text{(Copy to line 63)}}$$

To calculate mother's household income ratio (Form 3B)

$$\frac{\text{line 61}}{\text{line 62}} = \frac{\text{line 63}}{\text{(Copy to line 63)}}$$

Copy the figure on line 63 for the father's household (Form 3A) onto line 3 on Worksheet A, page 31.

Copy the figure on line 63 for the mother's household (Form 3B) onto line 4 on Worksheet A, page 31.

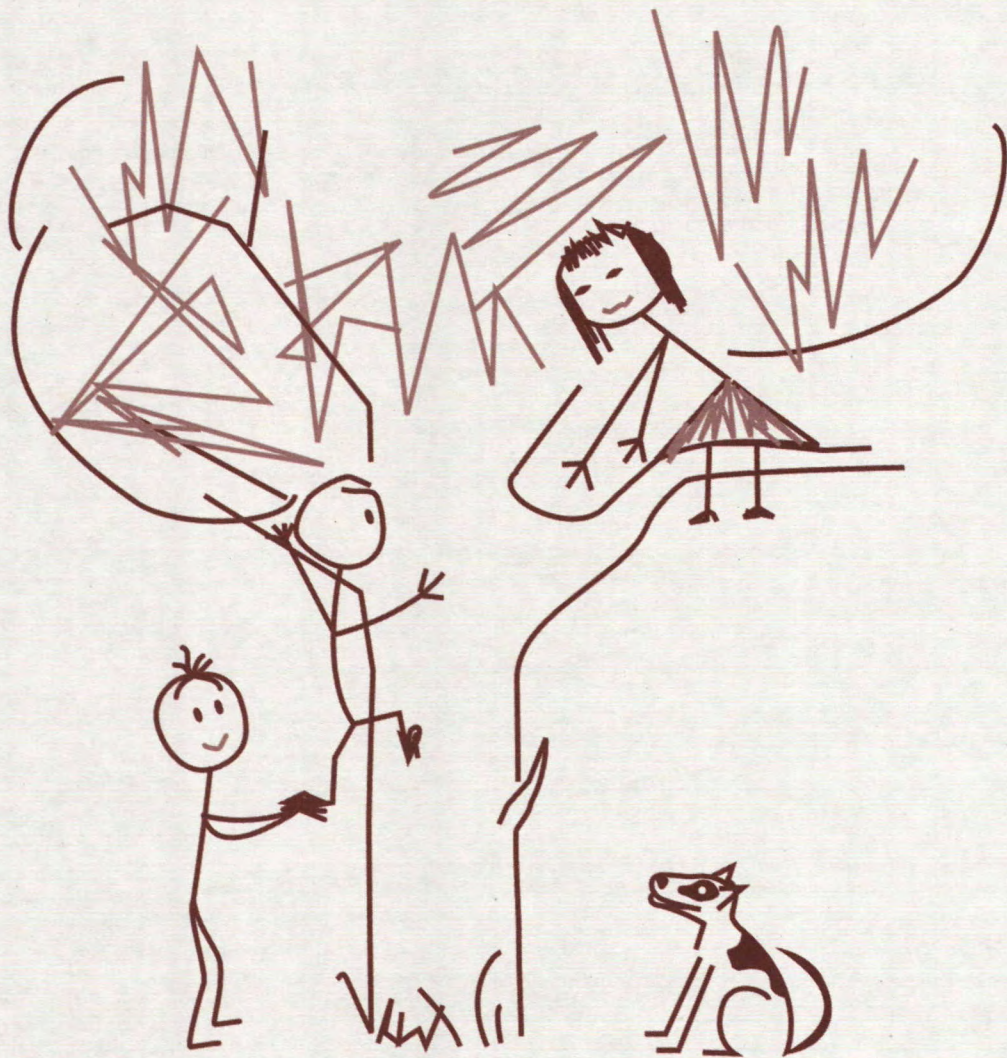
The household with the smaller number on line 63 is the household with the lower standard of living. For example, if one household's standard of living is 1.33 and the other's is 1.55, the first household has the lower standard of living of the two.

If the parent claiming undue hardship lives in the household with the higher standard of living, the child support amount cannot be changed. If the parent claiming undue hardship lives in the household with the lower standard of living and the judge agrees that there is undue hardship, then he or she can change the amount of child support that would otherwise be payable under the Guidelines.

Low-income Measures

| Household size | Low-income measures amount | Household size | Low-income measures amount |
|--|--|---|--|
| One person 1 adult | \$10,382 | Two persons 2 adults 1 adult and 1 child | \$14,535 \$14,535 |
| Three persons 3 adults 2 adults and 1 child 1 adult and 2 children | \$18,688 \$17,649 \$17,649 | Four persons 4 adults 3 adults and 1 child 2 adults and 2 children 1 adult and 3 children | \$22,840 \$21,802 \$20,764 \$20,764 |
| Five persons 5 adults 4 adults and 1 child 3 adults and 2 children 2 adults and 3 children 1 adult and 4 children | \$26,993 \$25,955 \$24,917 \$23,879 \$23,879 | Six persons 6 adults 5 adults and 1 child 4 adults and 2 children 3 adults and 3 children 2 adults and 4 children 1 adult and 5 children | \$31,145 \$30,108 \$29,070 \$28,031 \$26,993 \$26,993 |
| Seven persons 7 adults 6 adults and 1 child 5 adults and 2 children 4 adults and 3 children 3 adults and 4 children 2 adults and 5 children 1 adult and 6 children | \$34,261 \$33,222 \$32,184 \$31,146 \$30,108 \$29,070 \$29,070 | Eight persons 8 adults 7 adults and 1 child 6 adults and 2 children 5 adults and 3 children 4 adults and 4 children 3 adults and 5 children 2 adults and 6 children 1 adult and 7 children | \$38,413 \$37,375 \$36,337 \$35,299 \$34,261 \$33,222 \$32,184 \$32,184 |

Split Custody



Split Custody

Use this section if, in Step 3, you decided that “split custody” describes your custody arrangement.

In split-custody arrangements, each parent has sole custody of one or more children. To calculate the estimated amount of child support, you figure out how much the mother would pay for each child in the father's sole custody and how much the father would pay for each child in the mother's sole custody. The parent with the higher child support obligation will pay the other parent the difference between the two amounts.

By working through the four steps in this section of the workbook, you will be able to estimate the amount of child support that would apply to your split-custody situation. There are three forms and a worksheet to help you do your calculations, and line-by-line instructions for you to follow.



Before you start

Pull out Worksheet B and the working copies of forms 1, 2B and 3A and 3B from the back of this section.

You will find an overview of what you will need to complete each of the forms at the back of the section (see page 109 for Form 1, page 123 for Form 2B, and page 147 for forms 3A and 3B). You may wish to read those pages and collect any information you need before you start working.

You may also wish to have on hand a calculator and a copy of *Federal Child Support Guidelines: A Guide to the New Approach*.

If you would like to have a permanent copy of your finished calculations, we have included a “Record Copy” of Worksheet B and each of the forms at the back of the section onto which you can copy your final figures.

Step 5

Calculate annual income

In this step, you calculate both parents' incomes.

Use **Form 1** to help calculate the parents' annual income. You will find an overview of the form and of the information you need to complete it on page 109. Line-by-line instructions begin on page 115.

Before you start filling in the form, please read through the rest of Step 5.

Both parents provide income information

When child support is being discussed by parents in split-custody situations, it is recommended that both parents provide complete and accurate information about their incomes for the past three taxation years. If a case goes to court, the parents are *required* to provide complete and accurate income information. If either parent fails to do so, the judge can order the parent to comply and impose a penalty (such as awarding costs to the other parent). If the parent still does not comply, the judge can set the amount of income for the parent that will be used to determine child support.

After a child support order has been made, either parent may request that the other parent provide proof of income for any taxation year for which that information has not already been provided. Both parents must also provide current information about the

status of any special expenses or of circumstances surrounding undue hardship. The request for information may be made no more than once a year after the order has been made and must be in writing.

You will find a list on page 197 of the financial information that each parent must provide to the other when a formal request is made, if it has not already been provided.

Note: To get the most accurate estimate of child support using the workbook, use the most recent income information you have. If you do not have these figures, use the best figure you do have to get some idea of the amount a judge might set. When you do go to court, however, the judge will require exact income information.

Where to start?

A good place to start is with the total income figure on line 150 of each parent's federal income tax return. This figure includes income from all sources, for example, employment income, pension income, interest and dividend income, business or professional income, and Employment Insurance and social assistance payments. In some cases, this is the most recent income information. If so, this is the number you need to use in Form 1 to calculate each parent's annual income.

Is a parent's income more than \$150,000 a year?

For incomes of more than \$150,000, the child support tables specify an amount of child support for the first \$150,000, and a percentage you can use if you think it is appropriate for the part of the income over \$150,000. The Guidelines allow for discretion in setting the amount of child support for that part of the income over \$150,000. Please refer to the *Federal Child Support Guidelines: A Guide to the New Approach*, page 22, for more information on how to calculate child support for incomes of more than \$150,000 a year.

When line 150 does not contain the most recent income information

The most recent federal tax return and the Revenue Canada notice of assessment may not be the best sources for current income information if they are not up-to-date or they are not accurate or a fair reflection of income. In this case, please use more recent sources of information, such as pay stubs, to update the information on the tax return. Even if the income tax information is up-to-date, it could still be inaccurate because the parent's income changed a lot recently, or because income is not always calculated the same way for income tax forms as it is for child support purposes.

Changing income

The parents or a judge may decide to use a figure that is different from the one on line 150 of either parent's most recent income tax return when, for example,

- ◆ the amount the parent received from a particular source of income varied over the last three years. (In this case, the judge could decide to use an average of the amounts received from that source of income during the last three years.);
- or
- ◆ the amount the parent received from a particular source of income was a non-recurring amount (for example, a bonus paid to employees because the company had an exceptionally profitable year). In this case, the judge may decide that only a portion of the amount, if any, should be included in income.

(Page 199 contains a list of reasons why a judge could decide that a parent's income is not properly reflected on the income tax return.)

This means that, in some cases, the figure on line 150 of a parent's most recent income tax return is not the figure to use in Form 1. You will have to decide if you believe the line 150 figure is accurate. If not, try to get additional information to update the income amount for each source of income and calculate an accurate amount for line 150. If a parent earns money from a source other than a job, such as stocks and bonds, you may wish to seek professional advice.

Adjusting total income

A parent's income may have to be adjusted to reflect disposable income before taxes. This is because the annual income figure you use when consulting the child support tables may not be exactly the same income figure used for income tax purposes. Form 1 shows you how to adjust a parent's annual income for child support purposes.

Complete a copy of Form 1 for each parent and copy the figure from line 18 on the father's form onto line ▲₁ on Worksheet B (page 105) and the figure from line 18 on the mother's form onto line ▲₂.

Recap

You should now know both parents' annual incomes. Next, go to Step 6.



Step 6


Determine the basic amount from the child support tables

In this step, you figure out the amount of child support each parent would pay according to the child support tables.

To calculate the amount of child support to be paid by the **father**, you need the child support table that you identified in Step 4 (check the front page of the table to make sure you have the right one).


Now, locate the father's income (you figured this out in Step 5) on the table. Look to the right of that figure under the column for the number of children who are living with the mother.

For example, assume that Louise and Thomas live in Alberta and have three children. Thomas's income is \$20,000 and he has custody of two children. Louise's income is \$40,000 and she has custody of the other child. To find the basic amount payable by Thomas for the child in Louise's care, find \$20,000 on the Alberta table, then look to the right under the "1" column for the number of children. You will find that the basic level of support payable by Thomas is \$171 a month.

Go to Worksheet B (page 105) and fill in, on line , the basic amount from the child support tables to be paid by the father.

To calculate the amount of child support to be paid by the **mother**, find her income in the appropriate child support table. Look to the right of that figure under the column for the number of children who are living with the father.

For example, to find the basic amount payable by Louise for the children in Thomas's care, locate \$40,000 on the Alberta table, then look to the right under the "2" column for the number of children. You will find that the basic level of support payable by Louise is \$571 a month.

Go to Worksheet B (page 105) and fill in, on line , the basic amount from the child support tables to be paid by the mother.

Recap

You should now know the basic amount of child support each parent is responsible for paying. Next, go to Step 7.

Step 7

Special expenses

In this step, you figure out if there are any special expenses you need to consider when determining the child support amount.

Use **Form 2B** to calculate the amount a judge might require each parent to contribute towards special expenses. You will find an overview of the form and of the information you need to complete it on page 123. Line-by-line instructions begin on page 133.

Before you start filling in this form, please read through the rest of Step 7.

In addition to the amount of child support set out in the child support tables, both parents may be required to pay part of a child's "special expenses." Special expenses are reasonable expenses that are in a child's best interests and that are consistent with the family's means and spending pattern before the separation. For example, if a parent has child-care expenses for the time that he or she is at work, the parents may agree that they are reasonable and necessary and, for this reason, a portion of the child-care expenses should be added to the basic amount from the child support tables. If the parents cannot agree on which special expenses are to be shared, either one can ask a judge to decide for them.

The Guidelines list special expenses as the following:

- ◇ child-care expenses arising from a parent's job, illness, disability, education or employment training;
- ◇ the portion of a parent's medical and dental insurance premiums that provides coverage for the child;
- ◇ the child's health-care needs that are more than \$100 a year per illness or health event over and above what is covered by insurance (for example, orthodontics, medication or speech therapy);
- ◇ the child's extraordinary expenses for primary and secondary education;
- ◇ the child's expenses for post-secondary education; and
- ◇ the child's extraordinary expenses for extracurricular activities.

The parents can decide together which special expenses, if any, are reasonable and necessary and how much each parent will contribute to them.

As a general rule, each parent shares in the expenses in proportion to his or her income, although the parents can agree on a different way of dividing the costs. If they cannot agree, either parent can ask a judge to decide for them.

Complete Form 2B and copy the figure on line 44A for the father onto line **▲**_{3b} on Worksheet B (page 105), and the figure on 44B for the mother onto line **▲**_{4b}.

Then, add lines **▲**_{3a} and **▲**_{3b} to get the estimated amount of child support payable by the father (write the result on line **▲**_{3c}), and add lines **▲**_{4a} and **▲**_{4b} to get the estimated amount payable by the mother (write the result on line **▲**_{4c}).

Copy the amount from line **▲**_{3c} to line **▲**_{5a} (page 106) and the amount from line **▲**_{4c} to line **▲**_{5b}. Then, subtract the smaller amount from the larger. The difference is the amount that the parent who owes the higher amount has to pay the other parent each month.

Using our example from page 99, if line **▲**_{4c} shows that Louise has to pay a total of \$500 in child support and line **▲**_{3c} shows that Thomas has to pay a total of \$200, Louise has the higher support obligation. Subtract \$200 from \$500 ($\$500 \text{ minus } \$200 = \$300$). Louise will have to pay Thomas \$300 in child support each month.

Recap

You should now know the estimated amount of child support payable each month. Next, go to Step 8.



Step 8

Undue hardship

In this step, you figure out if the estimated amount of child support would cause undue hardship that would qualify for a change to the amount of child support.

Use **forms 3A and 3B** to figure out the standards of living for your household and for the other parent's household. You will find an overview of the forms and of the information you need to complete them on page 147. Line-by-line instructions begin on page 157.

Before you start filling in the forms, please read through the rest of Step 8.

In some situations, the amount of child support set in the child support tables, combined with other circumstances, could create undue hardship for either parent or for the children.

There are two steps to determine whether the amount of child support should be different because of undue hardship:

- ◆ deciding if the amount causes undue hardship for either parent or for the children; and
- ◆ proving that the parent claiming undue hardship does not have a higher standard of living than the other parent.

Determine if there is undue hardship

The Guidelines set out some of the circumstances that may cause undue hardship:

- ◆ the parent has to pay off unusually high debts that were reasonably incurred to support the family prior to separation;
- ◆ the parent has to pay unusually high debts to earn a living;
- ◆ the parent has unusually high expenses for exercising access to a child;
- ◆ the parent has a legal duty under a court order, or in a separation agreement, to support another person;
- ◆ the parent has a legal duty to support a child who is not a child of the marriage but is under the age of majority, or is over the age of majority and unable to support himself or herself because of an illness, disability or other cause (such as continuing schooling); and
- ◆ the parent has a legal duty to support a person unable to support himself or herself because of an illness or disability (for example, a new spouse who cannot work because of a disability).

Note: There may also be other circumstances not listed here that could cause undue hardship.

Determine the standard of living of both households

Before a judge would agree with your claim and order a different amount of child support because of undue hardship, you would have to show that the standard of living in your household is not higher than the standard of living in the household of the other parent, given the child support amount set in the Guidelines.

Compare standards of living

Complete Form 3A and copy the income ratio for the father's household from line 63 onto line **▲**₆ on Worksheet B (page 105). Complete Form 3B and copy the income ratio for the mother's household onto line **▲**₇. Compare the figures on line **▲**₆ and **▲**₇ and write which household has the lower income ratio on line **▲**₈ of Worksheet B.

The results of this test will give you a general idea of the standards of living of the two households and how they compare.

Please note that this test is optional.

You, the other parent, your lawyer or a judge could decide to use other means to compare the standards of living of the two households. If the parent claiming undue hardship is not able to prove that his or her standard of living is not higher than the other parent's standard of living, the judge must reject the claim of undue hardship. If the judge agrees that undue hardship exists, he or she may order a different amount of child support than would otherwise result from the Guidelines.

Recap

You should now have an idea of the impact that undue hardship might have on the amount of child support you figured out in steps 6 and 7. You can now try to reach an agreement with the other parent on child support payments.

You will find information about how to find professionals to help you with this agreement on page 200.



Worksheet B

▲₁ Write the amount of the *father's annual income* from Form 1, line 18 here: _____

▲₂ Write the amount of the *mother's annual income* from Form 1, line 18 here: _____

▲₃ Calculate how much child support the father would pay (for children in the mother's custody)

Write the *basic amount* of child support from the child support tables (or another amount if there are children at or over the age of majority, or if a parent's income is more than \$150,000) payable by the father here:

a) _____

Write the amount the father has to contribute to *special expenses* (Form 2B, line 44A) here:

+ b) _____

Add lines ▲_{3a} and ▲_{3b} to get the **estimated total amount of child support payable each month by the father.**

= c) _____

(Copy this amount to line ▲_{5a}.)

▲₄ Calculate how much child support the mother would pay (for children in the father's custody)

Write the *basic amount* of child support from the child support table (or another amount if there are children at or over the age of majority, or if a parent's income is more than \$150,000) payable by the mother here:

a) _____

Write the amount the mother has to contribute to *special expenses* (Form 2B, line 44B) here:

+ b) _____

Add lines ▲_{4a} and ▲_{4b} to get the **estimated total amount of child support payable each month by the mother.**

= c) _____

(Copy this amount to line ▲_{5b}.)

▲₅ Determine the child support amount

Child support payable by father (line ▲_{3c}):

a) _____

Child support payable by mother (line ▲_{4c}):

b) _____

Subtract the smaller number from the larger to determine the child support amount. This figure is the amount the parent with the higher amount pays the other parent.

= c) _____

If claiming undue hardship (Step 8)

▲₆ Write the father's household income ratio (Form 3A, line 63) here:

▲₇ Write the mother's household income ratio (Form 3B, line 63) here:

▲₈ Write which household has the lower income ratio (representing standard of living) here:



Worksheet B

▲₁ Write the amount of the *father's annual income* from Form 1, line 18 here:

▲₂ Write the amount of the *mother's annual income* from Form 1, line 18 here:

▲₃ Calculate how much child support the father would pay (for children in the mother's custody)

Write the *basic amount* of child support from the child support tables (or another amount if there are children at or over the age of majority, or if a parent's income is more than \$150,000) payable by the father here:

a) _____

Write the amount the father has to contribute to *special expenses* (Form 2B, line 44A) here:

+ b) _____

Add lines ▲_{3a} and ▲_{3b} to get the **estimated total amount of child support payable each month by the father.**

= c) _____

(Copy this amount to line ▲_{5a}.)

▲₄ Calculate how much child support the mother would pay (for children in the father's custody)

Write the *basic amount* of child support from the child support table (or another amount if there are children at or over the age of majority, or if a parent's income is more than \$150,000) payable by the mother here:

a) _____

Write the amount the mother has to contribute to *special expenses* (Form 2B, line 44B) here:

+ b) _____

Add lines ▲_{4a} and ▲_{4b} to get the **estimated total amount of child support payable each month by the mother.**

= c) _____

(Copy this amount to line ▲_{5b}.)

5 Determine the child support amount

Child support payable by father (line 3c):

a) _____

Child support payable by mother (line 4c):

b) _____

Subtract the smaller number from the larger to determine the child support amount. This figure is the amount the parent with the higher amount pays the other parent.

= c) _____

If claiming undue hardship (Step 8)

6 Write the father's household income ratio (Form 3A, line 63) here:

7 Write the mother's household income ratio (Form 3B, line 63) here:

8 Write which household has the lower income ratio (representing standard of living) here:



Form 1

To calculate annual income for the Guidelines

Use this form to calculate annual income for any one of the following:

- ◆ the paying parent in a sole-custody situation;
- ◆ the paying parent and the receiving parent when there are special expenses;
- ◆ a person who has acted as a parent (see page 14);
- ◆ the paying parent and the receiving parent when
 - the child is over the age of majority (18 or 19) and the judge does not consider it appropriate to look only at the paying parent's income, or
 - the paying parent earns more than \$150,000 a year;
- ◆ the father and mother in split- or shared-custody arrangements; or
- ◆ the father, mother and other household members when assessing undue hardship.

Please note that we refer to "parent" throughout Form 1, although other household members may have to complete it as well.

Before you complete this form

◆ remember: not all lines will apply

The form has a lot of lines to cover all income possibilities. When a parent's income is straightforward, you will need to fill in only a few lines to complete the form. Skip any lines that do not apply to your situation.

◆ use up-to-date income information

You can use the information in a parent's federal income tax return and its schedules to complete this form when that information is an accurate reflection of actual income. If there has been a change in income since the federal income tax return was filed, you should use information from the Revenue Canada notice of assessment, recent pay slips or other income records to update the information on the tax return. See page 199 for information on "income" for the purposes of calculating child support under the Guidelines.

◆ check if there have been a lot of changes in income

Sometimes, a parent's income changes a lot from year to year. When that has happened, the law says that a judge can look at the parent's income over the last three years to establish the parent's annual income for the Guidelines.

◆ **check if a parent is a director, officer or shareholder of a corporation**

When a parent is a director, officer or shareholder of a corporation, a judge may find that the parent's income tax return does not fairly reflect all the money available to the parent to pay child support. In that case, the judge can consider other factors to establish the parent's annual income for the Guidelines.

◆ **look for definitions of income tax terms**

Form 1 refers to many income tax terms. They are all defined in Revenue Canada income tax material. For example, you can deduct "carrying charges." If you would like to have the definition of "carrying charges," please refer to the Revenue Canada income tax guide.

Documents to have ready

To complete this form, you will need the parent's most recent income information, for example,

- ◆ the parent's federal income tax return;
- ◆ the schedules to that federal income tax return;
- ◆ the Revenue Canada notice of assessment; and
- ◆ pay slips or other income records, if applicable.

Form 1: To calculate annual income for the Guidelines

Please refer to Line-by-line Help, starting on page 115, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

This form applies to _____
(father, mother, other household member)

When the parents agree on a parent's annual income for the Guidelines, write that amount on line 18. In that case, you do not have to fill out any other lines on this form.

| | |
|--|----------|
| TOTAL INCOME BEFORE ADJUSTMENTS | |
| Total income | 1. _____ |

Adjustments to total income

| | |
|---|------------------|
| Deductions from total income (make sure to use annual amounts) | |
| Child support received and included in total income | 2. _____ |
| Spousal support received from the other parent and included in total income | 3. _____ |
| Union, professional or other dues and employment expenses | 4. _____ |
| Social assistance received by the parent for other members of the household | 5. _____ |
| Excess portion of dividends from taxable Canadian corporations | 6. _____ |
| Actual business investment losses | 7. _____ |
| Carrying charges and interest expenses | 8. _____ |
| Prior-period earnings | 9. _____ |
| Sole proprietorship and partnership income | 10. _____ |
| Total deductions from income (add lines 2 to 10) | 11. _____ |

| | |
|---|------------------|
| Additions to total income (make sure to use annual amounts) | |
| Capital gains | 12. _____ |
| Payments by a self-employed person to a family member or someone else not at arm's length | 13. _____ |
| Capital cost allowance for real property | 14. _____ |
| Employee stock options | 15. _____ |
| Total additions to income (add lines 12 to 15) | 16. _____ |

| | |
|--|------------------|
| ANNUAL INCOME FOR THE GUIDELINES | |
| Total income with adjustments (line 1 minus line 11 plus line 16) | 17. _____ |
| Annual income | 18. _____ |
| <i>(Copy this amount to line ▲₁ on Worksheet B (father) or line ▲₂ (mother), page 105)</i> | |

Form 1: To calculate annual income for the Guidelines

Please refer to Line-by-line Help, starting on page 115, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

This form applies to _____

(father, mother, other household member)

When the parents agree on a parent's annual income for the Guidelines, write that amount on line 18. In that case, you do not have to fill out any other lines on this form.

TOTAL INCOME BEFORE ADJUSTMENTS

Total income 1. _____

Adjustments to total income**Deductions from total income (make sure to use annual amounts)**

Child support received and included in total income 2. _____

Spousal support received from the other parent and included in total income 3. _____

Union, professional or other dues and employment expenses 4. _____

Social assistance received by the parent for other members of the household 5. _____

Excess portion of dividends from taxable Canadian corporations 6. _____

Actual business investment losses 7. _____

Carrying charges and interest expenses 8. _____

Prior-period earnings 9. _____

Sole proprietorship and partnership income 10. _____

Total deductions from income (add lines 2 to 10) 11. _____

Additions to total income (make sure to use annual amounts)

Capital gains 12. _____

Payments by a self-employed person to a family member or someone else not at arm's length 13. _____

Capital cost allowance for real property 14. _____

Employee stock options 15. _____

Total additions to income (add lines 12 to 15) 16. _____

ANNUAL INCOME FOR THE GUIDELINES

Total income with adjustments (line 1 minus line 11 plus line 16) 17. _____

Annual income 18. _____

(Copy this amount to line \blacktriangle_1 on Worksheet B (father) or line \blacktriangle_2 (mother), page 105)

Line-by-line Help for Form 1

Total income before adjustments

Line 1

Use the figure on line 150 of the parent's federal income tax return, if the return provides complete and up-to-date income information. **Copy the figure from line 150 onto line 1.**

If the parent's federal income tax return is not up-to-date, calculate annual income using information from the Revenue Canada notice of assessment, pay slips or other income records. **Write the amount of annual income based on those records on line 1.**

There may be reasons why even the up-to-date income figure still is not the best reflection of total income for the purposes of the Guidelines (for example, if the parent received an inheritance). Look at the list at the top of page 199. If any of these circumstances apply to you, try to agree with the other parent on how they will affect income and change the figure on line 1. If you cannot agree, you can ask a judge to decide for you.

Adjustments to total income

Deductions from income (use annual amounts)

The law says to deduct certain amounts from income to get the amount of annual income for Guidelines purposes. Lines 2 to 10 list the items to subtract from income.

Line 2

Write an amount on line 2 only if child support was included in the total income figure you wrote on line 1. Look on line 128 of the federal income tax return to find the amount of **child support** the person received during the year. **Write this amount on line 2.** (Note: line 128 reports both child and

spousal support. A court order or written agreement often sets out how much of this amount is for child support and how much is for spousal support. If there is no written record to separate child support from spousal support, try to come to an agreement with the other parent on what amount is for child support.)

Line 3

Write an amount on line 3 only if spousal support was included in the total income figure you wrote on line 1. Look on line 128 of the federal income tax return to find the amount of **spousal** support the parent received during the year from the other parent. (**Note:** line 128 reports both child and spousal support. The amount of child support that you wrote on line 2 plus the amount of spousal support should equal the figure on line 128 of the federal income tax return.) **Write the amount of spousal support on line 3.**

Line 4

Find lines 212 and 229 of the parent's federal income tax return, which are for expenses related to earning income. **Write the total of these expenses on line 4.**

Line 5

Find line 145 of the parent's federal income tax return. To determine the amount of social assistance received for other family members, write the total amount of social assistance for the family that this parent receives on line 5A below. Identify the portion of this amount that is for this parent's benefit. (If it is not clear what amount should be included for social assistance for the parent, please contact the social assistance office.) Write the parent's portion of social assistance on line 5B. Line 5A minus line 5B gives you the amount of social assistance received for other members of the family. **Copy this figure to line 5.**

| | | | | |
|---|---|---------|---|------------------------------------|
| To calculate social assistance received for other members of the household | | | | |
| _____ | - | _____ | = | _____ |
| line 5A | | line 5B | | line 5C <i>(Copy to line 5)</i> |

Line 6

Find line 120 of the federal income tax return and copy the amount listed there to line 6A below. Next, calculate the actual amount of **dividends** received by dividing the amount on line 6A by 1.25. Finally, subtract the amount on line 6B from the amount on line 6A to calculate the excess portion. **Copy the figure on line 6C onto line 6.**

| | | | |
|--|---|------|---------|
| To calculate dividends | | | |
| from a taxable Canadian corporation | | | |
| _____ | ÷ | 1.25 | = _____ |
| line 6A | | | line 6B |

| | | | |
|--|---|---------|------------------------------------|
| To calculate the excess portion | | | |
| _____ | - | _____ | = _____ |
| line 6A | | line 6B | line 6C <i>(Copy to line 6)</i> |

Line 7

Find line 228 of the federal income tax return. **Copy the figure for the amount of business investment losses suffered during the year onto line 7.**

Line 8

Find line 221 of the federal income tax return. **Copy the figure for the carrying charges and interest expenses onto line 8.**

Line 9

Self-employed income for the 12 months ending on December 31 of the year reported in the tax return may include an additional amount earned in a prior period (reserve amount). You must subtract the prior-period amounts from income. Prior-period amounts are on Revenue Canada Form T1139 (*Reconciliation of Business Income for Tax Purposes*). **Copy the figure from line 9C, below, onto line 9.**

| To calculate prior-period earnings | |
|--|--------------------------------------|
| Reserves deducted in preceding tax year (Add lines C and O from Form T1139) | 9A. _____ |
| Reserve amount (Add lines K and W from Form T1139) | 9B. _____ |
| Total amount of reserves (line 9A minus line 9B) | 9C. _____ <i>(Copy to line 9)</i> |

Line 10

When income is earned through a partnership or a sole proprietorship, deduct any amount included in income that is required by the partnership or sole proprietorship for capitalization purposes. **Write the amount on line 10.**

Line 11

To calculate the deductions to total income, add lines 2 to 10. **Write the total on line 11.**

| To calculate the deductions to total income | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|---------|-------------------------------------|
| + | + | + | + | + | + | + | + | + | = |
| line 2 | line 3 | line 4 | line 5 | line 6 | line 7 | line 8 | line 9 | line 10 | line 11 <i>(Copy to line 11)</i> |

Additions to income (use annual amounts)

The income reported on line 150 of the federal income tax return does not include all types of income needed for the Guidelines. The following amounts must be added on lines 12, 13, 14 and 15.

Line 12

There are two kinds of capital gains, recurring and non-recurring. A recurring capital gain has an ongoing effect on a parent's income, for example if he or she regularly buys and sells stocks. A non-recurring capital gain is a rare, or even a once-in-a-lifetime, event, for example when a cottage is sold.

When a parent has recurring capital gains, the entire amount must be taken into account, as the amount on line 1 includes only taxable capital gains (75% of total capital gains). Refer to the box below to calculate the missing portion and enter it **on line 12**.

When parents have non-recurring capital gains, the amount to include on Form 1 is discretionary and should already be taken into account when you are calculating annual income on line 1.

To calculate the amount of capital gains for line 12

| | |
|--|--|
| Total capital gain (line 040, Schedule 3 of the federal income tax return*) | 12A. _____ |
| Reported capital gains (line 127, federal income tax return) | 12B. _____ |
| Capital gains for the Guidelines (line 12A minus 12B) | 12C. _____ <i>(Copy to line 12)</i> |

*The figure on line 040 of Schedule 3 equals the total of capital gains for the year minus any capital losses. If this figure is zero or less than zero, you do not need to work through this box. **Write "0" on line 12.**

The figure you wrote on line 12A should not include any non-recurring gains or losses already accounted for in line 1.

Line 13

When there is a business relationship between a self-employed parent and another individual, such as a family member (called a non-arm's length relationship), include in income any amount for salaries, benefits, wages, management fees or other payments paid to or on behalf of the other individual. You do not need to include the amount if it is reasonable and necessary to earn the self-employment income.

Write the amount on line 13.

Line 14

Include the amount that was deducted for capital cost allowance with respect to real property (land and buildings).

Write amount on line 14.

Line 15

Complete this line when the parent has exercised a stock option to purchase shares of a Canadian-controlled private corporation.

Write "0" on line 15 if the shares were sold during the same year in which the parent exercised the stock options to obtain the shares. If the shares are for a corporation that is not a Canadian-controlled private corporation, this line does not apply.

To calculate the value of an employee stock option

| | | |
|---|------|--------------------------|
| Value of shares of a Canadian-controlled private corporation acquired through the exercise of a stock option (multiply the market value of one share by the number of shares) | 15A. | _____ |
| Amount paid for the stock options | 15B. | _____ |
| Amount paid for the shares | 15C. | _____ |
| Cost of shares (add lines 15B and 15C) | 15D. | _____ |
| Value of stock options (15A minus 15D) | 15E. | _____ |
| | | <i>(Copy to line 15)</i> |

Line 16

Add lines 12, 13, 14 and 15. **Write the total on line 16.**

To calculate the additions to total income

$$\frac{\quad}{\text{line 12}} + \frac{\quad}{\text{line 13}} + \frac{\quad}{\text{line 14}} + \frac{\quad}{\text{line 15}} = \frac{\quad}{\text{line 16}}$$

(Copy to line 16)

Line 17

Subtract line 11 from line 1 and add line 16. **Write the result on line 17.**

| To calculate total income | | | | | | |
|---------------------------|---|---------|---|---------|---|---------|
| line 1 | - | line 11 | + | line 16 | = | line 17 |

Line 18

Some parents may still need to do one more calculation to bring the income figure up to the level a judge would consider appropriate for the purposes of the Guidelines. Refer to the list at the bottom of page 199 for examples of situations when this may occur.



If none of these applies to you, simply **copy the figure from line 17 to line 18.**

If one or more of these circumstances does apply, you may wish to add an amount to the income figure. If you do not wish to do this, **copy the figure from line 17 to line 18.**

If you do decide to add an amount to income, the amount is discretionary, and you and the other parent should agree on it. If you cannot agree, you can ask a judge to decide on an amount for you.

Once you have an amount, add it to the figure on line 17 and **write the total on line 18.**

| To calculate annual income | | | |
|----------------------------|---|----------------------------|---------------------------------------|
| line 17 | + | amount to add to income | = line 18 <i>(Copy to line 18)</i> |

Copy the amount from line 18 for the father onto line  on Worksheet B (page 105) and for the mother onto line .

Form 2B

To calculate each parent's share of special expenses
in split-custody arrangements

Use this form when

- ◆ you are in a split-custody situation; and
- ◆ your children have special expenses.

Note for parents with shared custody: When parents share custody of children, the Guidelines do not set an amount of child support to be paid as they do for sole- and split-custody arrangements. Shared custody involves increased costs and the law instructs a judge to take other circumstances — such as the child's needs — into account when deciding on the amount of child support. However, parents with shared custody can use this form to get an idea of the total amount they have to spend to meet their children's needs, and their relative ability to contribute to them.

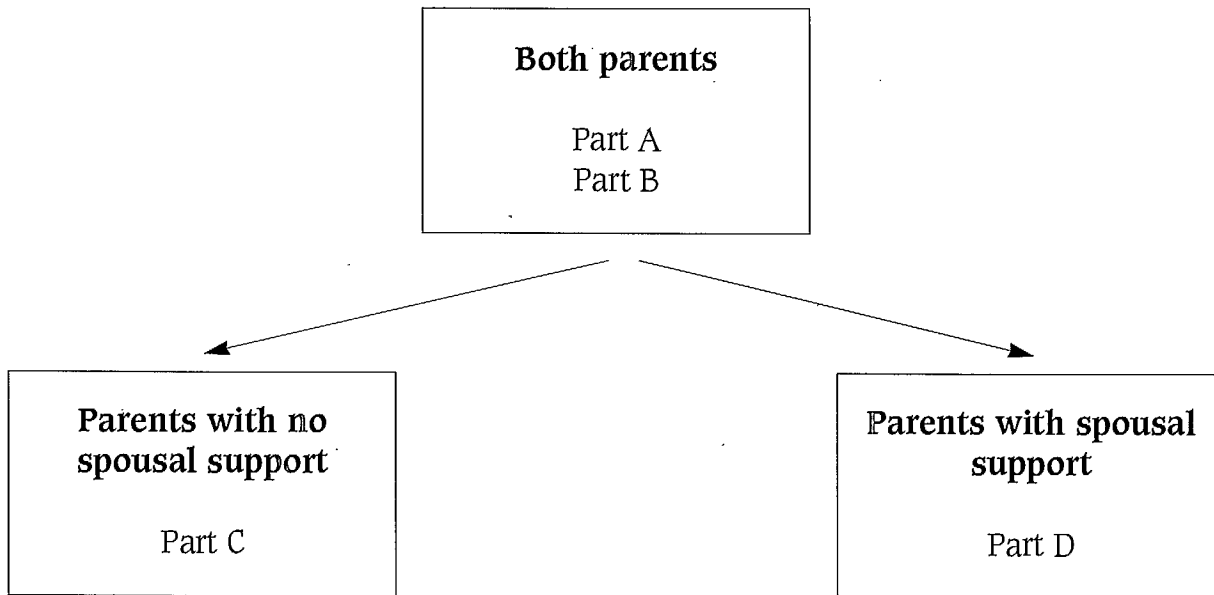
Before you complete this form...

◆ identify a child's special expenses

The law says that in addition to the amount of child support set out in the Guidelines, a parent may also be required to pay money to cover part of a child's special expenses when these expenses are reasonable and necessary. Generally, special expenses are shared by both parents. This form helps you to estimate each parent's share of special expenses and to calculate the amount that the father is supposed to pay to the mother and that the mother is supposed to pay to the father to cover these special expenses. It is not clear how judges will interpret what constitutes special expenses, but parents can agree on what special expenses they are willing to share. If the parents cannot agree, either parent can ask a judge to decide for them.

◆ **use only the parts of the form that apply to you**

Both parents should complete Part A *and* Part B. Fill in a column for each child who has special expenses, no matter with which parent he or she is living. Fill out either Part C *or* Part D, depending on whether or not a parent pays spousal support to the other parent.



Documents to have ready

To complete this form, you will need information about the children's special expenses and the income of both parents. This consists of at least the following:

- ◆ the most recent federal income tax return for each parent;
- ◆ the schedules to those federal income tax returns; and
- ◆ the Revenue Canada notice of assessment.

You will also need to complete Form 1 for each parent.

Form 2B: To calculate each parent's share of special expenses for split-custody arrangements

Please refer to Line-by-line Help, starting on page 133, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| Part A | | | | |
|--|--------------|--------------|--------------|--------------|
| TOTAL ANNUAL AMOUNT SPENT ON SPECIAL EXPENSES BY BOTH PARENTS | | | | |
| <i>For each child, write the total amount that both parents pay each year for any of the following expenses:</i> | | | | |
| | _____ | _____ | _____ | _____ |
| | Child's Name | Child's Name | Child's Name | Child's Name |
| Child-care expenses (per year) | 19A. _____ | B. _____ | C. _____ | D. _____ |
| Medical and dental insurance premiums for the child (per year) | 20A. _____ | B. _____ | C. _____ | D. _____ |
| Health-related expenses (per year) | 21A. _____ | B. _____ | C. _____ | D. _____ |
| Extraordinary expenses for primary and secondary education (per year) | 22A. _____ | B. _____ | C. _____ | D. _____ |
| Post-secondary education expenses (per year) | 23A. _____ | B. _____ | C. _____ | D. _____ |
| Extraordinary expenses for extracurricular activities (per year) | 24A. _____ | B. _____ | C. _____ | D. _____ |
| Total annual amount of special expenses spent on child (add lines 19 to 24 in each column) | 25A. _____ | B. _____ | C. _____ | D. _____ |
| Total annual amount spent on special expenses by both parents (add lines 25A, B, C and D) | | | | 26. _____ |

| Part B | | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| TOTAL AMOUNT OF SPECIAL EXPENSES THAT THE PARENTS HAVE TO SHARE | | | | |
| | <u>Child's Name</u> | <u>Child's Name</u> | <u>Child's Name</u> | <u>Child's Name</u> |
| Payments (per year) from sources other than the parents | 27A. _____ | B. _____ | C. _____ | D. _____ |
| Amounts contributed (per year) by a child for special expenses | 28A. _____ | B. _____ | C. _____ | D. _____ |
| Total amounts received for each child (add lines 27 and 28 in each column) | 29A. _____ | B. _____ | C. _____ | D. _____ |
| Total amount received for all children (add lines 29A, B, C and D) | | 30. _____ | | |
| Total amount of income tax relief (per year) for both parents | | 31. _____ | | |
| Total amount received to pay for the expenses listed in Part A (add lines 30 and 31) | | 32. _____ | | |
| Total amount of special expenses that the parents have to share (line 26 minus line 32) | | 33. _____ | | |

Complete either part C or part D

Complete **Part C** if you do not pay spousal support to or receive spousal support from the other parent.
 Complete **Part D** if you pay spousal support to or receive spousal support from the other parent.

| Part C | | |
|--|----------------------|--------------------|
| PARENTS' SHARE OF SPECIAL EXPENSES IF NO SPOUSAL SUPPORT IS BEING PAID TO THE OTHER PARENT | | |
| | FATHER | MOTHER |
| Annual income (from Form 1, line 18) | 34A. _____ | B. _____ |
| Note: no lines 35-38 | | |
| Total annual income of both parents (add lines 34A and 34B) | 39. _____ | |
| Parent's proportion of both parents' total annual income (for line 40A, (divide line 34A by line 39; for line 40B, divide line 34B by line 39 — the result will usually be in decimal form, for example, 0.66) | 40A. _____ | B. _____ |
| Amount of parent's share of special expenses (multiply line 40 by line 33) | 41A. _____ | B. _____ |
| Real (net) cost of all special expenses paid directly by parent | 42A. _____ | B. _____ |
| Annual amount of all special expenses payable by each parent (line 41 minus line 42) | 43A. _____ per year | B. _____ per year |
| Amount payable monthly (divide line 43 by 12 for each parent) | 44A. _____ per month | B. _____ per month |
| <i>(Copy these amounts to lines 3b (father) and 4b (mother) on Worksheet B, page 105)</i> | | |

OR

Part D
PARENTS' SHARE OF SPECIAL EXPENSES IF
SPOUSAL SUPPORT IS BEING PAID TO THE OTHER PARENT

| | FATHER | MOTHER |
|---|----------------------|--------------------|
| Annual income (from Form 1, line 18) | 34A. _____ | B. _____ |
| Spousal support received from the other parent | 35A. _____ | B. _____ |
| Add lines 34 and 35 in each column | 36A. _____ | B. _____ |
| Spousal support paid to the other parent | 37A. _____ | B. _____ |
| Annual income for purposes of sharing special expenses (line 36 minus line 37 in each column) | 38A. _____ | B. _____ |
| | ↙ | ↘ |
| Total annual income of both parents (add lines 38A and 38B) | 39. _____ | |
| Parent's proportion of both parents' total annual income (for line 40A, divide line 38A by line 39; for line 40B, divide line 38B by line 39 — the result will usually be in decimal form, for example, 0.66) | 40A. _____ | B. _____ |
| Amount of parent's share of special expenses (multiply line 40 by line 33) | 41A. _____ | B. _____ |
| Real (net) cost of all special expenses paid directly by parent | 42A. _____ | B. _____ |
| Annual amount of special expenses payable by each parent (line 41 minus line 42) | 43A. _____ per year | B. _____ per year |
| Amount payable monthly (divide line 43 by 12 for each parent) | 44A. _____ per month | B. _____ per month |

(Copy these amounts to lines 3b (father) and 4b (mother) on Worksheet B, page 105)

Form 2B: To calculate each parent's share of special expenses for split-custody arrangements

Please refer to **Line-by-line Help**, starting on page 133, when you complete this form. **Line-by-line Help** also contains calculations you need to do to fill in the lines below.

| Part A | | | | |
|--|---|--------------|--------------|--------------|
| TOTAL ANNUAL AMOUNT SPENT ON SPECIAL EXPENSES BY BOTH PARENTS | | | | |
| <i>For each child, write the total amount that both parents pay each year for any of the following expenses:</i> | | | | |
| | Child's Name | Child's Name | Child's Name | Child's Name |
| Child-care expenses (per year) | 19A. _____ | B. _____ | C. _____ | D. _____ |
| Medical and dental insurance premiums for the child (per year) | 20A. _____ | B. _____ | C. _____ | D. _____ |
| Health-related expenses (per year) | 21A. _____ | B. _____ | C. _____ | D. _____ |
| Extraordinary expenses for primary and secondary education (per year) | 22A. _____ | B. _____ | C. _____ | D. _____ |
| Post-secondary education expenses (per year) | 23A. _____ | B. _____ | C. _____ | D. _____ |
| Extraordinary expenses for extracurricular activities (per year) | 24A. _____ | B. _____ | C. _____ | D. _____ |
| Total annual amount of special expenses spent on child (add lines 19 to 24 in each column) | 25A. _____ | B. _____ | C. _____ | D. _____ |
| Total annual amount spent on special expenses by both parents (add lines 25A, B, C and D) | <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> </div> <div style="text-align: center;"> </div> <div style="text-align: center;"> </div> <div style="text-align: center;"> </div> </div> | | | |
| | 26. _____ | | | |

Part B

TOTAL AMOUNT OF SPECIAL EXPENSES THAT THE PARENTS HAVE TO SHARE

| | <u>Child's Name</u> | <u>Child's Name</u> | <u>Child's Name</u> | <u>Child's Name</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Payments (per year) from sources other than the parents | 27A. _____ | B. _____ | C. _____ | D. _____ |
| Amounts contributed (per year) by a child for special expenses | 28A. _____ | B. _____ | C. _____ | D. _____ |
| Total amounts received for each child (add lines 27 and 28 in each column) | 29A. _____ | B. _____ | C. _____ | D. _____ |
| Total amount received for all children (add lines 29A, B, C and D) | | | 30. _____ | |
| Total amount of income tax relief (per year) for both parents | | | 31. _____ | |
| Total amount received to pay for the expenses listed in Part A (add lines 30 and 31) | | | 32. _____ | |
| Total amount of special expenses that the parents have to share (line 26 minus line 32) | | | 33. _____ | |

Complete either part C or part D

Complete **Part C** if you do not pay spousal support to or receive spousal support from the other parent.
 Complete **Part D** if you pay spousal support to or receive spousal support from the other parent.

| Part C | | |
|--|----------------------|--------------------|
| PARENTS' SHARE OF SPECIAL EXPENSES IF NO SPOUSAL SUPPORT IS BEING PAID TO THE OTHER PARENT | | |
| | FATHER | MOTHER |
| Annual income (from Form 1, line 18) | 34A. _____ | B. _____ |
| Note: no lines 35-38 | ↙ | ↘ |
| Total annual income of both parents (add lines 34A and 34B) | 39. _____ | |
| Parent's proportion of both parents' total annual income (for line 40A, (divide line 34A by line 39; for line 40B, divide line 34B by line 39 — the result will usually be in decimal form, for example, 0.66) | 40A. _____ | B. _____ |
| Amount of parent's share of special expenses (multiply line 40 by line 33) | 41A. _____ | B. _____ |
| Real (net) cost of all special expenses paid directly by parent | 42A. _____ | B. _____ |
| Annual amount of special expenses payable by each parent (line 41 minus line 42) | 43A. _____ per year | B. _____ per year |
| Amount payable monthly (divide line 43 by 12 for each parent) | 44A. _____ per month | B. _____ per month |
| <i>(Copy these amounts to lines 3b (father) and 4b (mother) on Worksheet B, page 105)</i> | | |

OR

**Part D
PARENTS' SHARE OF SPECIAL EXPENSES IF
SPOUSAL SUPPORT IS BEING PAID TO THE OTHER PARENT**

| | FATHER | MOTHER |
|---|----------------------|--------------------|
| Annual income (from Form 1, line 18) | 34A. _____ | B. _____ |
| Spousal support received from the other parent | 35A. _____ | B. _____ |
| Add lines 34 and 35 in each column | 36A. _____ | B. _____ |
| Spousal support paid to the other parent | 37A. _____ | B. _____ |
| Annual income for purposes of sharing special expenses (line 36 minus line 37 in each column) | 38A. _____ | B. _____ |
| | ↙ | ↘ |
| Total annual income of both parents (add lines 38A and 38B) | 39. _____ | |
| Parent's proportion of both parents' total annual income (for line 40A, divide line 38A by line 39; for line 40B, divide line 38B by line 39 — the result will usually be in decimal form, for example, 0.66) | 40A. _____ | B. _____ |
| Amount of parent's share of special expenses (multiply line 40 by line 33) | 41A. _____ | B. _____ |
| Real (net) cost of all special expenses paid directly by parent | 42A. _____ | B. _____ |
| Annual amount of special expenses payable by each parent (line 41 minus line 42) | 43A. _____ per year | B. _____ per year |
| Amount payable monthly (divide line 43 by 12 for each parent) | 44A. _____ per month | B. _____ per month |

(Copy these amounts to lines \triangle_{3a} (father) and \triangle_{4b} (mother) on Worksheet B, page 105)

Line-by-line Help for Form 2B

The law on special expenses recognizes that some children in some families have special expenses that are not covered by the amount of child support set in the child support tables. The law instructs a judge to take the following into account:

1. the necessity of the expense in relation to the child's best interests; and
2. the reasonableness of the expense, considering the means of the parents and of the child, and the family's spending pattern before the marriage ended.

This form enables parents to review the children's special expenses and then to decide how much each parent should contribute to them. As a general rule, each parent shares in the expenses in proportion to his or her income, although parents may agree on a different way of dividing the costs. When the parents cannot agree, either parent may ask a judge to decide for them.

Part A

**Total annual amount spent on special expenses
by both parents**

The purpose of Part A is to calculate the total annual amount spent on special expenses by both parents in split-custody arrangements. In this part, you add together all the special expenses for each child and then total the special expenses for all children.

For lines 19—25, use a separate column — A, B, C or D — for each child. When there are more than four children, you will need to photocopy this form before you complete it.

Line 19

Only certain child-care expenses are considered special expenses under the Guidelines. Include all child-care expenses that arise because of a parent's job, illness, disability, or training or education for employment. Other types of child-care expenses are not considered eligible special expenses under the Guidelines. **Write only eligible child-care expenses on line 19.** When both parents have eligible child-care expenses, add all the expenses together and **write the total on line 19.**

Line 20

When a parent pays into a medical or dental insurance plan for a child's benefit, then the portion of the parent's contribution to the plan on behalf of the child is an eligible special expense. **Write the portion of the parent's contribution to the plan made for the child on line 20.** When both parents pay into plans, add the contributions of both parents together and **write the total on line 20.**

Line 21

Some children require health care that is paid for by a parent and not by a provincial or territorial public health plan or private insurance. When this health care costs more than \$100 per year per illness or health event, after deducting any amount received from an insurance plan, it may be considered a special expense. Health-care costs that might be special expenses include orthodontic treatment, speech therapy, prescription drugs, glasses, contact lenses, hearing aids, physiotherapy, occupational therapy and professional counselling provided by a psychologist, social worker or psychiatrist. **Write the total amount of health-related special expenses paid by either parent on line 21.**

Line 22

The law says that special expenses may include extraordinary expenses for primary or secondary school and any other educational programs that meet a child's particular needs. **Write the amount of these extraordinary expenses paid by either parent on line 22.**

Line 23

Write any amounts paid by either parent for a child's post-secondary education on **line 23.**

Line 24

Write the amounts paid by either parent for any extraordinary expenses for extracurricular activities on **line 24.**

Line 25 Add lines 19, 20, 21, 22, 23 and 24 for each child. **Write the totals on line 25.**

Line 26 Add lines 25A, B, C and D to get the total amount spent by both parents on special expenses for all children.

| | | | | | | | | |
|---|---|----------|---|----------|---|----------|---|-------------------------------------|
| To calculate the total amount spent on special expenses for all children | | | | | | | | |
| | + | | + | | + | | = | |
| line 25A | | line 25B | | line 25C | | line 25D | | line 26 <i>(Copy to line 26)</i> |

Part B

Total amount of special expenses that the parents have to share

The purpose of Part B is to calculate the total amount of special expenses that the parents have to share. In this part, you subtract from the total of special expenses on line 26 any amounts that either parent receives to help pay for the expenses.

For lines 27–29, use a separate column for each child.

Line 27 A parent or child may receive a contribution towards a special expense. For instance, a service organization might pay part of the costs of a child's hearing aid or a post-secondary school might offer a child a scholarship to help to pay tuition costs. **Write all the amounts the parents or children received or are entitled to receive for special expenses on line 27.**

Line 28 Sometimes a child may pay part of a special expense. For example, a child may use money from a part-time job to help pay university tuition. **Write all the amounts that a child contributes toward his or her special expenses on line 28.**

Line 29

Add lines 27 and 28 for each child. **Write the totals on line 29.**

Line 30

Add lines 29A, B, C and D to get a total amount received for special expenses.

**To calculate the total amount received for
special expenses for all children**

$$\begin{array}{cccccc} \underline{\hspace{1cm}} & + & \underline{\hspace{1cm}} & + & \underline{\hspace{1cm}} & + & \underline{\hspace{1cm}} & = & \underline{\hspace{1cm}} \\ \text{line 29A} & & \text{line 29B} & & \text{line 29C} & & \text{line 29D} & & \text{line 30} \\ & & & & & & & & \text{(Copy to} \\ & & & & & & & & \text{line 30)} \end{array}$$

Line 31

Tax rules allow a taxpayer to deduct certain child-related expenses from income. This has the effect of reducing the amount of income tax the person has to pay. So, the parent who gets tax relief for a child-related expense saves money. You will need to subtract the amount of this tax relief when you calculate the total cost of special expenses.

There are three categories of child-related expenses that qualify for tax relief.

1. Child care expenses (line 214, federal income tax return)
2. Educational expenses that a child transfers to a parent (line 324, federal income tax return)
3. Medical expenses (line 332, federal income tax return)

You need to estimate the amount of tax relief each parent gets and write this amount on line 31. There are two ways to calculate the amount of tax relief a parent receives or is entitled to receive for child-related expenses. Only do this calculation when a parent is claiming or intends to claim the expense on his or her income tax return.

Option 1**Use the charts**

You can use the Child-care Expenses Tax Relief and Medical Expenses Tax Relief charts to estimate the amount of tax relief a parent gets.

You should have received these charts with this workbook. If not, please call the Department of Justice Canada at 1-888-373-2222, or (613) 946-2222 in the National Capital Region, to request a copy.

Note: If you have educational expenses to consider, you will have to use Option 2.

There are specific rules about who is eligible to claim a deduction for child-care expenses. You may wish to refer to the *Income Tax Guide* for more information.

Follow the instructions on the Child-care Expenses Tax Relief and Medical Expenses Tax Relief charts to get figures you need to complete the calculations below.

| Father | | Mother | |
|---|------------|---|------------|
| Amount of tax relief for child-care expenses | a) _____ | Amount of tax relief for child-care expenses | a) _____ |
| Amount of tax relief for medical expenses | + b) _____ | Amount of tax relief for medical expenses | + b) _____ |
| Total tax relief (add two amounts) | = c) _____ | Total tax relief (add two amounts) | = c) _____ |

| Total amount of tax relief | | |
|----------------------------|---|---|
| _____ | + | _____ = _____ |
| line C (father) | | line C (mother) line 31 (Copy to line 31) |

OR

Option 2

Fill out income tax forms

The most accurate way to find out the amount of tax relief is to complete an income tax return for each parent who has child-related expenses.

In some families, only one parent will have amounts to write on lines 214, 324 or 332 of the federal income tax return. In other families, both parents will have amounts to write in.

There are specific rules about who is eligible to claim a deduction for child-care expenses. You may wish to refer to the *Income Tax Guide* for more information.

Follow these steps:

Step 1

Use a blank income tax return to simulate two situations. (These forms are for your use only; you do not need to submit them to Revenue Canada.) Complete the first tax return with the appropriate amounts written on lines 214, 324 and 332 to calculate the tax that would be owing. Copy this amount onto line a) in the box on the next page. You may need to fill in only one line or you may have special expenses to include on two or all three lines.

Step 2

Now, do the income tax return again leaving lines 214, 324 and 332 blank. Calculate the tax that would be owing. Copy this amount onto line b) in the box on the next page.

Step 3

Now, you need to compare the two tax amounts. Subtract the amount of tax owing when special expenses have been included in the tax return from the amount of tax owing when no special expenses were taken into account. The difference is the amount of that parent's tax relief.

If the other parent can claim a deduction for any of the same special expenses, follows steps 1, 2 and 3 for that parent, too: complete a draft return and include any special expenses on lines 214, 324 and 332 and then do it again leaving lines 214, 324 and 332 blank.

| Father | | Mother | |
|---|------------|---|------------|
| Tax owing when lines 214, 324 and 332 are blank | a) _____ | Tax owing when lines 214, 324 and 332 are blank | a) _____ |
| Tax owing when lines 214, 324 and 332 are filled in | - b) _____ | Tax owing when lines 214, 324 and 332 are filled in | - b) _____ |
| Total tax relief | = c) _____ | Total tax relief | = c) _____ |

Total amount of tax relief

$$\frac{\text{line C (father)}}{\text{line C (father)}} + \frac{\text{line C (mother)}}{\text{line C (mother)}} = \frac{\text{line 31}}{\text{line 31}}$$

(Copy to line 31)

Line 32

Add line 30 and line 31 to get the total amount received to help pay for the special expenses listed in Part A. **Write the total on line 32.**

To calculate the total amount received to help pay for special expenses

$$\frac{\text{line 30}}{\text{line 30}} + \frac{\text{line 31}}{\text{line 31}} = \frac{\text{line 32}}{\text{line 32}}$$

(Copy to line 32)

Line 33

Line 26 minus line 32 gives you the total amount of special expenses that the parents have to share. **Write this amount on line 33.**

To calculate the total amount of special expenses that the parents have to share

$$\frac{\text{line 26}}{\text{line 26}} - \frac{\text{line 32}}{\text{line 32}} = \frac{\text{line 33}}{\text{line 33}}$$

(Copy to line 33)

Part C or Part D

Income of each parent and
the portion of the special expenses each parent should pay

Part C or Part D helps you to calculate the income of each parent and the portion of the special expenses that each parent should pay. If you do not pay spousal support to nor receive spousal support from the other parent, you should be completing Part C of this form. Use Part D when one parent pays spousal support to the other parent so that the amount of spousal support is reflected in the calculation of annual income. In Part D, use a separate column for each parent.

Line 34A

Write the father's annual income from Form 1, Line 18 on line 34A.

Line 34B

Write the mother's annual income from Form 1, Line 18 on line 34B.

Note: If you do not pay spousal support to or receive spousal support from the other parent, you should be completing Part C of this form. Lines 35 to 38 are not necessary for the calculations in Part C. Please skip to the explanation for line 39 if you are completing Part C.

Line 35 (Part D)

Write the amount of spousal support that one parent receives from the other parent. The amount of spousal support received should appear in only one of the two columns for line 35.

Line 36 (Part D)

In each column, add lines 34 and 35. **Write the totals on line 36.**

| To calculate the effect of receiving spousal support on income | | |
|---|----------|---------------------------------------|
| Father | | |
| _____ + _____ = _____ | | |
| line 34A | line 35A | line 36A <i>(Copy to line 36A)</i> |
| Mother | | |
| _____ + _____ = _____ | | |
| line 34B | line 35B | line 36B <i>(Copy to line 36B)</i> |

Line 37 (Part D)

Write the amount of spousal support that one parent pays or is going to pay to the other parent. The amount of spousal support paid should appear in only one of the two columns for line 37. Once you have filled in a figure on line 37, go back and check that you only have a number in one column on line 35 and the same number in the other column on line 37.

Line 38 (Part D)

Subtract line 37 from line 36 to get the annual income of each parent to use to calculate each parent's share of special expenses.

| To calculate each parent's annual income for special expenses | | |
|--|----------|---------------------------------------|
| Father | | |
| _____ - _____ = _____ | | |
| line 36A | line 37A | line 38A <i>(Copy to line 38A)</i> |
| Mother | | |
| _____ - _____ = _____ | | |
| line 36B | line 37B | line 38B <i>(Copy to line 38B)</i> |

Line 39

For people completing **Part C**, add lines 34A and 34B. Write the total on line 39.

| | | |
|--|---|--------------------------|
| To calculate the combined annual income of the parent | | |
| | + | |
| line 34A | | line 34B |
| | | = |
| | | line 39 |
| | | <i>(Copy to line 39)</i> |

For people completing **Part D**, add lines 38A and 38B. Write the total on line 39.

| | | |
|--|---|--------------------------|
| To calculate the combined annual income of the parent | | |
| | + | |
| line 38A | | line 38B |
| | | = |
| | | line 39 |
| | | <i>(Copy to line 39)</i> |

Line 40

For people completing **Part C**, divide line 34A by line 39 and write the amount on line 40A; and divide line 34B by line 39 and write the amount on line 40B.

| | | |
|--|---|---------------------------|
| To calculate the proportion of income earned by the parents | | |
| Father | | |
| | ÷ | |
| line 34A (Part C) | | line 39 |
| | | = |
| | | line 40A |
| | | <i>(Copy to line 40A)</i> |
| Mother | | |
| | ÷ | |
| line 34B (Part C) | | line 39 |
| | | = |
| | | line 40B |
| | | <i>(Copy to line 40B)</i> |

For people completing **Part D**, divide line 38A by line 39 and write the amount on line 40A; and divide line 38B by line 39 and write the amount on line 40B.

**To calculate the proportion of income
earned by the parents**

| | | |
|-------------------|---------------|---------------------------------------|
| | Father | |
| line 38A (Part D) | line 39 | line 40A <i>(Copy to line 40A)</i> |
| | ÷ | = |
| | | |
| | Mother | |
| line 38B (Part D) | line 39 | line 40B <i>(Copy to line 40B)</i> |
| | ÷ | = |

The purpose of these calculations is to find out what part of the total net annual income of both parents is earned by each parent. The number you will get when you divide the one income by the total income of both parents will usually be a number with a decimal, such as 0.66. Make sure you divide the smaller number by the larger number. (**Note:** When a parent has no income on line 34 in Part C, the result of the calculation will be '1' for the other parent.)

Line 41

To calculate the **amount** of each parent's share of special expenses, multiply line 40 by the actual cost of special expenses on line 33. Please make sure that the figure on line 41 is a dollar amount, not a proportion, to avoid problems enforcing the final child support order.

To calculate the parents' share of special expenses

| | | |
|----------|---------------|---------------------------------------|
| | Father | |
| line 40A | line 33 | line 41A <i>(Copy to line 41A)</i> |
| | x | = |
| | | |
| | Mother | |
| line 40B | line 33 | line 41B <i>(Copy to line 41B)</i> |
| | x | = |

Line 42

Write the real (net) amount of special expenses that each parent is paying directly for children in either parent's custody. Remember that the parents may receive tax relief for paying some special expenses. Add up the amounts for special expenses that the father pays directly. Put that figure on the first line in the box below. To find out the amount of tax relief the father gets for expenses paid directly, go back and do the calculations for line 31. Write the figure you get from these calculations on the second line in the box below and subtract it from the first figure. Do the same calculations for the mother in the second box. The total of lines 42A and 42B should equal line 33.

**To calculate the real (net) cost of special expenses
paid directly by the father**

| | | | | |
|---|---|---|---|--------------------------------|
| _____ | - | _____ | = | _____ |
| Special expenses paid directly by the father | | Father's tax relief (follow instructions for line 31) | | line 42A (Copy to line 42A) |

**To calculate the real (net) cost of special expenses
paid directly by the mother**

| | | | | |
|--|---|---|---|--------------------------------|
| _____ | - | _____ | = | _____ |
| Special expenses paid directly by the mother. | | Mother's tax relief (follow instructions for line 31) | | line 42B (Copy to line 42B) |

Line 43

Line 41 minus line 42 gives you the annual amount of special expenses that the parents will pay. The amounts on lines 43A and 43B should add up to zero. Whoever has the positive amount, pays this to the other parent.

| To calculate the parents' share of special expenses | | |
|--|---|---------------------------------------|
| Father | | |
| _____ | - | _____ = _____ |
| line 41A | | line 42A <i>(Copy to line 43A)</i> |
| Mother | | |
| _____ | - | _____ = _____ |
| line 41B | | line 42B <i>(Copy to line 43B)</i> |

Line 44

Divide line 43 by 12 for each parent to find out how much one parent owes to the other each month for the cost of the children's special expenses. Do the calculation only for the parent with the positive amount on line 43. Write "0" in the final line of the box for the other parent.

| To calculate the monthly amount a parent would pay | | |
|---|--------|---------------------------------------|
| Father | | |
| _____ | ÷ 12 = | _____ |
| line 43A | | line 44A <i>(Copy to line 44A)</i> |
| Mother | | |
| _____ | ÷ 12 = | _____ |
| line 43B | | line 44B <i>(Copy to line 44B)</i> |

Copy the amount from line 44A onto line **43a** on Worksheet B, page 105.

Copy the amount from line 44B onto line **43b** on Worksheet B, page 105.

Forms 3A and 3B

To determine the household income ratio
to compare household standards of living

Use this form when either the father or the mother is making a claim for undue hardship.

- ◆ Form 3A is for the father's household
- ◆ Form 3B is for mother's household

Before you complete this form...

- ◆ **identify members of the household**

Members of the household are the following:

- ◆ the parent;
- ◆ any person who has a legal duty to support the parent or whom the parent has a legal duty to support (for example, the parent's new spouse);
- ◆ any person who shares living expenses with the parent or from whom the parent receives an economic benefit as a result of living with that person, if it is reasonable for that person to be considered part of the household. (For example, the parent may live with his or her mother and the mother may contribute part of her pension to pay for food and household bills, or the house may be hers and the parent is living there without having to pay rent. In that case, count the parent's mother as a member of the household.); and
- ◆ any child whom the parent or other household member has a legal duty to support (for example, a child of the parent from another marriage or a child of the parent's new spouse).

◆ **determine for whom you should complete this form**

In some households, the only person with an income will be the father or the mother. In other households, the father or the mother's new spouse or the child of that new spouse may be considered to be an income-earning member of the household. Their incomes must be included in forms 3A and 3B.

You must fill in the column "Other Household Member" for every income-earning member of the parent's household. When the parent's household has more than three people whose income must be included in forms 3A or 3B, you will need to photocopy the form before you complete it. (Do not repeat the information for the father or mother on this additional form.)

Documents to have ready

To complete this form you will need the parents' and household members' most recent income information. This consists of at least the following:

- ◆ the parents' and household members' federal income tax returns;
- ◆ the schedules to those federal income tax returns;
- ◆ the Revenue Canada notices of assessment; and
- ◆ pay slips or other income records, if applicable.

You will also need to complete Form 1 for each income-earning member of the father's and mother's households. Please note that we refer to "parent" throughout Form 1, although other household members may have to complete it as well.

Form 3A: To establish the household standard of living — FATHER'S household

Please refer to Line-by-line Help, starting on page 157, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| INCOME OF HOUSEHOLD MEMBERS TO COMPARE STANDARDS OF LIVING | | | |
|--|-----------|---|---|
| | Father | Other Household Member (if applicable) | Other Household Member (if applicable) |
| Annual income (from Form 1, line 18) | 47. _____ | 47. _____ | 47. _____ |
| Amount of spousal support, if any, received by the father from the mother if deducted on Form 1, line 3 | 48. _____ | | |
| Federal taxes payable | 49. _____ | 49. _____ | 49. _____ |
| Provincial taxes payable | 50. _____ | 50. _____ | 50. _____ |
| Total federal and provincial taxes payable (add lines 49 and 50) | 51. _____ | 51. _____ | 51. _____ |
| Annual income to compare standards of living (line 47 plus line 48 minus line 51) | 52. _____ | 52. _____ | 52. _____ |

Adjustments to annual income to compare standards of living

| Deductions from income | | | |
|--|-----------|-----------|-----------|
| Annual amount that causes undue hardship (father) | 53. _____ | | |
| Annual amount of child support, if any, that would be payable by the father to the mother according to the child support tables | 54. _____ | | |
| Annual amount of support paid by the father or other household member(s) under a court order or written separation agreement | 55. _____ | 55. _____ | 55. _____ |
| Total deductions For father , add lines 53, 54 and 55 For other household member(s) , copy amount on line 55 to line 56 | 56. _____ | 56. _____ | 56. _____ |

| Additions to income | Father | Other Household Member (if applicable) | Other Household Member (if applicable) |
|---|-----------|---|---|
| Annual amount of child support, if any, that would be received by the father from the mother according to the child support tables | 57. _____ | | |
| Annual amount of child support, if any, received by father or other household member(s) under a court order or written separation agreement for any child | 58. _____ | 58. _____ | 58. _____ |
| Total additions For father , add lines 57 and 58 For other household member(s) , copy amount on line 58 to line 59 | 59. _____ | 59. _____ | 59. _____ |

FATHER'S HOUSEHOLD INCOME RATIO

Adjusted annual income to compare standards of living
(line 52 minus line 56 plus line 59)

60 A. _____

B. _____

C. _____

Total annual income for all members of the **father's** household
(add lines 60A, B and C)

61. _____

Low-income measures amount for **father's** household

62. _____

Father's household income ratio
(divide line 61 by line 62)

63. _____

(Copy this amount to line $\triangle 6$ on Worksheet B, page 106)

Form 3B: To establish the household standard of living — MOTHER's household

Please refer to Line-by-line Help, starting on page 157, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| INCOME OF HOUSEHOLD MEMBERS TO COMPARE STANDARDS OF LIVING | | | |
|--|-----------|---|---|
| | Mother | Other Household Member (if applicable) | Other Household Member (if applicable) |
| Annual income (from Form 1, line 18) | 47. _____ | 47. _____ | 47. _____ |
| Amount of spousal support, if any, received by the mother from the father if deducted on Form 1, line 3 | 48. _____ | | |
| Federal taxes payable | 49. _____ | 49. _____ | 49. _____ |
| Provincial taxes payable | 50. _____ | 50. _____ | 50. _____ |
| Total federal and provincial taxes payable (add lines 49 and 50) | 51. _____ | 51. _____ | 51. _____ |
| Annual income to compare standards of living (line 47 plus line 48 minus line 51) | 52. _____ | 52. _____ | 52. _____ |

Adjustments to annual income to compare standards of living

| Deductions from income | | | |
|--|-----------|-----------|-----------|
| Annual amount that causes undue hardship (mother) | 53. _____ | | |
| Annual amount of child support, if any, that would be payable by the mother to the father according to the child support tables | 54. _____ | | |
| Annual amount of support paid by the mother or other household member(s) under a court order or written separation agreement | 55. _____ | 55. _____ | 55. _____ |
| Total deductions For mother , add lines 53, 54 and 55 For other household member(s) , copy amount on line 55 to line 56 | 56. _____ | 56. _____ | 56. _____ |

| Additions to income | Mother | Other Household Member (if applicable) | Other Household Member (if applicable) |
|---|-----------|---|---|
| Annual amount of child support, if any, that would be received by the mother from the father according to the child support tables | _____ | _____ | _____ |
| Annual amount of child support, if any, received by mother or other household member(s) under a court order or written separation agreement for any child | 57. _____ | 58. _____ | 58. _____ |
| Total additions For mother , add lines 57 and 58 For other household member(s) , copy amount on line 58 to line 59 | 59. _____ | 59. _____ | 59. _____ |

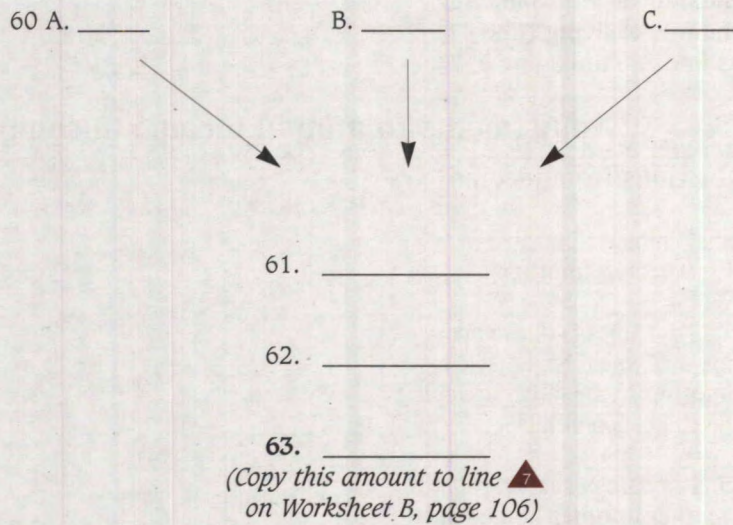
MOTHER'S HOUSEHOLD INCOME RATIO

Adjusted annual income to compare standards of living
(line 52 minus line 56 plus line 59)

Total annual income for all members of the **mother's** household
(add lines 60A, B and C)

Low-income measures amount for **mother's** household

Mother's household income ratio
(divide line 61 by line 62)



Form 3A: To establish the household standard of living — FATHER's household

Please refer to Line-by-line Help, starting on page 157, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| INCOME OF HOUSEHOLD MEMBERS TO COMPARE STANDARDS OF LIVING | | | |
|--|-----------|---|---|
| | Father | Other Household Member (if applicable) | Other Household Member (if applicable) |
| Annual income (from Form 1, line 18) | 47. _____ | 47. _____ | 47. _____ |
| Amount of spousal support, if any, received by the father from the mother if deducted on Form 1, line 3 | 48. _____ | | |
| Federal taxes payable | 49. _____ | 49. _____ | 49. _____ |
| Provincial taxes payable | 50. _____ | 50. _____ | 50. _____ |
| Total federal and provincial taxes payable (add lines 49 and 50) | 51. _____ | 51. _____ | 51. _____ |
| Annual income to compare standards of living (line 47 plus line 48 minus line 51) | 52. _____ | 52. _____ | 52. _____ |

Adjustments to annual income to compare standards of living

| Deductions from income | | | |
|--|-----------|-----------|-----------|
| Annual amount that causes undue hardship (father) | 53. _____ | | |
| Annual amount of child support, if any, that would be payable by the father to the mother according to the child support tables | 54. _____ | | |
| Annual amount of support paid by the father or other household member(s) under a court order or written separation agreement | 55. _____ | 55. _____ | 55. _____ |
| Total deductions For father , add lines 53, 54 and 55 For other household member(s) , copy amount on line 55 to line 56 | 56. _____ | 56. _____ | 56. _____ |

| Additions to income | Father | Other Household Member (if applicable) | Other Household Member (if applicable) |
|---|-----------|---|---|
| Annual amount of child support, if any, that would be received by the father from the mother according to the child support tables | _____ | _____ | _____ |
| Annual amount of child support, if any, received by father or other household member(s) under a court order or written separation agreement for any child | 57. _____ | 58. _____ | 58. _____ |
| Total additions For father , add lines 57 and 58 For other household member(s) , copy amount on line 58 to line 59 | 59. _____ | 59. _____ | 59. _____ |

FATHER'S HOUSEHOLD INCOME RATIO

Adjusted annual income to compare standards of living
(line 52 minus line 56 plus line 59)

60 A. _____ B. _____ C. _____

Total annual income for all members of the **father's** household
(add lines 60A, B and C)

61. _____

Low-income measures amount for **father's** household

62. _____

Father's household income ratio
(divide line 61 by line 62)

63. _____
(Copy this amount to line 6 on Worksheet B, page 106)

Form 3B: To establish the household standard of living — MOTHER's household

Please refer to Line-by-line Help, starting on page 157, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

| INCOME OF HOUSEHOLD MEMBERS TO COMPARE STANDARDS OF LIVING | | | |
|--|-----------|---|---|
| | Mother | Other Household Member (if applicable) | Other Household Member (if applicable) |
| Annual income (from Form 1, line 18) | 47. _____ | 47. _____ | 47. _____ |
| Amount of spousal support, if any, received by the mother from the father if deducted on Form 1, line 3 | 48. _____ | | |
| Federal taxes payable | 49. _____ | 49. _____ | 49. _____ |
| Provincial taxes payable | 50. _____ | 50. _____ | 50. _____ |
| Total federal and provincial taxes payable (add lines 49 and 50) | 51. _____ | 51. _____ | 51. _____ |
| Annual income to compare standards of living (line 47 plus line 48 minus line 51) | 52. _____ | 52. _____ | 52. _____ |

Adjustments to annual income to compare standards of living

| Deductions from income | | | |
|--|-----------|-----------|-----------|
| Annual amount that causes undue hardship (mother) | 53. _____ | | |
| Annual amount of child support, if any, that would be payable by the mother to the father according to the child support tables | 54. _____ | | |
| Annual amount of support paid by the mother or other household member(s) under a court order or written separation agreement | 55. _____ | 55. _____ | 55. _____ |
| Total deductions For mother , add lines 53, 54 and 55 For other household member(s) , copy amount on line 55 to line 56 | 56. _____ | 56. _____ | 56. _____ |

| Additions to income | Mother | Other Household Member (if applicable) | Other Household Member (if applicable) |
|---|-----------|---|---|
| Annual amount of child support, if any, that would be received by the mother from the father according to the child support tables | 57. _____ | _____ | _____ |
| Annual amount of child support, if any, received by mother or other household member(s) under a court order or written separation agreement for any child | 58. _____ | 58. _____ | 58. _____ |
| Total additions For mother , add lines 57 and 58 For other household member(s) , copy amount on line 58 to line 59 | 59. _____ | 59. _____ | 59. _____ |

MOTHER'S HOUSEHOLD INCOME RATIO

Adjusted annual income to compare standards of living
(line 52 minus line 56 plus line 59)

60 A. _____

B. _____

C. _____



Total annual income for all members of the **mother's** household
(add lines 60A, B and C)

61. _____

Low-income measures amount for **mother's** household

62. _____

Mother's household income ratio
(divide line 61 by line 62)

63. _____

(Copy this amount to line **7** on Worksheet B, page 106)

Line-by-line Help for forms 3A and 3B

Form 3A To establish the household standard of living — father's household

Form 3B To establish the household standard of living — mother's household

There are three sections to complete for this form.

1. Calculate income of household income-earning members to compare standards of living

Line 47

You need to complete Form 1 for every income-earning member of the household. Write the amount from Form 1, line 18, for each income-earning person **on line 47**.

Line 48

Write the amount of spousal support that one parent is receiving from the other parent, if any, **on line 48**. You will find this number on Form 1, line 3.

Line 49

When a person's latest federal income tax return is an accurate and up-to-date report on current income, write the amount of federal taxes payable from line 420 of the federal income tax return on **line 49**.

When a person's income has changed since the last tax return was filed, you will have to calculate the amount of federal taxes payable by filling in the up-to-date income amounts on a federal income tax return. (You do not need to send this income tax return to anyone. It is just to help you with these calculations.) This will allow you to calculate the amount to write on lines 49 and 50. Use pay stubs or other income records to update the income amount to use for the tax return. Page 97 has more information on what to do when income has changed since the last tax return was filed. When you have completed this updated income tax return, write the amount appearing on line 420 of the return on **line 49**.

Note: The figure on line 420 of the federal income tax return does not apply to Quebec residents. Refer to the *General Income Tax Guide* for information on how to calculate actual federal taxes payable. For example, consider how the Quebec abatement will affect federal taxes.

Line 50

Write the amount of provincial taxes payable from line 428 of the federal income tax return on **line 50**. **Note:** The figure on line 428 of the federal income tax return does not apply to most Quebec residents. Refer to the Quebec income tax return (and, if applicable, line 428 on the federal income tax return) to calculate actual provincial taxes payable. Please review the notes for line 49 about using the most up-to-date income information to calculate the amount of provincial tax payable.

Line 51

Add lines 49 and 50. **Write the total on line 51.**

| | | | | |
|---|---|---------|---|--------------------------|
| To calculate total taxes payable by the father (Form 3A) | | | | |
| _____ | + | _____ | = | _____ |
| line 49 | | line 50 | | line 51 |
| | | | | <i>(Copy to line 51)</i> |

| | | | | |
|---|---|---------|---|--------------------------|
| To calculate total taxes payable by the mother (Form 3B) | | | | |
| _____ | + | _____ | = | _____ |
| line 49 | | line 50 | | line 51 |
| | | | | <i>(Copy to line 51)</i> |

Line 52

Add lines 47 and 48 and subtract line 51. **Write the total on line 52.**

| | | | | |
|---|---|---------|---|--------------------------|
| To calculate father's annual income to compare standards of living (Form 3A) | | | | |
| _____ | + | _____ | - | _____ |
| line 47 | | line 48 | | line 51 |
| | | | | = _____ |
| | | | | <i>(Copy to line 52)</i> |

| | | | | |
|---|---|---------|---|--------------------------|
| To calculate mother's annual income to compare standards of living (Form 3B) | | | | |
| _____ | + | _____ | - | _____ |
| line 47 | | line 48 | | line 51 |
| | | | | = _____ |
| | | | | <i>(Copy to line 52)</i> |

2. Adjustments to annual income to compare standards of living

Deductions from income

Line 53

Line 53 applies only to a parent who is claiming undue hardship. **Note:** In some situations, both parents could have an amount on line 53 if they both claim undue hardship.

First, figure out the amount that represents the circumstances that cause the parent or the children to suffer undue hardship.


Below is a list of some of the circumstances that might cause undue hardship. Read through the list and identify any that apply in this situation. Please note that there may be other circumstances not listed here that could also be considered to cause undue hardship.

- ◆ The parent has to pay off unusually high debts that were reasonably incurred to support the family prior to separation.
- ◆ The parent has to pay unusually high debts to earn a living.
- ◆ The parent has unusually high expenses for exercising access to a child.
- ◆ The parent has a legal duty under a court order, or in a separation agreement, to support another person.
- ◆ The parent has a legal duty to support a child who is not a child of the marriage but is under the age of majority, or is over the age of majority and unable to support himself or herself because of an illness, disability or other cause (such as continuing schooling).
- ◆ The parent has a legal duty to support a person unable to support himself or herself because of an illness or disability (for example, a new spouse who cannot work because of a disability).

Refer to Step 8 on page 103 to find out more about how judges deal with claims of undue hardship. Please note that if a parent claims that supporting a second family causes undue hardship, there is no amount to write on line 53. The costs for this second family are taken into account in the low-income measures amount that will be included on line 62.

Now, figure out how much these circumstances cost each year. For example, it may cost a parent \$10,000 each year to see the children because they live far away. **Write the appropriate amount on line 53.**

Line 54

This is the amount that the father (Form 3A) or mother (Form 3B) would pay according to the applicable child support table if the claim for undue hardship were not made. For the purposes of line 54, this amount must be changed from a monthly amount to an annual amount. You will find the monthly amount for whichever parent will be paying child support on line  on Worksheet B (Page 106).

If the child support table is not used, you can agree on an amount or ask a judge to set one for you. Write the amount on the first line in the box below.

| | | |
|---|--------|------------------------------|
| To calculate annual child support amount | | |
| _____ | X 12 = | _____ |
| monthly amount | | line 54 (Copy to line 54) |

Note: Line 54 does not apply to any household members other than the parent.

Line 55

Line 55 represents the total amount that a parent or other household member pays for support under a court order or written separation agreement. This amount could include child support, spousal support or another kind of support.

Do not write any amount on line 55 if line 53 already includes this support, or if the amount of support includes child support payable for a child for whom the amount on line 54 is calculated.

Line 56

For the parent, add lines 53, 54 and 55. **Write the result on line 56.** For other household member(s), **copy the amount from line 55 onto line 56.**

To calculate the total amount of father's deductions (Form 3A)

$$\begin{array}{ccccccc} \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & = & \underline{\hspace{2cm}} \\ \text{line 53} & & \text{line 54} & & \text{line 55} & & \text{line 56} \\ & & & & & & \text{(Copy to line 56)} \end{array}$$

To calculate the total amount of mother's deductions (Form 3B)

$$\begin{array}{ccccccc} \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & = & \underline{\hspace{2cm}} \\ \text{line 53} & & \text{line 54} & & \text{line 55} & & \text{line 56} \\ & & & & & & \text{(Copy to line 56)} \end{array}$$

Additions to income

Line 57

This is the amount that the father (Form 3A) or mother (Form 3B) would receive according to the applicable child support table if the claim for undue hardship were not made. For the purposes of line 57, this amount must be changed from a monthly amount to an annual amount. You will find the monthly amount on line **5c**, on Worksheet B, (page 106). If the child support table is not used, you can agree on an amount or ask a judge to set one for you.

Note: If you wrote an amount on line 54 for the father or the mother, you should not write an amount on line 57 on that same parent's form. The amount should appear on line 57 of the form for the other parent.

| | | |
|---|--------|------------------------------|
| To calculate annual child support amount | | |
| _____ | X 12 = | _____ |
| monthly amount | | line 57 (Copy to line 57) |

Line 58

Write the full amount that the parent or other household member(s) receives for child support under a court order or a written separation agreement. Do not write an amount for any children who are included in the amount on line 57.

Line 59

For the parent, add lines 57 and 58. **Write the result on line 59.** For the other household member(s), **copy the amount from line 58 to line 59.**

To calculate total additions to father's income (Form 3A)

$$\frac{\text{line 57}}{\text{line 57}} + \frac{\text{line 58}}{\text{line 58}} = \frac{\text{line 59}}{\text{line 59}}$$

(Copy to line 59)

To calculate total additions to mother's income (Form 3B)

$$\frac{\text{line 57}}{\text{line 57}} + \frac{\text{line 58}}{\text{line 58}} = \frac{\text{line 59}}{\text{line 59}}$$

(Copy to line 59)

3. Calculate the household income ratio**Line 60**

To calculate the adjusted annual income to compare the standards of living, subtract line 56 from line 52 and add line 59. **Write the result on line 60.**

To calculate father's adjusted annual income (Form 3A)

$$\frac{\text{line 52}}{\text{line 52}} - \frac{\text{line 56}}{\text{line 56}} + \frac{\text{line 59}}{\text{line 59}} = \frac{\text{line 60}}{\text{line 60}}$$

(Copy to line 60)

To calculate mother's adjusted annual income (Form 3B)

$$\frac{\text{line 52}}{\text{line 52}} - \frac{\text{line 56}}{\text{line 56}} + \frac{\text{line 59}}{\text{line 59}} = \frac{\text{line 60}}{\text{line 60}}$$

(Copy to line 60)

Line 61

Add the amounts on line 60 for each member of the household and **write the result on line 61.**

To calculate father's household income (Form 3A)

$$\frac{\text{line 60A}}{\text{line 60A}} + \frac{\text{line 60B}}{\text{line 60B}} + \frac{\text{line 60C}}{\text{line 60C}} = \frac{\text{line 61}}{\text{line 61}}$$

(Copy to line 61)

To calculate mother's household income (Form 3B)

$$\frac{\text{line 60A}}{\text{line 60A}} + \frac{\text{line 60B}}{\text{line 60B}} + \frac{\text{line 60C}}{\text{line 60C}} = \frac{\text{line 61}}{\text{line 61}}$$

(Copy to line 61)

Line 61 reflects the total amount of adjusted annual income for all members of a household. Before proceeding to a comparison of standards of living, this amount must be considered in relation to the household size.

Line 62

Line 62 provides a way to recognize that a household with two adults costs more to run than a household with only one adult, and that a household with three children costs more to run than a household with only one child. The Guidelines provide a low-income measures chart (figures from Statistics Canada) that gives the minimum after-tax cost to run a household, according to the number of adults and children.

First, write down the total number of people in the two households in the box below.

Note: Count all adults and children who are in the household (See “Before you complete this form...” on page 147 to identify household members), even if they have no income.

| Household size | | |
|--|--------------|----------------|
| (Write the <i>number</i> of household members) | | |
| Father's household: | _____ Adults | _____ Children |
| Mother's household: | _____ Adults | _____ Children |

Find the appropriate line in the low-income measures chart on page 167 for the father's household size, and write the corresponding amount on **line 62 on Form 3A**.

For example, if the father's household has two adult members and two children, you would look under the heading “Four persons, 2 adults and 2 children” and write \$20,764 on line 62.

Now do the same for the mother's household (Form 3B). Find the appropriate line in the low-income measures chart for the mother's household size, and write the corresponding amount on **line 62**.

Line 63


Divide line 61 by line 62 for each parent's household. Write the answer on **line 63**.


To calculate father's household income ratio (Form 3A)

$$\frac{\text{line 61}}{\text{line 62}} = \frac{\text{line 63}}{\text{(Copy to line 63)}}$$

To calculate mother's household income ratio (Form 3B)

$$\frac{\text{line 61}}{\text{line 62}} = \frac{\text{line 63}}{\text{(Copy to line 63)}}$$

Copy the figure on line 63 for the father's household (Form 3A) onto line  on Worksheet B, page 106.

Copy the figure on line 63 for the mother's household (Form 3B) onto line  on Worksheet B, page 106.

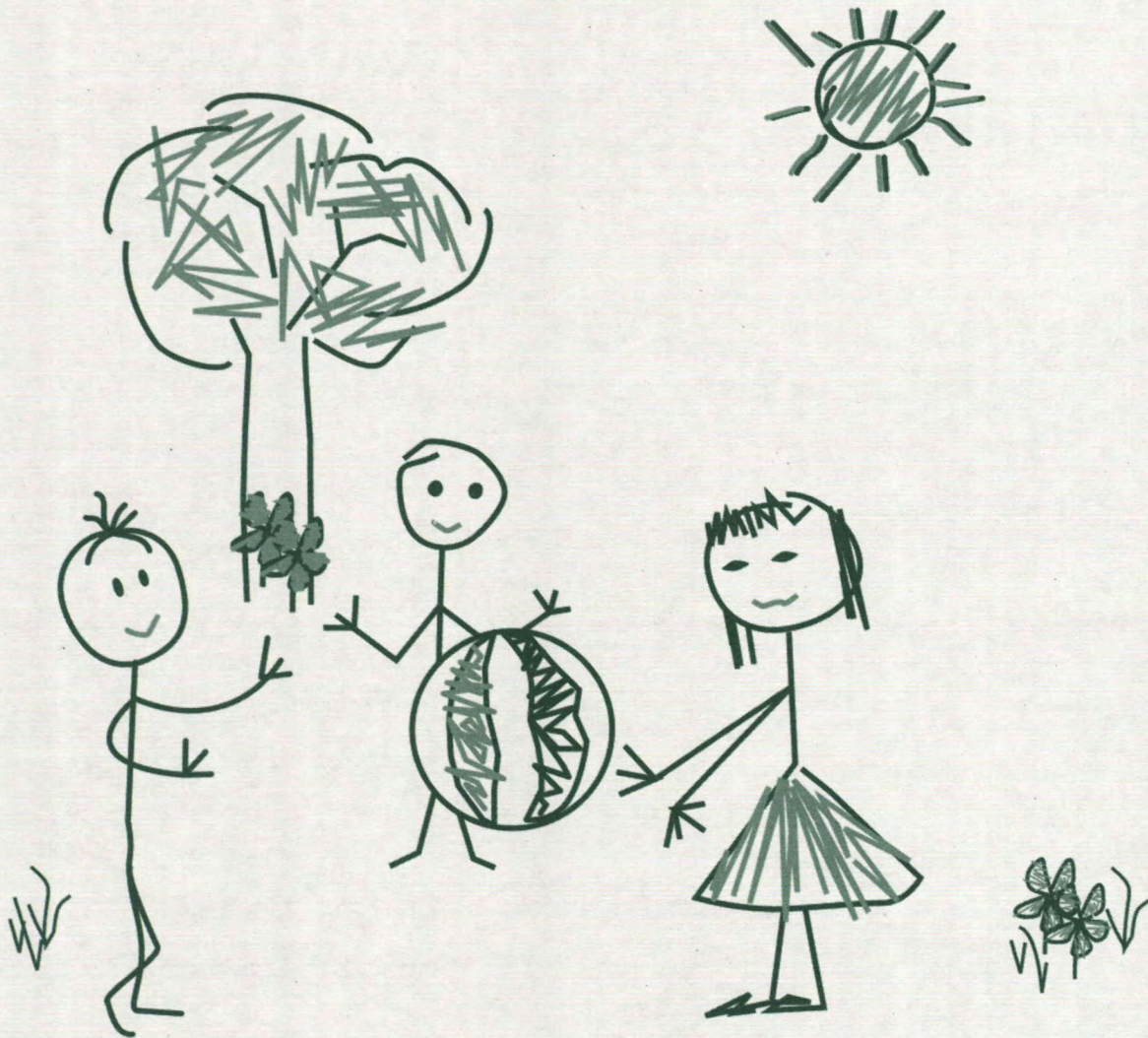
The household with the smaller number on line 63 is the household with the lower standard of living. For example, if one household's standard of living is 1.33 and the other's is 1.55, the first household has the lower standard of living of the two.

If the parent claiming undue hardship lives in the household with the higher standard of living, the child support amount cannot be changed. If the parent claiming undue hardship lives in the household with the lower standard of living and the judge agrees that there is undue hardship, then he or she can change the amount of child support that would otherwise be payable under the Guidelines.

Low-income Measures

| Household size | Low-income measures amount | Household size | Low-income measures amount |
|--|--|---|--|
| One person 1 adult | \$10,382 | Two persons 2 adults 1 adult and 1 child | \$14,535 \$14,535 |
| Three persons 3 adults 2 adults and 1 child 1 adult and 2 children | \$18,688 \$17,649 \$17,649 | Four persons 4 adults 3 adults and 1 child 2 adults and 2 children 1 adult and 3 children | \$22,840 \$21,802 \$20,764 \$20,764 |
| Five persons 5 adults 4 adults and 1 child 3 adults and 2 children 2 adults and 3 children 1 adult and 4 children | \$26,993 \$25,955 \$24,917 \$23,879 \$23,879 | Six persons 6 adults 5 adults and 1 child 4 adults and 2 children 3 adults and 3 children 2 adults and 4 children 1 adult and 5 children | \$31,145 \$30,108 \$29,070 \$28,031 \$26,993 \$26,993 |
| Seven persons 7 adults 6 adults and 1 child 5 adults and 2 children 4 adults and 3 children 3 adults and 4 children 2 adults and 5 children 1 adult and 6 children | \$34,261 \$33,222 \$32,184 \$31,146 \$30,108 \$29,070 \$29,070 | Eight persons 8 adults 7 adults and 1 child 6 adults and 2 children 5 adults and 3 children 4 adults and 4 children 3 adults and 5 children 2 adults and 6 children 1 adult and 7 children | \$38,413 \$37,375 \$36,337 \$35,299 \$34,261 \$33,222 \$32,184 \$32,184 |

Shared Custody



Shared Custody

Use this section if, in Step 3, you decided that “shared custody” describes your custody arrangement.

In shared-custody arrangements, each parent has custody of the child or children for **at least** 40 per cent of the time during the year. In most of these cases, a judge will order one parent to pay child support to the other parent. Under the Guidelines, the judge can decide what he or she considers to be a reasonable amount of child support.

In shared-custody situations, judges have wide discretion when setting child support amounts. This section can give you only a general idea of what the judge will consider when making this decision.

By working through the steps in this section, however, you can learn more about the factors that the judge will take into account. And, remember, if both parents agree on child support payments that are reasonable, the judge is unlikely to change them.

Even though judges have wide discretion in shared-custody cases, the Guidelines require judges to take the following factors into account when deciding on the amount of child support in shared-custody arrangements:

- ◆ the amount of child support each parent would pay according to the child support tables;
- ◆ the increased costs of shared-custody arrangements; and
- ◆ the condition, means, needs and other circumstances of each parent and of each child.

The actual costs of shared-custody arrangements and the circumstances of the parents and children vary in each family and cannot be set out in the child support tables. For that reason, after calculating the basic child support payable according to the child support tables (Step 5), the judge has wide discretion to determine the final amount. See Step 6, page 176, to find out how the amounts from the child support tables can be adjusted.

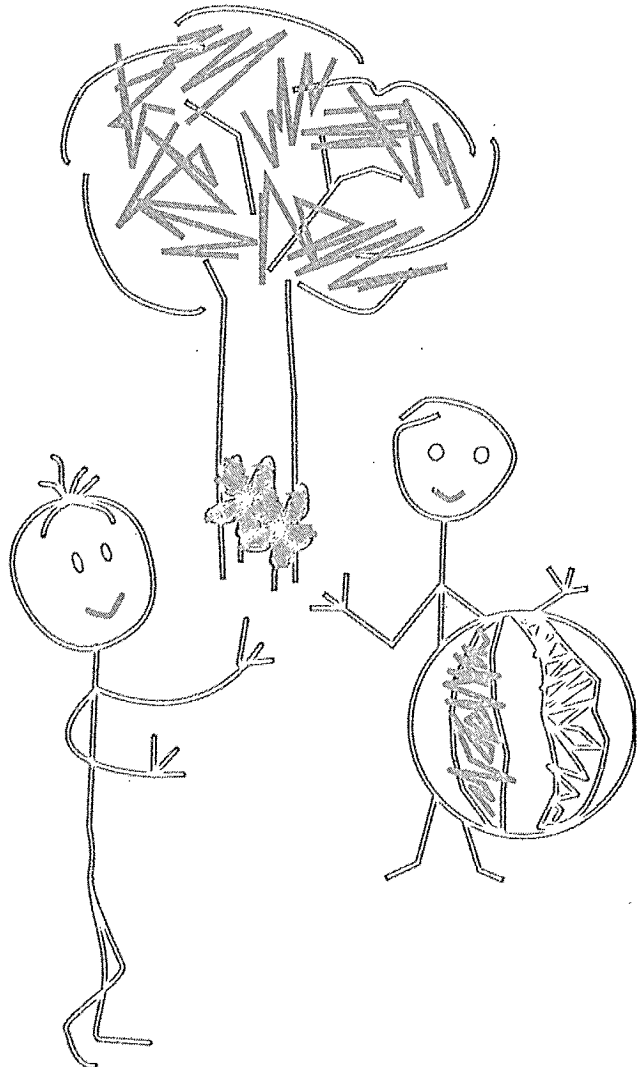
Before you start

Pull out Worksheet C and the working copy of Form 1 from the back of this section.

You will find an overview of what you will need to complete Form 1 on page 183. You may wish to read that page and collect any information you need before you start working.

You may also wish to have on hand a calculator and a copy of *Federal Child Support Guidelines: A Guide to the New Approach*.

If you would like to have a permanent copy of your finished calculations, we have included a "Record Copy" of Worksheet C and Form 1 at the back of the section onto which you can copy your final figures.



Step 5

Calculate annual income

In this step, you calculate both parents' incomes.

Use **Form 1** to help you calculate the parents' annual income. You will find an overview of the form and of the information you need to complete it on page 183. Line-by-line instructions begin on page 189.

Before you start filling in the form, please read through the rest of Step 5.

Both parents provide income information

In a shared-custody situation, the amount of child support to be paid depends on the incomes of both parents. It is recommended that both parents provide complete and accurate information about their incomes for the past three taxation years when discussing child support. If a case goes to court, parents are *required* to provide complete and accurate income information. If either parent fails to do so, the judge can order the parent to comply and impose a penalty (such as awarding costs to the other parent). If the parent still does not comply, the judge can set the amount of income for the parent that will be used to determine child support.

After a child support order has been made, either parent may request that the other parent provide proof of income for any

taxation year for which that information has not already been provided. The request for information may be made no more than once a year after the order has been made and must be in writing.

You will find a list on page 197 of the financial information that each parent must provide to the other when a formal request is made, if it has not already been provided.

Note: To get the most accurate estimate of child support using the workbook, use the most recent income information you have. If you do not have these figures, use the best figure you do have to get some idea of the amount a judge might set. When you do go to court, however, the judge will require exact income information.

Where to start?

A good place to start is with the total income figure on line 150 of each parent's federal income tax return. This figure includes income from all sources, for example, employment income, pension income, interest and dividend income, business or professional income, and Employment Insurance or social assistance payments. In some cases, this is the most recent income information. If so, this is the number you need to use in Form 1 to calculate each parent's annual income.

Is a parent's income more than \$150,000 a year?

For incomes of more than \$150,000, the child support tables specify an amount of child support for the first \$150,000, and a percentage you can use if you think it is appropriate for the part of the income over \$150,000. The Guidelines allow for discretion in setting the amount of child support for that part of the income over \$150,000. Please refer to the *Federal Child Support Guidelines: A Guide to the New Approach*, page 22, for more information on how to calculate child support for incomes of more than \$150,000 a year.

When line 150 does not contain the most recent income information

The most recent federal tax return and the Revenue Canada notice of assessment may not be the best sources for current income information if they are not up-to-date or they are not accurate or a fair reflection of income. In this case, please use more recent sources of information, such as pay stubs, to update the information on the tax return. Even if the income tax information is up-to-date, it could still be inaccurate because the parent's income changed a lot recently, or because income is not always calculated the same way for income tax forms as it is for child support purposes.

Changing income

The parents or a judge may decide to use a figure that is different from the one on line 150 of either parent's most recent income tax return when, for example,

- ◆ the amount the parent received from a particular source of income varied over the last three years. (In this case, the judge could decide to use an average of the amounts received from that source of income during the last three years.); or
- ◆ the amount the parent received from a particular source of income was a non-recurring amount (for example, a bonus paid to employees because the company had an exceptionally profitable year). In this case, the judge may decide that only a portion of the amount, if any, should be included in income.

(Page 199 contains a list of the reasons why a judge could decide that a parent's income is not properly reflected in the income tax return.)

This means that, in some cases, the figure on line 150 of a parent's most recent income tax return is not the figure to use in Form 1. You will have to decide if you believe the line 150 figure is accurate. If not, try to get additional information to update the income amount for each source of income and calculate an accurate amount for line 150. If a parent earns money from a source other than a job, such as stocks and bonds, you may wish to seek professional advice.

Adjusting total income

A parent's income may have to be adjusted to reflect disposable income before taxes. This is because the annual income figure you use when consulting the child support tables may not be exactly the same income figure used for income tax purposes. Form 1 shows you how to adjust a parent's annual income for child support purposes.

Complete Form 1 for both parents and copy the figure from line 18 on the father's form onto line 1 on Worksheet C (page 179) and on the mother's form onto line 2.

Recap

You should now know
both parents' annual incomes.
Next, go to Step 6



Step 6

Consider the discretionary factors

In this step, you decide which discretionary factors, such as special expenses, might apply in your situation.

In shared-custody situations, there are several factors that need to be looked at before you can negotiate an amount of child support: the basic amount set in the child support tables that each parent would pay; the increased cost of shared-custody arrangements; and the conditions, means, needs and other circumstances of each parent and each child.

The basic amount from the child support tables

To calculate the amount of child support to be paid by the **father**, you need the child support table that you identified in Step 4 (check the front page of the table to make sure you have the right one).

Now, locate the father's income (you figured this number out in Step 5) on the table. Look to the right of that figure under the column for the number of children for whom support is being calculated (you figured out this number in Step 2).

For example, if Thomas and Louise have three children and Thomas's income is \$20,000, look to the right under the "3" column for the number of children. The amount listed there is the basic amount of child support payable by Thomas.

Go to Worksheet C (page 179) and fill in on line 3 the basic amount from the child support tables. Bear this amount in mind when you consider the other discretionary factors.

To calculate the amount of child support to be paid by the **mother**, find her income in the appropriate child support table. Look to the right of that figure under the column that indicates the number of children for whom support is being calculated. This sum is the basic amount of child support payable by the mother.

Go to Worksheet C (page 179) and fill in on line 4 the basic amount from the child support tables. Bear this amount in mind when you consider the other discretionary factors.

The increased costs of shared-custody arrangements

The law says that judges must also consider the increased costs of shared-custody arrangements when calculating child support payments. You and the other parent can discuss the impact of your shared-custody arrangements on your financial situations and how this should affect the amount of child support.

Conditions, means, needs and other circumstances

In shared-custody arrangements, judges would likely consider special expenses and undue hardship when looking at the conditions, means, needs and other circumstances of the parents and the children. For special expenses, the parent must consider all the needs of the children, including child-care, medical expenses and extra-curricular activities, and must decide which parent is actually paying for them.

You may wish to refer to Form 2A (starting on page 49) or Form 2B (starting on page 123) to get an idea of the types of special expenses that are taken into account in other custody arrangements. There are spaces on Worksheet C (lines 5 and 6, page 179) for you to note any figures you calculate.

Recap

You should now have a general idea of what a judge might consider when setting child support. You can now try to reach an agreement with the other parent.

You will find information about how to find professionals to help you with this agreement on page 200.

Worksheet C

1 Write the amount of the *father's annual income* from Form 1, line 18 here:

2 Write the amount of the *mother's annual income* from Form 1, line 18 here:

3 Write the *basic amount* of child support from the child support tables (or another amount if there are any children at or over the age of majority, or if a parent's income is more than \$150,000) for the father here:

4 Write the *basic amount* of child support from the child support tables (or another amount if there are any children at or over the age of majority, or if a parent's income is more than \$150,000) for the mother here

5 Write any amounts the father believes should be paid by the mother because of the *increased costs of shared custody and the conditions, means and needs of each parent and each child* here:

6 Write any amounts the mother believes should be paid by the father because of the *increased costs of shared custody and the conditions, means and needs of each parent and each child* here:

Worksheet C

1 Write the amount of the *father's annual income* from Form 1, line 18 here:

2 Write the amount of the *mother's annual income* from Form 1, line 18 here:

3 Write the *basic amount* of child support from the child support tables (or another amount if there are any children at or over the age of majority, or if a parent's income is more than \$150,000) for the father here:

4 Write the *basic amount* of child support from the child support tables (or another amount if there are any children at or over the age of majority, or if a parent's income is more than \$150,000) for the mother here

5 Write any amounts the father believes should be paid by the mother because of the *increased costs of shared custody and the conditions, means and needs of each parent and each child* here:

6 Write any amounts the mother believes should be paid by the father because of the *increased costs of shared custody and the conditions, means and needs of each parent and each child* here:

Form 1

To calculate annual income for the Guidelines

Use this form to calculate annual income for any one of the following:

- ◆ the paying parent in a sole-custody situation;
- ◆ the paying parent and the receiving parent when there are special expenses;
- ◆ a person who has acted as a parent (see page 14);
- ◆ the paying parent and the receiving parent when
 - the child is over the age of majority (18 or 19) and the judge does not consider it appropriate to look only at the paying parent's income, or
 - the paying parent earns more than \$150,000 a year;
- ◆ the father and mother in split- or shared-custody arrangements; or
- ◆ the father, mother and other household members when assessing undue hardship.

Please note that we refer to "parent" throughout Form 1, although other household members may have to complete it as well.

Before you complete this form

◆ remember: not all lines will apply

The form has a lot of lines to cover all income possibilities. When a parent's income is straightforward, you will need to fill in only a few lines to complete the form. Skip any lines that do not apply to your situation.

◆ use up-to-date income information

You can use the information in a parent's federal income tax return and its schedules to complete this form when that information is an accurate reflection of actual income. If there has been a change in income since the federal income tax return was filed, you should use information from the Revenue Canada notice of assessment, recent pay slips or other income records to update the information on the tax return. See page 199 for information on "income" for the purposes of calculating child support under the Guidelines.

◆ check if there have been a lot of changes in income

Sometimes, a parent's income changes a lot from year to year. When that has happened, the law says that a judge can look at the parent's income over the last three years to establish the parent's annual income for the Guidelines.

◆ **check if a parent is a director, officer or shareholder of a corporation**

When a parent is a director, officer or shareholder of a corporation, a judge may find that the parent's income tax return does not fairly reflect all the money available to the parent to pay child support. In that case, the judge can consider other factors to establish the parent's annual income for the Guidelines.

◆ **look for definitions of income tax terms**

Form 1 refers to many income tax terms. They are all defined in Revenue Canada income tax material. For example, you can deduct "carrying charges." If you would like to have the definition of "carrying charges," please refer to the Revenue Canada income tax guide.

Documents to have ready

To complete this form, you will need the parent's most recent income information, for example,

- ◆ the parent's federal income tax return;
- ◆ the schedules to that federal income tax return;
- ◆ the Revenue Canada notice of assessment; and
- ◆ pay slips or other income records, if applicable.

Form 1: To calculate annual income for the Guidelines

Please refer to Line-by-line Help, starting on page 189, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

This form applies to _____
 (father, mother, other household member)

When the parents agree on a parent's annual income for the Guidelines, write that amount on line 18. In that case, you do not have to fill out any other lines on this form.

| | |
|--|----------|
| TOTAL INCOME BEFORE ADJUSTMENTS | |
| Total income | 1. _____ |

Adjustments to total income

| | |
|---|------------------|
| Deductions from total income (make sure to use annual amounts) | |
| Child support received and included in total income | 2. _____ |
| Spousal support received from the other parent and included in total income | 3. _____ |
| Union, professional or other dues and employment expenses | 4. _____ |
| Social assistance received by the parent for other members of the household | 5. _____ |
| Excess portion of dividends from taxable Canadian corporations | 6. _____ |
| Actual business investment losses | 7. _____ |
| Carrying charges and interest expenses | 8. _____ |
| Prior-period earnings | 9. _____ |
| Sole proprietorship and partnership income | 10. _____ |
| Total deductions from income (add lines 2 to 10) | 11. _____ |

| | |
|---|------------------|
| Additions to total income (make sure to use annual amounts) | |
| Capital gains | 12. _____ |
| Payments by a self-employed person to a family member or someone else not at arm's length | 13. _____ |
| Capital cost allowance for real property | 14. _____ |
| Employee stock options | 15. _____ |
| Total additions to income (add lines 12 to 15) | 16. _____ |

| | |
|--|------------------|
| ANNUAL INCOME FOR THE GUIDELINES | |
| Total income with adjustments (line 1 minus line 11 plus line 16) | 17. _____ |
| Annual income | 18. _____ |
| <i>(Copy this amount to line 1 on Worksheet C (father) and line 2 (mother) page 179)</i> | |

Form 1: To calculate annual income for the Guidelines

Please refer to Line-by-line Help, starting on page 189, when you complete this form. Line-by-line Help also contains calculations you need to do to fill in the lines below.

This form applies to _____

(father, mother, other household member)

When the parents agree on a parent's annual income for the Guidelines, write that amount on line 18. In that case, you do not have to fill out any other lines on this form.

| TOTAL INCOME BEFORE ADJUSTMENTS | |
|---------------------------------|----------|
| Total income | 1. _____ |

Adjustments to total income

| Deductions from total income (make sure to use annual amounts) | |
|---|------------------|
| Child support received and included in total income | 2. _____ |
| Spousal support received from the other parent and included in total income | 3. _____ |
| Union, professional or other dues and employment expenses | 4. _____ |
| Social assistance received by the parent for other members of the household | 5. _____ |
| Excess portion of dividends from taxable Canadian corporations | 6. _____ |
| Actual business investment losses | 7. _____ |
| Carrying charges and interest expenses | 8. _____ |
| Prior-period earnings | 9. _____ |
| Sole proprietorship and partnership income | 10. _____ |
| Total deductions from income (add lines 2 to 10) | 11. _____ |

| Additions to total income (make sure to use annual amounts) | |
|---|------------------|
| Capital gains | 12. _____ |
| Payments by a self-employed person to a family member or someone else not at arm's length | 13. _____ |
| Capital cost allowance for real property | 14. _____ |
| Employee stock options | 15. _____ |
| Total additions to income (add lines 12 to 15) | 16. _____ |

| ANNUAL INCOME FOR THE GUIDELINES | |
|--|------------------|
| Total income with adjustments (line 1 minus line 11 plus line 16) | 17. _____ |
| Annual income | 18. _____ |
| <i>(Copy this amount to line 1 on Worksheet C (father) and line 2 (mother) page 179)</i> | |

Line-by-line Help for Form 1

Total income before adjustments

Line 1

Use the figure on line 150 of the parent's federal income tax return, if the return provides complete and up-to-date income information. **Copy the figure from line 150 onto line 1.**

If the parent's federal income tax return is not up-to-date, calculate annual income using information from the Revenue Canada notice of assessment, pay slips or other income records. **Write the amount of annual income based on those records on line 1.**

There may be reasons why even the up-to-date income figure still is not the best reflection of total income for the purposes of the Guidelines (for example, if the parent received an inheritance). Look at the list at the top of page 199. If any of these circumstances apply to you, try to agree with the other parent on how they will affect income and change the figure on line 1. If you cannot agree, you can ask a judge to decide for you.

Adjustments to total income

Deductions from income (use annual amounts)

The law says to deduct certain amounts from income to get the amount of annual income for Guidelines purposes. Lines 2 to 10 list the items to subtract from income.

Line 2

Write an amount on line 2 only if child support was included in the total income figure you wrote on line 1. Look on line 128 of the federal income tax return to find the amount of **child support** the person received during the year. **Write this amount on line 2.** (Note: line 128 reports both child and

spousal support. A court order or written agreement often sets out how much of this amount is for child support and how much is for spousal support. If there is no written record to separate child support from spousal support, try to come to an agreement with the other parent on what amount is for child support.)

Line 3

Write an amount on line 3 only if spousal support was included in the total income figure you wrote on line 1. Look on line 128 of the federal income tax return to find the amount of **spousal** support the parent received during the year from the other parent. (**Note:** line 128 reports both child and spousal support. The amount of child support that you wrote on line 2 plus the amount of spousal support should equal the figure on line 128 of the federal income tax return.) **Write the amount of spousal support on line 3.**

Line 4

Find lines 212 and 229 of the parent's federal income tax return, which are for expenses related to earning income. **Write the total of these expenses on line 4.**

Line 5

Find line 145 of the parent's federal income tax return. To determine the amount of social assistance received for other family members, write the total amount of social assistance for the family that this parent receives on line 5A below. Identify the portion of this amount that is for this parent's benefit. (If it is not clear what amount should be included for social assistance for the parent, please contact the social assistance office.) Write the parent's portion of social assistance on line 5B. Line 5A minus line 5B gives you the amount of social assistance received for other members of the family. **Copy this figure to line 5.**

| | | | | |
|---|---|---------|---|------------------------------------|
| To calculate social assistance received for other members of the household | | | | |
| _____ | - | _____ | = | _____ |
| line 5A | | line 5B | | line 5C <i>(Copy to line 5)</i> |

Line 6

Find line 120 of the federal income tax return and copy the amount listed there to line 6A below. Next, calculate the actual amount of **dividends** received by dividing the amount on line 6A by 1.25. Finally, subtract the amount on line 6B from the amount on line 6A to calculate the excess portion. **Copy the figure on line 6C onto line 6.**

| | | | | |
|--|---|------|---|---------|
| To calculate dividends | | | | |
| from a taxable Canadian corporation | | | | |
| | ÷ | 1.25 | = | |
| line 6A | | | | line 6B |

| | | | | |
|--|---|---------|---|------------------------------------|
| To calculate the excess portion | | | | |
| | - | | = | |
| line 6A | | line 6B | | line 6C <i>(Copy to line 6)</i> |

Line 7

Find line 228 of the federal income tax return. **Copy the figure for the amount of business investment losses suffered during the year onto line 7.**

Line 8

Find line 221 of the federal income tax return. **Copy the figure for the carrying charges and interest expenses onto line 8.**

Line 9

Self-employed income for the 12 months ending on December 31 of the year reported in the tax return may include an additional amount earned in a prior period (reserve amount). You must subtract the prior-period amounts from income. Prior-period amounts are on Revenue Canada Form T1139 (*Reconciliation of Business Income for Tax Purposes*). **Copy the figure from line 9C, below, onto line 9.**

| To calculate prior-period earnings | |
|--|--------------------------------------|
| Reserves deducted in preceding tax year (Add lines C and O from Form T1139) | 9A. _____ |
| Reserve amount (Add lines K and W from Form T1139) | 9B. _____ |
| Total amount of reserves (line 9A minus line 9B) | 9C. _____ <i>(Copy to line 9)</i> |

Line 10

When income is earned through a partnership or a sole proprietorship, deduct any amount included in income that is required by the partnership or sole proprietorship for capitalization purposes. **Write the amount on line 10.**

Line 11

To calculate the deductions to total income, add lines 2 to 10. **Write the total on line 11.**

| To calculate the deductions to total income | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|-------------------------------------|
| + _____ | + _____ | + _____ | + _____ | + _____ | + _____ | + _____ | + _____ | + _____ | = _____ |
| line 2 | line 3 | line 4 | line 5 | line 6 | line 7 | line 8 | line 9 | line 10 | line 11 <i>(Copy to line 11)</i> |

Additions to income (use annual amounts)

The income reported on line 150 of the federal income tax return does not include all types of income needed for the Guidelines. The following amounts must be added on lines 12, 13, 14 and 15.

Line 12

There are two kinds of capital gains, recurring and non-recurring. A recurring capital gain has an ongoing effect on a parent's income, for example if he or she regularly buys and sells stocks. A non-recurring capital gain is a rare, or even a once-in-a-lifetime, event, for example when a cottage is sold.

When a parent has recurring capital gains, the entire amount must be taken into account, as the amount on line 1 includes only taxable capital gains (75% of total capital gains). Refer to the box below to calculate the missing portion and enter it **on line 12**.

When parents have non-recurring capital gains, the amount to include on Form 1 is discretionary and should already be taken into account when you are calculating annual income on line 1.

To calculate the amount of capital gains for line 12

| | |
|--|--|
| Total capital gain (line 040, Schedule 3 of the federal income tax return*) | 12A. _____ |
| Reported capital gains (line 127, federal income tax return) | 12B. _____ |
| Capital gains for the Guidelines (line 12A minus 12B) | 12C. _____ <i>(Copy to line 12)</i> |

*The figure on line 040 of Schedule 3 equals the total of capital gains for the year minus any capital losses. If this figure is zero or less than zero, you do not need to work through this box. **Write "0" on line 12.**

The figure you wrote on line 12A should not include any non-recurring gains or losses already accounted for in line 1.

Line 13

When there is a business relationship between a self-employed parent and another individual, such as a family member (called a non-arm's length relationship), include in income any amount for salaries, benefits, wages, management fees or other payments paid to or on behalf of the other individual. You do not need to include the amount if it is reasonable and necessary to earn the self-employment income. **Write the amount on line 13.**

Line 14

Include the amount that was deducted for capital cost allowance with respect to real property (land and buildings).
Write amount on line 14.

Line 15

Complete this line when the parent has exercised a stock option to purchase shares of a Canadian-controlled private corporation.

Write "0" on line 15 if the shares were sold during the same year in which the parent exercised the stock options to obtain the shares. If the shares are for a corporation that is not a Canadian-controlled private corporation, this line does not apply.

To calculate the value of an employee stock option

| | |
|---|------------|
| Value of shares of a Canadian-controlled private corporation acquired through the exercise of a stock option (multiply the market value of one share by the number of shares) | 15A. _____ |
| Amount paid for the stock options | 15B. _____ |
| Amount paid for the shares | 15C. _____ |
| Cost of shares (add lines 15B and 15C) | 15D. _____ |
| Value of stock options (15A minus 15D) | 15E. _____ |

(Copy to line 15)

Line 16

Add lines 12, 13, 14 and 15. **Write the total on line 16.**

To calculate the additions to total income

$$\begin{array}{cccccc}
 \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & + & \underline{\hspace{2cm}} & = & \underline{\hspace{2cm}} \\
 \text{line 12} & & \text{line 13} & & \text{line 14} & & \text{line 15} & & \text{line 16} \\
 & & & & & & & & \text{(Copy to line 16)}
 \end{array}$$

Line 17

Subtract line 11 from line 1 and add line 16. **Write the result on line 17.**

| To calculate total income | | | | | | |
|---------------------------|---|---------|---|---------|---|---------|
| _____ | - | _____ | + | _____ | = | _____ |
| line 1 | | line 11 | | line 16 | | line 17 |

Line 18

Some parents may still need to do one more calculation to bring the income figure up to the level a judge would consider appropriate for the purposes of the Guidelines. Refer to the list at the bottom of page 199 for examples of situations when this may occur.

If none of these applies to you, simply **copy the figure from line 17 to line 18.**

If one or more of these circumstances does apply, you may wish to add an amount to the income figure. If you do not wish to do this, **copy the figure from line 17 to line 18.**

If you do decide to add an amount to income, the amount is discretionary, and you and the other parent should agree on it. If you cannot agree, you can ask a judge to decide on an amount for you.

Once you have an amount, add it to the figure on line 17 and **write the total on line 18.**

| To calculate annual income | | | |
|----------------------------|---|----------------------------|-------------------------------------|
| _____ | + | _____ | = _____ |
| line 17 | | amount to add to income | line 18 <i>(Copy to line 18)</i> |

Copy the amount from line 18 for the father onto line 1 on Worksheet C (page 179) and for the mother onto line 2.

Additional Information

Parents must provide complete and accurate income information

Parents have a legal obligation to provide complete and accurate income information to the judge or to the other parent on request if when his or her income is a factor in determining the amount of child support to be paid. In sole-custody situations, the paying parent must provide income information. The receiving parent must provide income information, too, if there is a question of special expenses or undue hardship, if the child is over the age of majority, or if the paying parent acted as a parent in place of the biological or adoptive parent. In split- and shared-custody situations, both parents must provide income information.

At a minimum, the following documents must be provided to the other parent when an application to the court is made:

- ◆ personal income tax returns for the past three taxation years; and
- ◆ notices of assessment or re-assessment from Revenue Canada for the past three taxation years.

Employees must provide their most recent statement of earnings (including overtime) or, if this is not possible, a letter from their employer verifying their salary or wages.

Self-employed people must provide the following for the three most recent taxation years:

- ◆ financial statements of the business or professional practice, other than a partnership; and
- ◆ a statement of salaries, wages, management fees or other payments or benefits paid to, or on behalf of, people or corporations with whom the parent does not deal at arm's length (for example, a family member).

If the parent is a **partner in a partnership**, he or she must provide confirmation of income, other benefits and investment in the partnership for the past three taxation years:

If the parent **controls a corporation**, he or she must provide the following for the three most recent taxation years:

- ◆ the financial statements of the corporation and its subsidiaries; and
- ◆ a statement showing a breakdown of all salaries, wages, management fees or other payments or benefits paid to, or on behalf of, people or corporations with whom the corporation, and every related corporation, does not deal at arm's length (for example, a family member).

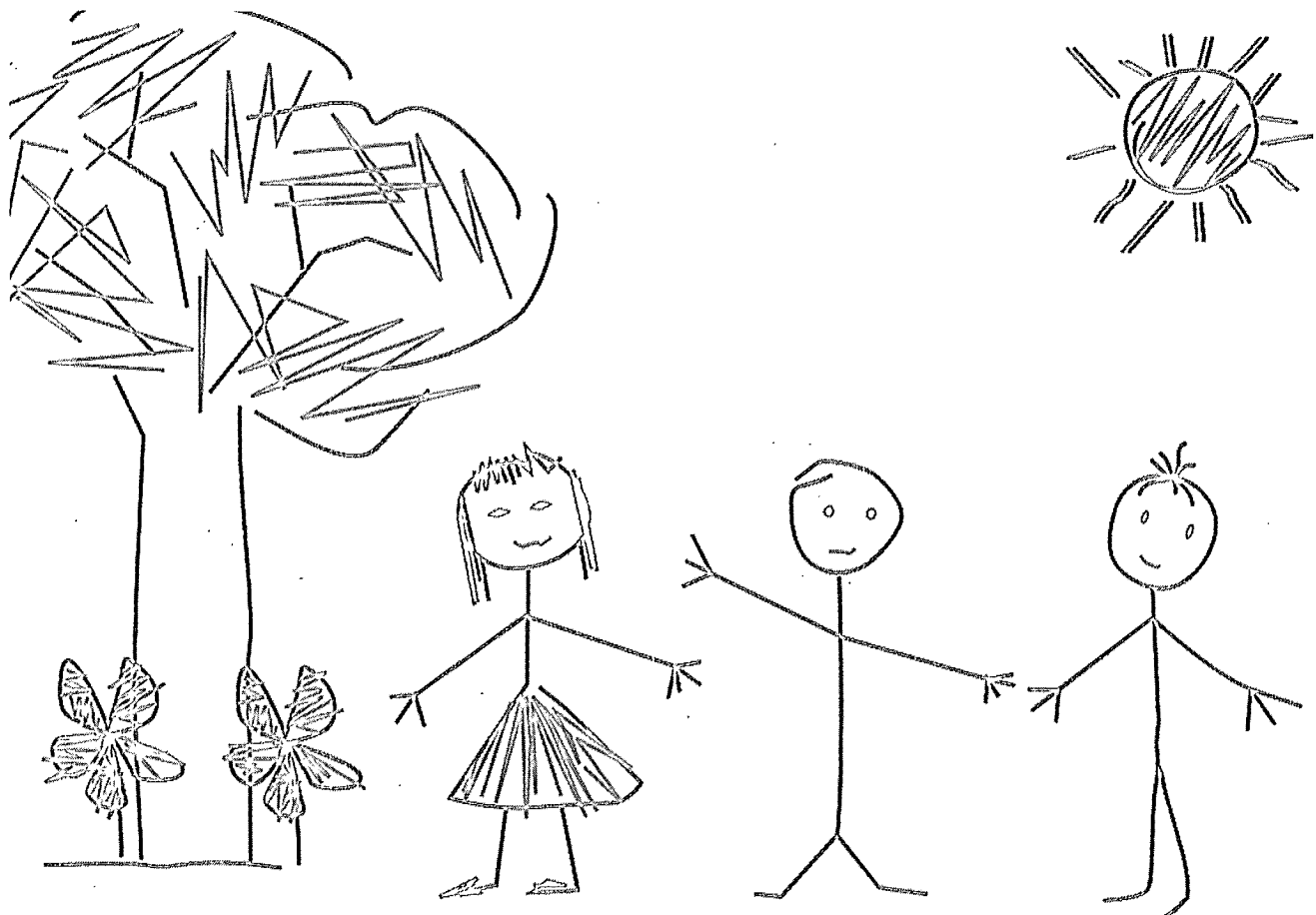
The parent must also provide a copy of any **trust settlement agreement** in which the parent is a beneficiary and copies of the trust's three most recent financial statements.

Consequences for failing to provide information

If a parent does not provide these documents when necessary, the judge may order him or her to do so or face serious consequences, including contempt of court proceedings and payment of legal costs.

Parents must provide income information once a year

Parents must continue to provide income information even after the child support amount has been determined and a court order is in place, if requested to do so by the other parent. The formal request must be in writing and may be made no more than once a year. This obligation continues for as long as the children are entitled to support.



Other factors that can affect the amount of annual income

A parent must provide complete and accurate income information. When this information does not provide a true picture of the parent's real income, the law says that the judge can take other factors into account.

The judge may consider the following:

- ◆ if income has steadily increased or decreased over the past three years;
- ◆ if income has fluctuated significantly over the past three years;
- ◆ if the parent has received a non-recurring amount (for example, an inheritance), in which case all, a portion, or none of the amount may be included;
- ◆ if there were exceptional business or investment profits or losses during a particular year; and
- ◆ if the parent is a shareholder, officer or director of a corporation, the judge may include all or part of the corporation's pre-tax income for the most recent taxation year, or what the person would earn if he or she were being paid for the services provided to the corporation (as long as that amount is less than the corporation's pre-tax income). In determining a corporation's pre-tax income, the judge will include the corporation's payments, such as salaries, wages, management fees and similar expenses.

The judge may also change the amount a parent claims as income if the person

- ◆ is proven to be intentionally underemployed or unemployed (unless the reason is related to caring for a child or reasonable education or health needs);
- ◆ is not required to pay federal or provincial income tax;
- ◆ lives in a country where income tax rates are significantly lower than in Canada;
- ◆ has withheld income information;
- ◆ gets a large part of income from dividends, capital gains or other sources with a lower tax rate;
- ◆ is, or will be, receiving income or other benefits from a trust;
- ◆ is placing income elsewhere to conceal it (for example, putting it in someone else's name);
- ◆ does not reasonably use property and resources to generate income (for example, the paying parent may have a great deal of money tied up in land or business investments, reducing the amount of cash available for child support. In this case, the judge might look at whether this is a reasonable use of the property); or
- ◆ unreasonably deducts expenses from income.

If you think that some of the above-mentioned factors apply in your situation, you may wish to seek legal advice.

Sources of more information

about the Federal Child Support Guidelines

Department of Justice Canada
Child Support Team
Ottawa, Ontario
K1A 0H8

Toll-free: 1-888-373-2222
National Capital Region: (613) 946-2222
Internet: <http://canada.justice.gc.ca>

about income tax rules

Revenue Canada 1-800-959-8281

about how to find a lawyer

| | |
|-----------------------|--|
| Newfoundland | (709) 722-2643 |
| Nova Scotia | (902) 455-3135 |
| Prince Edward Island | (902) 566-1666 |
| New Brunswick | (506) 458-8540 (For out-of-province requests only) |
| Quebec | (514) 954-3400 (514) 978-1793 |
| Ontario | (416) 947-3330 |
| Manitoba | (204) 943-2305 |
| Saskatchewan | 1-800-667-9886 (For out-of-province requests only) (306) 359-1767 (306) 359-3317 |
| Alberta | (403) 228-1722 |
| British Columbia | (604) 687-3221 |
| Northwest Territories | (867) 873-3828 |
| Yukon | (867) 668-4231 |

about how to find a family mediator

Each province and territory has court-based mediation services available at no charge to couples who are separating. To find the service nearest you, please call the Department of Justice Canada:

Toll-free 1-888-373-2222
(613) 946-2222 in the National Capital Region

To find the names of private mediators in your community, look in the Yellow Pages under "Mediators" or "Mediation Services."