

INSTRUCTIONS FOR COMPLETING CHILD SUPPORT WORKSHEETS A, B, C, D, and E

You will need the following documents or information for each parent: (all references to specific forms are to Internal Revenue Service (IRS) forms which may be found at www.irs.gov.)

- ✓ A completed child support guidelines financial affidavit or the information contained in it;
- ✓ Federal tax returns (Form 1040, 1040A, or 1040EZ) and state tax returns, including W-2 and 1099 forms for the past three years;
- ✓ Copies of partnership (Form 1065) and/or corporation (Form 1120 or 1120S) tax returns for the past three years, if a party is self-employed or receives income/losses from an interest in a partnership or corporation;
- ✓ If depreciation expense is deducted on a tax return (Form 4562), a copy of the supporting depreciation schedule or summary for each year's return. The depreciation schedule/summary is not an IRS tax form and is a document usually kept by the tax preparer and updated each year;
- ✓ Pay stubs or payroll advice for the past three months;
- ✓ Child care expense for children of the calculation and "other" children in the parent's household (see Definitions, below); the expense must be necessary for the parent's employment;
- ✓ Health insurance premiums for each parent, each child of the calculation and each parent's "other" children; only the annual out-of-pocket cost (premium less subsidy) paid by a parent is allowed;
- ✓ Mandatory retirement contributions through the parent's employer;
- ✓ Alimony ordered by court or administrative order;
- ✓ Child support ordered by court or administrative order for "other" children;
- ✓ Required employment expense, such as union dues, safety equipment, use of personal vehicle, etc. not reimbursed by the employer or other party;
- ✓ Cost of tuition, books, and mandatory fees for post-secondary education (IRS Form 1098-T) and a record of scholarships and grants accepted/received by the student parent;
- ✓ Interest expense of student loan repayment (IRS Form 1098-E) where the child has benefitted from the parent's education.

You may also need copies of blank IRS tax forms or instructions, in some cases. The form numbers are identified below in the line-by-line instructions.

DEFINITIONS: - "Child of the calculation" means a child who is the subject of the calculation and who is the child of both parents shown on worksheet A, page 1.
- "Other" child means a child who is not the subject of the calculation and who is the child of only one of the parents shown on worksheet A, page 1. (See Rule 3 for this and other definitions of terms used in the child support guidelines, which are found in the Administrative Rules of Montana (ARM) at Title 37, Chapter 62, Subchapter 1).

LINE-BY-LINE INSTRUCTIONS FOR GUIDELINE WORKSHEETS A, B, C, D, AND E:

Worksheet A

At the top of worksheet A, page 1, enter the name of each parent and the cause number assigned by the court or the case number assigned by CSED. DO NOT ENTER THE NAMES OF THE CHILDREN OF THE CALCULATION in the worksheet. Instead, enter each child's birth year in a separate box below "Child A", "Child B", etc. All children of the calculation must have the same two parents

entered on page 1.

ALL ENTRIES ARE ANNUAL

Line #1 Income (See Rules 4, 5)

1a. wages, salaries, commissions - enter the gross (highest) amount shown on the parent's most recent W-2 form (add amounts together if more than one W-2 for the year); or, average these amounts from more than one year's W-2 form; or,

project the annual earnings based on the parent's current rate of pay. To average, add together the income amount(s) for each of three years, if possible, and divide the total by the number of years. To project, multiply the current hourly rate of pay by 2080 hours (40 hours/week x 52 weeks/year).

1b. self-employment net earnings – ideally, self-employment income is based on at least a three-year average of the net earnings shown on Schedule C of the federal tax return or the ordinary income line on a K-1 form provided by a partnership or S corporation. Depreciation expense must also be converted to Straight Line (SL) if accelerated depreciation or Section 179 expense were claimed as an expense on the tax return and the SL amount is less than the amount claimed.

1c. pensions, social security - enter the gross amount from the year-end statement provided by the Social Security Administration, business, or organization that pays the benefits. Pension and social security payments may include both taxable and non-taxable income. If the breakdown is known, enter the taxable income at line 1c and the non-taxable income at line 1h. If the breakdown is not known, enter all pension and social security income on line 1c. Do not include the amount of children's benefits or Supplemental Security Income (SSI) benefits received by the parents or the child.

1d. unearned income - enter the total amount of interest, dividends, royalties and similar items from the year-end form provided by the person or organization that pays the income. Do not include unearned income for calculating the Earned Income Tax Credit.

1e. imputed income - enter the gross amount of income the parent could earn if employed full-time (usually 40 hours/week) at the highest rate of pay the parent can realistically earn. Consider the jobs available in the area where the parent lives. If the parent is working but not working full-time, enter the parent's actual wages/earnings on the appropriate income line. Subtract the actual or average hours worked each week from 40 hours to determine how many hours to impute. Multiply the imputed hours by the rate of pay the parent could earn if the hours were worked and enter the total here at line 1e. (See Rule 5 which also includes reasons why income should not be imputed in some cases.)

EXAMPLE: Imputed Income

George works 30 hours/week as a waiter. He could be working 40 hours/wk as work is available at the pay he is currently earning. George earns \$10 per hour plus approximately \$7.50 /hour in tips for a total of \$17.50/ hr for 30 hr/wk, or \$525/wk. For 52 weeks at \$525/wk, George earns a total of \$27,300 per year and that amount is entered at line 1a. Because he could be working 40 hours/week, income should be imputed to him for the remaining 10 hours per week, as follows: Multiply \$17.50 x 10 hrs x 52 wks for a total of \$9,100 per year and enter on line 1e of worksheet A. The actual income plus the imputed income will total \$36,400/year.

1f. earned income tax credit - enter the amount of the tax credit from the federal tax return or enter the amount the parent is eligible to receive according to IRS Schedule EIC and the EIC Table (IRS Publication 596). **Do not enter the earned income credit based on a parent's imputed or unearned income.**

1g. other taxable income - enter the gross amount of any taxable income not already entered, such as rental property income, income from an S corporation, or prize/lottery winnings. Also, enter the amount of scholarships or grants received by a student parent that exceed the qualified tuition and related expenses found on IRS Form 1098-T (Tuition Statement); only the amount of scholarships and grants that exceeds qualified tuition and related expenses is taxable.

1h. other non-taxable income - enter the amount of non-taxable income received, such as tax-exempt interest. Include the amount of any tax-deductible expense that is not allowed for child support such as accelerated depreciation on business assets; enter the non-taxable portion of scholarships and grants (see 1g, above). (See Rule 4)

1i. total income - add together the entries on lines 1a through 1h.

ALL ENTRIES ARE ANNUAL

Line #2 Allowable deductions (See Rules 7, 8)

NOTE: Both 2a and 2b, below, address deductions for "other" children: children who are not the subject of the calculation. If the child qualifies, the deduction for an other child may be taken at 2a or at 2b, but not both.

2a. ordered child support for other

children - enter the amount of child support required by a court or administrative order for a parent's child who is not a child of the calculation.

2b. allowance for other children -

Determine the number of a parent's other children who: 1) live with him/her; 2) are not children of the calculation; and, 3) for whom the parent is not ordered to pay child support. If the parent has a child who does not live with him/her and the parent is not ordered to pay child support, that child can be included only if the parent can show that child support is being paid to the child's custodian. Find the number of other children in the first column of Table 2. Follow the line for that number of children to the third column and enter that amount on line 2b.

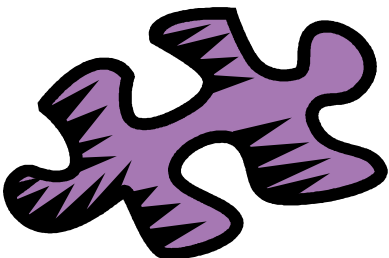
EXAMPLE: Allowance for Other Children

Dave is the father of three minor children: Susan, Robert, and Mary. Susan is the oldest at 15 and she currently resides with Dave. Robert is 10 and he resides with his mother; Dave is not ordered to pay child support for Robert and he does not make any voluntary payments. Mary is the child of the calculation and her child support is being modified; she currently resides with her mother. Dave is allowed a deduction for the other child allowance for Susan because she resides with him. He is not allowed a deduction for Robert because Robert does not reside with him, there is no support order, and Dave makes no voluntary child support payments. Since Mary is a child of the calculation, she does not qualify as an other child.

2c. ordered alimony/spousal support -

enter the amount of alimony or spousal support required by a court order.

2d. ordered health insurance premium (for other children) - enter the amount of health insurance premiums required by a court or administrative order, less the federal subsidy, for other children unless the premiums are included in the child support deducted at line 2c.



EXAMPLE: Health Insurance Premiums

Karen has two children with different fathers. Her oldest child, Sam, is the child of the calculation and her youngest child, Sara, is an "other" child according to the child support guidelines. Karen is court ordered to pay for health insurance for Sara and she covers herself and both Sam and Sara with a policy from the federal health insurance marketplace, where she receives a subsidy to help her pay the premiums. The cost of the insurance for Karen, alone, after the subsidy is subtracted is \$110/mo. She pays an additional \$70/mo., or \$840/yr. to cover the children. The cost for Sara is half the amount Karen pays for the two children: \$35/mo., or \$420/yr., and that amount is entered here on line 2d. The other half of the cost for the children is \$35/mo., or \$420/yr., for covering Sam and it will be entered at line 12b because Sam is the child of the calculation. Karen's out-of-pocket cost is entered at line 2k, Other.

2e. federal income taxes - enter the

amount of total tax due from the federal income tax return or the average federal tax if income has been averaged. If tax returns are not available, calculate the amount of federal tax according to IRS Circular E. **NOTE:** If available tax returns are "Married Filing Jointly" (MFJ), determine the tax return income for each party. Calculate each party's percentage of the total income (each parent's income divided by total income) and use the same percentages to divide the amount of income tax liability shown on the return for each party.

2f. state income taxes - enter the amount

of total tax due from the state income tax return or the average state tax if income has been averaged. If tax returns are not available, calculate the amount of state tax according to the Montana State Withholding Tax Guide. If tax returns are filed MFJ, see 2e, above.

2g. social security (FICA plus Medicare) -

enter the amount of social security/Medicare contributions withheld from gross pay according to the W-2 form. If W-2 forms are not available, calculate the amount according to IRS Circular E.

2h. mandatory retirement contributions -

enter the amount of mandatory (required by the employer) contributions from the W-2 form or the statement provided by the employer. Normally, 401(k) plans are not mandatory.

2i. required employment expense - enter

the cost of items provided by the parent in order to

do his/her job that are not reimbursed by the employer. Such items include safety glasses, work gloves, uniforms, mileage if personal car is used (multiplied by the IRS business mileage rate found in guidelines Table 3), and similar items. Union dues are also an allowable deduction.

EXAMPLE: Dependent Care Tax Credit

Find the percentage on IRS Form 2441 for the amount of the parent's annual income, such as 30% if a parent's income is over \$23,000 but not over \$25,000. Multiply the percentage by the amount of child care expense paid but not more than \$3,000 for one child or \$6,000 for two or more children. If the parent pays \$9,000/yr for child care for three children (\$4,500, or 50%, for an infant and \$2,250/each, or 25%/each for the other two children after school), multiply \$6,000 by .30 = \$1,800. Subtract \$1,800 from \$9,000 for a net child care expense of \$7,200. Then divide \$7,200 among the three children according to each child's percentage share of the gross child care expense.

2j. dependent care expense for other children, less dependent care tax credit; If a parent pays child care expense for a child of the calculation and an "other" child, too, the tax credit may be calculated and deducted from the total child care amount. Pro-rate the net child care amount among the children according to each child's percentage of the total. If tax returns are available, subtract the tax credit amount shown on IRS Form 2441 from the total amount of child care expense. If tax returns are not available, see example, below. For "other" children, enter one-half (50%) of the child's net child care on line 2j. (The full amount of child care expense for a child of the calculation will be entered on line 12a.)

2k. other - enter the amount of any other expense which is an allowable deduction according to Rules 7 and 8. Include interest paid by the parent on student loans where the child has benefitted from the parent's education. Enter from IRS Form 1098-E, Student Loan Interest Statement. Enter a parent's qualified tuition and related expenses from IRS Form 1098-T, Tuition Statement. Also, enter the annual, out-of-pocket cost (premium less subsidy) of mandatory health insurance premiums for each parent and each other child not already entered.

2l. total allowable deductions - add together lines 2a through 2k.

Line #3 Income after deductions - follow worksheet

line instructions

Line #4 Personal allowance - Enter the amount from Table 1 for each parent. (See Rule 9)

Line #5 Income available for child support - follow worksheet line instructions. (See Rule 10)

Line #6 Minimum contribution - if line 5 is zero, complete worksheet C. (See Worksheet C instructions later in this section.) If line 5 is greater than zero, follow worksheet line #6 instructions. (See Rule 15)

Line #7 - follow worksheet line instructions

Line #8 - follow worksheet line instructions

Line #9 - follow worksheet line instructions. (See Rule 11)

Line #10 - follow worksheet line instructions

Line #11 Primary child support allowance - Locate the number of children from line 10 in the first column of Table 2. Follow the line for that number of children to the second column of Table 2 and enter the amount from the second column on line 11. (See Rule 12)

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Line #12 Supplements to primary allowance

If any of the children of the calculation live with a third party, such as a relative, include supplemental expenses for the children if paid by the third party. No entry required, line 12.

12a. child day care costs less dependent care tax credit - see the instructions for line 2j, above, and repeat the process for only the children of the calculation.

12b. child health insurance premium - enter the total amount of health insurance premiums paid by the parent for the children of the calculation.

12c. child health care expenses - enter the amount of unreimbursed health care expenses for the children of the calculation that exceed \$250 per child, per year. The expenses must be recurring and predictable.

12d. other - enter the total amount of other expenses of the children in the calculation that are not reimbursed.

12e. total supplement - add lines 12a through line 12d. (See Rule 13)

Line #13 - follow worksheet line instructions

Line #14 - follow worksheet line instructions

Line #15 - follow worksheet line instructions

Line #16 - follow worksheet line instructions

Line #17 - follow worksheet line instructions (See Rule 16)

Line #18 Adjustments to income available for SOLA
(See Rules 16, 17) No entry required, line 18.

18a. Long distance parenting adjustment -
complete a separate worksheet D for each parent who has transportation expenses to visit or allow visitation of the children of the calculation.

18b. Other - amounts entered here will decrease the amount of child support due from the parent for whom they are entered and may create a variance to the child support obligation. Any variance must be explained in terms of the child's best interest in the child support order. (See Rules 2, 17)

Line #19 - follow worksheet line instructions

Line #20 - Complete worksheet E for each parent who has an entry on line 19 and enter result here. (See Rule 16)

Line #21 - follow worksheet line instructions

Line #22 - follow worksheet line instructions (See Rule 18)

Line #23 Credit for payment of expenses - enter the amount of line 12e expenses that each parent actually pays. If all the children in the calculation live with one or the other of the parents, the total of line 23 for both parents should equal the amount on line 12e. If any of the children in the calculation live with a third party, such as a relative, and the third party pays some or all of the expenses on line 12, enter only the amount of expenses on line 23 paid by the parents. (See Rule 13)

Line #24 - follow worksheet line instructions

Line #25 - enter the number of days each child spends with each parent. Follow worksheet line instructions; if directed to complete worksheet B, see instructions below.

EXAMPLE: Counting Parenting Days

If the parties use the standard definition of a day (see Rule 14) so that the day begins and ends at midnight (calendar day), determine which parent had control of the children for more than 12 hours during the 24 hour period between midnight of the first day and midnight of the second day.

If the parties and/or the court agree to use a different time than midnight for the definition of a day, such as noon to noon, it still must be determined which parent had the children for more than 12 hours during the 24 hour period between noon of the first day and noon of the second day. The number of days will not necessarily be the same for each child. (See Rule 14 re: "control")

Line #26 - follow worksheet line instructions

Line #27 - follow worksheet line instructions
(See Rule 18)

WORKSHEET B

(See Rule 18) The instructions on worksheet A, line 25 will direct the user to worksheet B, if it is required, based on the number of days the children spend with each parent. Worksheet B entries require no new information and are all based on entries already made to worksheet A or amounts previously calculated on worksheet B. Line 3 of worksheet B, Part I is explained below. For all other lines of part I, follow worksheet line instructions.

Part I, Line 3 - enter here the same information entered on line 12 of worksheet A but separated by child. In the case of child care expense, enter for each child the net amount after the dependent care tax credit has been deducted.

EXAMPLE: Worksheet B, Part I, Line 3

Line 3 is intended for the entry of each child's share of the supplemental expenses entered on Lines 12a, 12b, 12c, and 12d of worksheet A. For example, if the net amount of child care expense (child care expense less the dependent care tax credit) as shown on line 12a for two children is \$2000/year, enter the share of that amount spent for each child. If the breakdown by child is unknown, divide the total evenly among the children. Using this same method, determine the breakdown, by child, for the other supplemental expenses entered on Lines 12b, 12c, and 12d of worksheet A. Total each child's share of expenses and enter on line 3 in that child's column.

Part 2 - complete a separate part 2 for each child in the calculation by following the worksheet line instructions. The result of each part 2 will be entered on worksheet A, line 25, according to the instructions on line 12 of worksheet B, part 2.

When each parent owes child support to the other, the monthly transfer payment due is the difference between the amounts owed by each parent and is paid by the parent with the higher obligation.

NOTE: Worksheets C, D, and E are used in manual calculations, only. If a computer program is used for the calculation, the computer will calculate the results of these worksheets automatically and

copies of worksheets C, D, and E will not be attached.

WORKSHEET C (For parent sent to worksheet C by line 6, worksheet A)

To determine the Income Ratio, divide line 3, worksheet A, by line 4, worksheet A. Find the Income Ratio in the first column of the Minimum Contribution table. Follow the line to the second column and multiply the amount from line 3, worksheet A, by the factor shown. Enter the result at line 6, worksheet A.

WORKSHEET D (For a parent who has transportation expense for parenting time and an entry at line 18, worksheet A)

Enter on line 1 only the number of miles actually driven by each parent for the purpose of parenting time with the children. Enter on line 4 the cost of other transportation (airplane, train, bus, etc.). **Do not enter other expenses such as lodging, meals, etc.** Follow the instructions for each line on worksheet D and enter the result at line 18a, worksheet A.

WORKSHEET E (For each parent with an entry on line 19, worksheet A)

Find the number of children from worksheet A, line 10 in the first column of worksheet E. In the second column of worksheet E, enter the parent's amount from line 19, worksheet A, and multiply by the SOLA factor in the third column. Enter the result in the fourth column and on line 20 of worksheet A.