



Navigating New Child Support Guidelines & Spousal Support Tax Law Changes: What You Need to Know

Presented by the CBA Domestic Relations Practice Group

Friday, October 19, 2018



Navigating New Child Support Guidelines & Spousal Support Tax Law Changes: What You Need to Know

October 19, 2018

Agenda

- | | | |
|-------------------|--|--------------|
| 8:50 a.m. | Developments in Spousal Support
Gregory L. Adams, Esq.,
<i>Croswell & Adams Co. LPA</i> | TAB A |
| 9:50 a.m. | The New Child Support Statute – What Practitioners
Need to Know in Negotiating Orders and Advising
Clients
Magistrate Patrick A. Southern, <i>Hamilton County Domestic
Relations Court</i> | TAB B |
| 10:50 a.m. | Break | |
| 11 a.m. | Judicial Perspectives on the Impact of the Recent
Changes in the Tax Code and in Child Support Legislation
Magistrates Anne Flottman (<i>Warren County</i>), Winslow Johnson
(<i>Clermont County</i>), and Valerie Zummo (<i>Hamilton County</i>) | |
| 12 p.m. | Adjourn | |

TAB A



Cincinnati Bar
ASSOCIATION

Gregory L. Adams

OSBA Certified Specialist in Family Relations Law
Croswell & Adams Co., LPA
Cincinnati, Ohio

Mr. Adams received his BA from Wabash College and his JD from the Salmon P. Chase College of Law. He concentrates his practice in all facets of family relations law. Mr. Adams' recent distinctions include selection by Best Lawyers as the 2015 Cincinnati Family Law "Lawyer of the Year," and being named one of the Top 100 Ohio Super Lawyers as well as one of the Top 50 Cincinnati Super Lawyers. He is a Certified Family Relations Law specialist in Ohio. He is also a Fellow in the American Academy of Matrimonial Lawyers and a Life Fellow of the American Bar Foundation. Mr. Adams' other memberships include the American Bar Association, Ohio State Bar Association, Cincinnati Bar Association, Cincinnati Academy of Collaborative Professionals, and the International Academy of Collaborative Professionals. He has been involved with collaborative law since its inception in Ohio in 1998. Mr. Adams completed mediation training at Harvard Law School. He is a frequent lecturer on topics related to family law. For additional information, please visit www.croswelladams.com.

SPOUSAL SUPPORT AND THE NEW TAX LAWS

Background

- 16th Amendment to the Constitution, ratified in 1913
- Gould v. Gould, 245 U.S. 151 (1917)
- Revenue Act of 1942
- 1984 proposals

The Job & Tax Cuts Act of 2017

The Job and Tax Cuts Act ("TCJA") became law in December 2017. Section 11051 of the legislation eliminates the alimony deduction as of January 1, 2019. The relevant language reads as follows:

- (c) EFFECTIVE DATE. – The amendments made by this section shall apply to –
- (1) any divorce or separation instrument (as defined in section 71(b)(2) of the Internal Revenue Code of 1986 as in effect before the enactment of this Act) executed after December 31, 2018, and
 - (2) any divorce or separation instrument (as so defined) executed on or before such date and modified after such date if the modification expressly provides that the amendments made by this section apply to such modification.

Two principal reasons for the change

- Alimony claimed to be paid versus alimony reported
- \$8 billion in additional tax revenue



TCJA repeals 71(b)(2) and 215 effective 1/1/19

71(b)(2) defines the meaning of a "divorce or separation instrument," as follows:

The term 'divorce or separation instrument means –

- (A) A decree of divorce or separate maintenance or a written instrument incident to such a decree.
- (B) A written separation agreement, or
- (C) A decree (not prescribed in subparagraph (A)) requiring a spouse to make payments for the support or maintenance of the other spouse.

Section 215

- Section 215 permits the payor to deduct alimony payments from his/her gross income

Note: The 71(b)(2) language has been added, word-for-word, to Section 121, dealing with sale of a principal residence and stock transfers.

Alimony Trusts

- TCJA also repeals Section 682, effective December 31, 2018
- Alimony trusts – legal arrangement involving the transfer of investments or business interests into a trust, with the income being used to pay alimony
- Exempt from three important restrictions imposed by Section 71: (1) That alimony cease on the death of the payee; (2) the recapture rule; and (3) contingencies related to a child

Current law

To qualify as alimony:

- There must be a written document that qualifies as a “divorce or separation instrument.” *Herring v. Commissioner*, 66 T.C. 308, 311 (1976). No particular form of writing is required, nor does it need to be signed by both parties. *Micek v. Commissioner*, T.C. Summ. Op. 2011-45 (2011). But an oral agreement will not qualify.
- The payment must be in cash.

Current law (continued)

- The written document cannot be includable in the payee’s gross income
- In the case of a legally separated payee, the parties are not members of the same household
- The parties don’t file a joint return
- There is no liability to make the payment after the death of the payee
- The payment is not intended to be child support or a property settlement

TCJA changes

- Payment no longer required to be in cash
- Recapture will no longer apply
- Alimony need not end at death
- No child support imputation
- Remain in same household

It's not how much you earn . . .



Example No. 1

- John is earning \$350,000
- Jane earns \$50,000
- John pays \$8,500 per month, or \$102,000 per year in spousal support (approximately one-third of the disparity)

Note: Neither child support nor itemized deductions are considered. Both are considered to be single taxpayers

COMPARISON - \$350,000 vs \$50,000

Deductible

	John	Jane	Totals
Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (102,000)	\$ 102,000	
Taxes	\$ (89,767)	\$ (37,961)	\$ (127,728)
Net	\$ 158,233	\$ 114,039	\$ 272,272

Non-Deductible

Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (102,000)	\$ 102,000	
Taxes	\$ (130,564)	\$ (10,311)	\$ (140,875)
Net	\$ 117,436	\$ 141,689	\$ 259,125

Difference

Net	\$ (40,797)	\$ 27,650	\$ (13,147)
-----	-------------	-----------	-------------

Observations

- Total taxes owed are increased by \$13,147, or about 5%
- John's cash flow is decreased by \$40,797, or 26%
- Jane's cash flow is increased by \$27,650, or 24%

But what happens if we attempt to "restore" the previous cash flow to either party?

COMPARISON - \$350,000 vs \$50,000 individual impact

Deductible

	<u>John</u>	<u>Jane</u>	<u>Totals</u>
Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (102,000)	\$ 102,000	
Taxes	\$ (89,767)	\$ (37,961)	\$ (127,728)
Net	\$ 158,233	\$ 114,039	\$ 272,272

Non-Deductible (John)

Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (61,200)	\$ 61,200	
Taxes	\$ (130,564)	\$ (10,311)	\$ (140,875)
Net	\$ 158,236	\$ 100,889	\$ 259,125

Non-Deductible (Jane)

Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (74,350)	\$ 74,350	
Taxes	\$ (130,564)	\$ (10,311)	\$ (140,875)
Net	\$ 145,086	\$ 114,039	\$ 259,125

Observations

John

- Reduce John's spousal support from \$8,500 (\$102,000) to \$5,100 per month (\$61,200)
- Decreases Jane's cash flow from \$114,039 to \$100,889
- 20% versus 33% (disparity)

Jane

- Reduce John's spousal support from \$8,500 to \$6,196 per month (\$74,350)
- Decreases John's cash flow from \$158,236 to \$145,086
- 25% versus 33%

Example No. 2

- Jane is earning \$200,000
- John has imputed income of \$15,000
- Jane pays \$5,000 per month, or \$60,000 per year in spousal support (approximately one-third of the disparity)

COMPARISON - \$200,000 vs \$15,000**Deductible**

	<u>Jane</u>	<u>John</u>	<u>Totals</u>
Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (60,000)	\$ 60,000	
Taxes	\$ (44,715)	\$ (13,197)	\$ (57,912)
Net	\$ 95,285	\$ 61,803	\$ 157,088

Non-Deductible

Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (60,000)	\$ 60,000	
Taxes	\$ (64,314)	\$ (1,794)	\$ (66,108)
Net	\$ 75,686	\$ 73,206	\$ 148,892

Difference

	\$ (19,599)	\$ 11,403	\$ (8,196)
--	-------------	-----------	------------

Observations

- Total taxes owed are increased by \$8,196 or about 5%
- Jane's cash flow is decreased by \$19,599 or 21%
- John's cash flow is increased by \$11,403 or 18%

Again, what happens if we attempt to "restore" the previous cash flow to either party?

COMPARISON - \$200,000 vs \$15,000 individual impact**Deductible**

	Jane	John	Totals
Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (60,000)	\$ 60,000	
Taxes	\$ (44,715)	\$ (13,197)	\$ (57,912)
Net	\$ 95,285	\$ 61,803	\$ 157,088

Non-Deductible (neutral impact on Jane)

Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (40,401)	\$ 40,401	
Taxes	\$ (64,314)	\$ (1,794)	\$ (66,108)
Net	\$ 95,285	\$ 53,607	\$ 148,892

Non-Deductible (neutral impact on John)

Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (48,597)	\$ 48,597	
Taxes	\$ (64,314)	\$ (1,794)	\$ (66,108)
Net	\$ 87,089	\$ 61,803	\$ 148,892

Observations

Jane

- Reduce Jane's spousal support from \$5,000 (\$60,000) to \$3,367 per month (\$40,401)
- Decreases John's cash flow from \$61,803 to \$53,607
- 22% versus 33% (disparity)

John

- Reduce Jane's spousal support from \$5,000 to \$4,050 per month (\$48,597)
- Decreases Jane's cash flow from \$95,285 to \$87,089
- 26% versus 33%

Prenuptial Agreements

- Prenuptial agreements executed prior to January 1, 2019?
- Fixed amount of deductible alimony in the event of a future divorce?
- Is prenuptial agreement a “written instrument incident to a decree.”
- Review your files?
- Ohio does not permit post-nuptial agreements
- Post-marriage amendments to prenuptial agreements? See *Hoffman v. Dobbins*, 2009-Ohio-5157, (App. 9 Dist. 2009)

Temporary Orders

- 75(N) orders entered before 1/1/19, but decree after that date?
- Does a 75(N) order qualify as a written instrument incident to a divorce?

Note: Interlocutory orders are merged into the final judgment. *Grover v. Bartsch*, 170 Ohio App.3d 188, 866 N.E.2d 547, 2006-Ohio-6115, (App. 2 Dist. 2006)

Cases not completed before 12/31/18

- Can deductibility be preserved?
- Impact of a “separation instrument” that addresses alimony and its deductibility, signed on or before 12/31/18
- Modified after the first of next year

Sections 71(b)(2) and 215

- Sections 71(b)(2) and 215 are **not** repealed until 1/1/19
- They still control separation instruments signed before that date
- Constitution prohibits ex post facto laws

Possible language

"Commencing [date], Husband shall pay directly to Wife as temporary spousal support the sum of \$1.00 per month, and Wife shall pay directly to Husband as temporary spousal support the sum of \$1.00 per month, until the earliest to occur of either party's death, all subject to the continuing jurisdiction of the court to which this Agreement is submitted, or as mutually modified in writing by agreement of the parties. Husband and Wife acknowledge and agree that all payments of spousal support are intended to be alimony as defined by IRC Section 71, as amended. As such, any spousal support payments by Husband to Wife, and/or from Wife to Husband, are intended to be fully included for tax purposes in the payee's gross income and fully deductible by the payor for tax purposes. Therefore, each party warrants to the other that he/she will report all such payments received by them pursuant to this Agreement as taxable income. In the event that any such payments are not able to be included in the recipient's taxable income for any year, and for any reason, then the recipient shall be required to pay to the payor, no later than the due date for the filing of the applicable income tax returns, the amount of income tax, if any, that the payor will be required to pay as a result of his/her inability to deduct such payments on his/her individual tax returns. In such event, the parties also agree to renegotiate the amount of any further spousal support payments, taking into account the fact that the spousal support payments are no longer able to be included in the recipient's taxable income nor deductible by the payor. The parties agree the court to which this Agreement is submitted will retain jurisdiction to resolve a disagreement between them regarding this issue."

Caveats

- Partial separation agreement must include language about living separate and apart and intending the agreement to be incident to a divorce – otherwise, it's not enforceable (see R.C.3103.06)
- Substance-over-form doctrine: when the taxpayer's formal characterization of a transaction fails to capture economic reality, and would distort the meaning of the Code. See *Summa Holdings, Inc. v. Commissioner*, No. 16-1712 (6th Cir., February 16, 2017).

Post-2018 agreements containing periodic payments

"This Agreement has been executed subsequent to the effective date of the Tax Cuts & Jobs Act of 2017 ("TCJA"), with the mutual understanding of the parties that the periodic payments provided by this Agreement shall be neither taxable to the recipient as alimony nor tax deductible to the payor. If prior to the expiration of the obligation, the alimony tax deduction should be restored to its pre-TCJA form (similar to former §71 and 215) by a change in the governing law or its authoritative interpretation, the parties agree that they shall designate the periodic payments as non-taxable to the recipient and non-deductible to the payor, as they would have been entitled to do under §71(b)(1)(B)."

Pre-2019 agreements containing alimony

"This Agreement has been executed prior to the effective date of §11051(c) of the Tax Cuts & Jobs Act of 2017 ("TCJA"), with the mutual intent of the parties that the alimony payments provided by this paragraph shall be deductible to the payor under IRC §71 and taxable to the recipient under §215. If the alimony payments should be modified hereafter by an agreement or court order subsequent to the effective date of TCJA §11051(c), the parties agree that they shall not elect to apply the TCJA to the alimony payments made after such modification. The parties intend and agree that all alimony payments made pursuant to this divorce instrument, and any modification of its alimony provisions, shall continue to be treated as "alimony" under IRC §71 and 215 if eligible in all other respects. If the payor's alimony deduction should be disqualified, as a result of a final and binding judicial or administrative determination, or because of a subsequent change in the governing law or its authoritative interpretation, the amount of alimony shall be reduced by an amount equal to the payor's intended tax benefit, effective on the earliest date in which the deduction is disqualified. The payor's intended tax benefit shall be calculated by a certified public accountant using the "with-and-without" method to measure the individual income tax payable by the payor with and without the §71 alimony tax deduction. Any tax refund received by the recipient shall be promptly paid over to the alimony payor toward reimbursement of the payor's increased tax liability as a result of the disqualification."

Child Tax Credit

- Dependency exemption is suspended through 2025 (reduced to \$0)
- TCJA increases child tax credit to \$2,000 for every child under the age of 17 at the end of the year
- Fully refundable up to \$1,400
- New tax credit of \$500 is available for dependents (including children 17 and older)
- Phase out for single parents begins at \$200,000 and for married couples, \$400,000
- Child care credit remains the same

Dependency Exemption

- Dependency exemption still exists and should be allocated
- Absent an agreement, the exemption is assigned to the custodial parent, or, if custody is shared, to the parent with the higher income
- Form 8332 will still be used to assign the exemption to the other parent

Possible language

"The parties acknowledge that Section 11041 of the Tax Cuts and Jobs Act (TCJA) suspends certain financial aspects of the child dependency exemption from 2018 through 2025. The TCJA, however, expanded and increased the child tax credit. The child dependency exemption must be allocated to a particular parent in order for that parent to claim the child credit. Thus, there is a financial benefit to claiming a child as a dependent.

The court to which this Plan is submitted shall retain jurisdiction to modify the allocation of the dependency exemptions and child tax credits. The parties shall promptly sign, upon request, any documents required by any taxing authority to implement the provisions of this paragraph, including, but not limited to, IRS Form 8332."

Possible language (continued)

"So long as the parties' child qualifies for the child tax credit to be claimed, and beginning with the 2018 tax year, the parties shall alternate the years they claim the child as a dependent, with the parent having the larger income doing so in the first year. In the event either party is phased out from claiming the child tax credit for the child, he/she will notify the other party as soon as reasonably possible and thereafter permit the other party to claim the exemption/credit(s).

This agreement has been negotiated and executed with these understandings. If, however, as a result of a final and binding judicial determination or because of a subsequent change in the governing law or in its authoritative interpretation, a materially different result occurs, the parties agree to renegotiate the amount of the support payments and/or the allocation of the child tax credit and/or dependency exemption."

Head of Household

- If there are two or more children, and if one child spends more than one-half of the time with one parent while another child spends more than one-half with the other parent, both parents will be entitled to claim head of household status.
- Possible language: "In filing separate returns for 2018, and beyond, it is intended that each party will qualify as "head of household" for federal income tax purposes. If the parties otherwise meet the requirements of the Code, each shall be entitled to claim at least one of the parties' children as his or her qualifying dependent."

Changes in business taxes

C-Corporation

- Entity level – top rate reduced from 35% to 21%
- Personal level – tax on dividends remains the same at 23.8%

S-Corporations (partnerships, etc.)

- Taxed at the personal rate
- May be able to deduct 20% of Qualified Business Income ("QBI")
- Service businesses generally not eligible (except single taxpayer under \$157,500 or joint under \$315,000)

Depreciation

- Assets acquired and put into service after 9/27/17
- 100% deduction in first year
- Begins to phase out in 2023



Business Valuation

Valuation methods

- Adjusted book value
- Market
 - Data is typically older (e.g., DealStats)
 - Values determined under old tax code
- Income approach
 - Uses either C-Corporation or personal tax rate
 - Significant impact on net income
 - Other factors such as depreciation and QBI

Final Thoughts

- Just because it's the law today, doesn't mean it will be the law tomorrow
- Income calculations have become more complicated – hire an expert
- Use evidence of tax consequences

SPOUSAL SUPPORT AND THE NEW TAX LAWS

The 16th Amendment to the Constitution, ratified in 1913, permitted the federal government to levy an income tax. Shortly thereafter, the Supreme Court held that alimony paid by a former husband pursuant to a divorce decree was not taxable as income to his former wife. *Gould v. Gould*, 245 U.S. 151 (1917). This remained the law until Congress passed the Revenue Act of 1942, directing that henceforth, alimony payments received by a former spouse could be treated as a transfer of income to the recipient spouse. Deductibility of alimony has been the law ever since. Until now.

The Job & Tax Cuts Act of 2017

The Job and Tax Cuts Act (“TCJA”) became law in December 2017. Section 11051 of the legislation eliminates the alimony deduction as of January 1, 2019. The applicable language reads as follows:

(c) EFFECTIVE DATE. – The amendments made by this section shall apply to –

(1) any divorce or separation instrument (as defined in section 71(b)(2) of the Internal Revenue Code of 1986 as in effect before the enactment of this Act) executed after December 31, 2018, and

(2) any divorce or separation instrument (as so defined) executed on or before such date and modified after such date if the modification expressly provides that the amendments made by this section apply to such modification.

There are two principal reasons for the change:

- (1) There has long been a gap between the amount of alimony claimed to have been paid and the actual amount reported. In 2015, for example, the IRS reported that about 361,000 taxpayers had claimed they paid \$9.6 billion in alimony, but only 178,000 reported receiving it.
- (2) Eliminating the income-shifting would produce an estimated \$8 billion in additional tax revenue over the period ending in December 2025. This was important, because the TCJA was approved under the “reconciliation” process, meaning it avoided a Senate filibuster process, as well as any amendments.

The TCJA repeals sections 71(b)(2) and 215, effective January 1, 2019. 71(b)(2) defines the meaning of a “divorce or separation instrument,” as follows:

The term ‘divorce or separation instrument means –

- (A) A decree of divorce or separate maintenance or a written instrument incident to such a decree.

- (B) A written separation agreement, or
- (C) A decree (not prescribed in subparagraph (A)) requiring a spouse to make payments for the support or maintenance of the other spouse.

Note: The 71(b)(2) language has been added, word-for-word, to Section 121, dealing with sale of a principal residence and stock transfers.

Section 215 permits the payor to deduct alimony payments from his/her gross income and requires that it be added to the payee's income.

The TCJA also repeals Section 682, effective December 31, 2018, which permits alimony trusts, a legal arrangement involving the transfer of investments or business interests into a trust, with the income being used to pay alimony. These trusts are exempt from three important restrictions imposed by Section 71: (1) That alimony cease on the death of the payee; (2) the recapture rule; and (3) contingencies related to a child.

Current law

Under existing law, the payment of alimony is deductible only if all of the following requirements are met:

- There must be a written document that qualifies as a "divorce or separation instrument." *Herring v. Commissioner*, 66 T.C. 308, 311 (1976). No particular form of writing is required, nor does it need to be signed by both parties. *Micek v. Commissioner*, T.C. Summ. Op. 2011-45 (2011). But an oral agreement will not qualify.
- The payment must be in cash.
- The written document cannot designate the payment as not being includable in the payee's gross income.
- In the case of a legally separated payee, the parties are not members of the same household.
- The parties don't file a joint return.
- There is no liability to make the payment after the death of the payee.
- The payment is not intended to be child support or a property settlement.

TCJA extinguishes many of the requirements. For example:

- The payment is no longer required to be in cash. It can now be paid in more creative ways, such as QDRO transfers of interests in ERISA protected plans, stock, and/or real estate. Low basis stock, for example, may be able to be transferred,

with the recipient (presumably lower income) spouse taking it at the transferor's basis. Then, upon sale, paying a lesser amount of tax upon sale.

- Recapture will no longer apply (since deductibility is no longer applicable). This increases the opportunity for the creative use of non-cash assets and lump sum awards.
- Alimony will no longer be required to end upon the death of the recipient spouse.
- No more imputed child support problems.
- The parties can continue to remain in the same household.

It's not how much you earn, it's how much you keep

Middle and high income couples will experience the most significant impact from the changes in the tax treatment of alimony, as the following two examples illustrate. The first assumes John is earning \$350,000, Jane is earning \$50,000, and John is required to pay \$8,500 per month, or \$102,000 per year in spousal support. In order to keep things simple, neither child support nor itemized deductions are considered, and both parties are assumed to file as single taxpayers.

COMPARISON - \$350,000 vs \$50,000

Deductible

	John	Jane	Totals
Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (102,000)	\$ 102,000	
Taxes	\$ (89,767)	\$ (37,961)	\$ (127,728)
Net	\$ 158,233	\$ 114,039	\$ 272,272

Non-Deductible

Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (102,000)	\$ 102,000	
Taxes	\$ (130,564)	\$ (10,311)	\$ (140,875)
Net	\$ 117,436	\$ 141,689	\$ 259,125

Difference

Net	\$ (40,797)	\$ 27,650	\$ (13,147)
-----	-------------	-----------	-------------

As can be observed, treating the payments as non-deductible spousal support increases the total amount of taxes owed, thereby reducing the amount of net cash available to be allocated between the parties. At first blush, the overall reduction in available cash by about 5% may not seem all that significant, particularly for this level of income. But look closer. Assuming the spousal support is held constant, John experiences a \$41,000 reduction of his available cash (or 26%), while Jane receives an additional \$28,000 (or 24%). Those are significant differences by any reasonable definition.

It is unclear at present what impact the changes are going to have on Ohio spousal support awards. But for purposes of these illustrations, let's go one step further and ask how the spousal support amount would need to be changed to (1) give John the same amount of after-tax cash or, alternatively, (2) provide Jane with the same amount of net cash. The following chart illustrates the two options.

COMPARISON - \$350,000 vs \$50,000 individual impact

Deductible

	<u>John</u>	<u>Jane</u>	<u>Totals</u>
Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (102,000)	\$ 102,000	
Taxes	\$ (89,767)	\$ (37,961)	\$ (127,728)
Net	\$ 158,233	\$ 114,039	\$ 272,272

Non-Deductible (John)

Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (61,200)	\$ 61,200	
Taxes	\$ (130,564)	\$ (10,311)	\$ (140,875)
Net	\$ 158,236	\$ 100,889	\$ 259,125

Non-Deductible (Jane)

Gross	\$ 350,000	\$ 50,000	\$ 400,000
Spousal	\$ (74,350)	\$ 74,350	
Taxes	\$ (130,564)	\$ (10,311)	\$ (140,875)
Net	\$ 145,086	\$ 114,039	\$ 259,125

As this chart demonstrates, if the support order is adjusted to leave John with the same amount of after-tax cash he would have received under the pre-2019 changes, it would need to be

reduced from \$8,500 to \$5,100 per month, or \$61,200 per year. This would result in Jane's after-tax cash being reduced from \$114,039 to \$100,889.

If the court, instead, adjusted the award to make sure Jane received the same amount as before, John's order would be \$6,196 per month, or \$74,350 per year, resulting in a \$13,150 net reduction in John's overall cash.

Another example

The second example assumes Jane is earning \$200,000, while John, who is not working, has imputed income of \$15,000. Again, neither child support nor itemized deductions are considered, and both parties are single taxpayers.

COMPARISON - \$200,000 vs \$15,000

Deductible

	<u>Jane</u>	<u>John</u>	<u>Totals</u>
Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (60,000)	\$ 60,000	
Taxes	\$ (44,715)	\$ (13,197)	\$ (57,912)
Net	\$ 95,285	\$ 61,803	\$ 157,088

Non-Deductible

Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (60,000)	\$ 60,000	
Taxes	\$ (64,314)	\$ (1,794)	\$ (66,108)
Net	\$ 75,686	\$ 73,206	\$ 148,892

Difference

	\$ (19,599)	\$ 11,403	\$ (8,196)
--	-------------	-----------	------------

As we saw in the preceding example, treating the payments as non-deductible spousal support increases the overall taxes owed, thus reducing the net cash available to the parties. The net loss in this example is \$8,196, or about 5%, which, again, may not seem all that large, until we dig deeper and look at the impact it has on each individual's net cash flow, as the next chart illustrates.

COMPARISON - \$200,000 vs \$15,000 individual impact

Deductible

	Jane	John	Totals
Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (60,000)	\$ 60,000	
Taxes	\$ (44,715)	\$ (13,197)	\$ (57,912)
Net	\$ 95,285	\$ 61,803	\$ 157,088

Non-Deductible (neutral impact on Jane)

Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (40,401)	\$ 40,401	
Taxes	\$ (64,314)	\$ (1,794)	\$ (66,108)
Net	\$ 95,285	\$ 53,607	\$ 148,892

Non-Deductible (neutral impact on John)

Gross	\$ 200,000	\$ 15,000	\$ 215,000
Spousal	\$ (48,597)	\$ 48,597	
Taxes	\$ (64,314)	\$ (1,794)	\$ (66,108)
Net	\$ 87,089	\$ 61,803	\$ 148,892

As this chart demonstrates, leaving the support order amount the same, but changing it from deductible to non-deductible payments, **reduces** Jane's net cash flow by over \$20,000 (or 21%), and **increases** John's by over \$11,000 (or 18%). But, if the support order is adjusted to leave Jane with the same amount of net income as before, John's net cash flow would decrease from \$61,803 to \$53,607. Conversely, if the adjustment is designed to leave John's net the same, Jane's cash flow would be reduced from \$95,285 to \$87,089.

Note: An award of spousal support is required to be "reasonable and appropriate." Need is merely one of the factors a court can consider.

Prenuptial Agreements

What about prenuptial agreements executed prior to January 1, 2019? If they require a fixed amount of deductible alimony in the event of a future divorce, will that provision remain effective? No one knows for sure. But it will likely depend upon whether the prenuptial agreement is determined to be a “written instrument incident to a decree.” 71(b)(2)(A). If you have clients with such provisions in a prenuptial agreement, you may want to follow up with them. Ohio does not permit post-nuptial agreements. But would Ohio recognize a post-marriage amendment to a prenuptial agreement? See generally *Hoffman v. Dobbins*, 2009-Ohio-5157, (App. 9 Dist. 2009).

Temporary Orders

What about 75(N) orders entered before January 31, 2019, followed by final orders in a decree entered after that date? Again, no one knows for sure. Does a 75(N) order qualify as a written instrument incident to a divorce? 75(N) orders are interlocutory (temporary orders – rather than a final decision – issued during the pendency of the divorce action to prevent irreparable harm). Interlocutory orders are merged into the final judgment. *Grover v. Bartsch*, 170 Ohio App.3d 188, 866 N.E.2d 547, 2006-Ohio-6115, (App. 2 Dist. 2006).

Cases that will not be finished before the end of 2018

So what happens if a case is started this year that will not be concluded until 2019, or beyond? Can we preserve deductibility? Most commentators believe we can, provided we have a “separation instrument” in place that addresses alimony and its deductibility, signed on or before December 31, 2018. It can then be modified after the first of next year, thus preserving deductibility.

Remember, sections 71(b)(2) and 215 are not repealed until January 1, 2019. Therefore, any separation instrument signed before that date is controlled by those sections. The Constitution prohibits ex post facto laws, so the changes wrought by the TCJA will only apply to documents signed on or after the effective date.

If alimony was deductible before January 1, 2019, it should stay that way going forward. Therefore, if the parties enter into a qualifying written instrument prior to that date, deductibility should be preserved, even if it’s later modified. The language to be included in a pre-2019 document could look something like the following:

“Commencing [date], Husband shall pay directly to Wife as temporary spousal support the sum of \$1.00 per month, and Wife shall pay directly to Husband as temporary spousal support the sum of \$1.00 per month, until the earliest to occur of either party’s death, all subject to the

continuing jurisdiction of the court to which this Agreement is submitted, or as mutually modified in writing by agreement of the parties. Husband and Wife acknowledge and agree that all payments of spousal support are intended to be alimony as defined by IRC Section 71, as amended. As such, any spousal support payments by Husband to Wife, and/or from Wife to Husband, are intended to be fully included for tax purposes in the payee's gross income and fully deductible by the payor for tax purposes. Therefore, each party warrants to the other that he/she will report all such payments received by them pursuant to this Agreement as taxable income. In the event that any such payments are not able to be included in the recipient's taxable income for any year, and for any reason, then the recipient shall be required to pay to the payor, no later than the due date for the filing of the applicable income tax returns, the amount of income tax, if any, that the payor will be required to pay as a result of his/her inability to deduct such payments on his/her individual tax returns. In such event, the parties also agree to renegotiate the amount of any further spousal support payments, taking into account the fact that the spousal support payments are no longer able to be included in the recipient's taxable income nor deductible by the payor. The parties agree the court to which this Agreement is submitted will retain jurisdiction to resolve a disagreement between them regarding this issue."

There are some caveats:

- The partial separation agreement must include the standard language about living separate and apart and intending the agreement to be incident to a divorce/dissolution/legal separation, otherwise it would not be enforceable under Ohio law (and therefore might not pass muster as an instrument incident to a decree). See R.C. 3103.06
- Some accountants urge caution about using a nominal number because it could implicate the substance-over-form doctrine, and thus be disallowed by the IRS. This doctrine applies when the taxpayer's formal characterization of a transaction fails to capture economic reality, and would distort the meaning of the Code. *See Summa Holdings, Inc. v. Commissioner*, No. 16-1712 (6th Cir., February 16, 2017). But, to paraphrase the Court, if the Code permits the taxpayer to do what they did, the IRS cannot re-characterize the meaning of statutes to make them suit a different interpretation.

Post-2018 agreements containing periodic payments

While the changes to personal taxes will sunset in 2026 (unless extended by Congress), the changes in the alimony rules are "permanent." Notwithstanding, there continue to be efforts to restore deductibility. If this happens, you may want to put a provision in your agreements that anticipate the change. Some suggested language follows:

“This Agreement has been executed subsequent to the effective date of the Tax Cuts & Jobs Act of 2017 (“TCJA”), with the mutual understanding of the parties that the periodic payments provided by this Agreement shall be neither taxable to the recipient as alimony nor tax deductible to the payor. If prior to the expiration of the obligation, the alimony tax deduction should be restored to its pre-TCJA form (similar to former §71 and 215) by a change in the governing law or its authoritative interpretation, the parties agree that they shall designate the periodic payments as non-taxable to the recipient and non-deductible to the payor, as they would have been entitled to do under §71(b)(1)(B).”

Pre-2019 agreements containing alimony

In addition to the potential for the alimony deduction being restored, there’s also a risk that that deductibility under a pre-2019 agreement will be disallowed. You may want to consider adding some language to ameliorate the risk, such as the following:

“This Agreement has been executed prior to the effective date of §11051(c) of the Tax Cuts & Jobs Act of 2017 (“TCJA”), with the mutual intent of the parties that the alimony payments provided by this paragraph shall be deductible to the payor under IRC §71 and taxable to the recipient under §215. If the alimony payments should be modified hereafter by an agreement or court order subsequent to the effective date of TCJA §11051(c), the parties agree that they shall not elect to apply the TCJA to the alimony payments made after such modification. The parties intend and agree that all alimony payments made pursuant to this divorce instrument, and any modification of its alimony provisions, shall continue to be treated as “alimony” under IRC §71 and 215 if eligible in all other respects. If the payor’s alimony deduction should be disqualified, as a result of a final and binding judicial or administrative determination, or because of a subsequent change in the governing law or its authoritative interpretation, the amount of alimony shall be reduced by an amount equal to the payor’s intended tax benefit, effective on the earliest date in which the deduction is disqualified. The payor’s intended tax benefit shall be calculated by a certified public accountant using the “with-and-without” method to measure the individual income tax payable by the payor with and without the §71 alimony tax deduction. Any tax refund received by the recipient shall be promptly paid over to the alimony payor toward reimbursement of the payor’s increased tax liability as a result of the disqualification.”

Child Tax Credit

A tax exemption merely reduces taxable income, but a credit reduces tax liability dollar-for-dollar. Beginning January 1, 2018, the dependency exemption (\$4,050 in 2017) has been suspended through 2025 (in effect, it’s been reduced to \$0 for tax years 2018-25). In its place, the child tax

credit has been increased to \$2,000 for every child under the age of 17 at the end of the year. It is fully refundable up to \$1,400. In addition, a new tax credit of \$500 is available for dependents (including children 17 and older). The phase out for single parents begins at \$200,000 and for married couples, \$400,000. The child care credit remains the same.

Dependency Exemption

While the dependency exemption has been reduced to \$0 through 2025, it still exists and should be allocated. In the absence of an agreement, the exemption is assigned to the custodial parent, or, if custody is shared, to the parent with the higher income. Form 8332 will still be used to assign the exemption to the other parent.

Here is some suggested language:

“The parties acknowledge that Section 11041 of the Tax Cuts and Jobs Act (TCJA) suspends certain financial aspects of the child dependency exemption from 2018 through 2025. The TCJA, however, expanded and increased the child tax credit. The child dependency exemption must be allocated to a particular parent in order for that parent to claim the child credit. Thus, there is a financial benefit to claiming a child as a dependent.

So long as the parties’ child qualifies for the child tax credit to be claimed, and beginning with the 2018 tax year, the parties shall alternate the years they claim the child as a dependent, with the parent having the larger income doing so in the first year. In the event either party is phased out from claiming the child tax credit for the child, he/she will notify the other party as soon as reasonably possible and thereafter permit the other party to claim the exemption/credit(s).

This agreement has been negotiated and executed with these understandings. If, however, as a result of a final and binding judicial determination or because of a subsequent change in the governing law or in its authoritative interpretation, a materially different result occurs, the parties agree to renegotiate the amount of the support payments and/or the allocation of the child tax credit and/or dependency exemption.

The court to which this Plan is submitted shall retain jurisdiction to modify the allocation of the dependency exemptions and child tax credits. The parties shall promptly sign, upon request, any documents required by any taxing authority to implement the provisions of this paragraph, including, but not limited to, IRS Form 8332.”

Head of Household

If there are two or more children, and if one child spends more than one-half of the time with one parent while another child spends more than one-half with the other parent, both parents will be entitled to claim head of household status.

Some suggested language:

“In filing separate returns for 2018, and beyond, it is intended that each party will qualify as “head of household” for federal income tax purposes. If the parties otherwise meet the requirements of the Code, each shall be entitled to claim at least one of the parties’ children as his or her qualifying dependent.”

The Impact of the Changes in Business Taxes

C-Corporations are taxed at both the entity and personal levels. At the entity level, the top tax rate has been reduced from 35% to 21%. The top rate at the personal level on dividends remains the same at 20% plus 3.8% Net Investment Income Tax (“NIIT”).

S-Corporations are generally not taxed at the entity level. The income passes through to the owner(s) who pays taxes at the personal rate (top rate of 37%). S-Corporations (and partnerships, sole-proprietorships, etc.) may also be able to deduct 20% of Qualified Business Income (“QBI”). Specified service businesses are generally not eligible (*e.g.*, lawyers), unless taxable income is under \$157,500 for an individual or \$315,000 for married filing jointly. The determination is complicated – it’s best left to a professional.

Depreciation

Assets acquired and put into service after September 27, 2017, can be deducted 100% in the first year. This applies to both new and used assets. It starts to phase out, but not until 2023.

Effect on Income

Business owners with pass-through income (that can be considered for child and/or spousal support purposes), as much as 20% of the income may not be taxable. This could significantly increase the owner’s net cash flow.

Impact of Business Valuation

Business interests are typically valued using one or more of the following methods: Adjusted Book Value, Market Value, and the Income Approach (using either discounted cash flows or capitalization of earnings). The income approach uses either a C-corporation rate or personal rate to approximate taxes and estimate net income. The amount of net income can have a dramatic impact on the valuation. By way of example, if a business being valued had \$100,000 of net income at a cap rate of 5, its value would be \$500,000. But if the income, instead, was \$250,000, the value would be \$1,250,000. Factors such as tax rates, depreciation, and QBI deductions could obviously make a big difference.

These changes also call into question the efficacy of market data and comparable sales. Most of the data used by experts is at least a couple of years old (*e.g.*, DealStats). This raises the obvious question of whether sales that were priced under the old tax code can be relied upon today.

TAB B



Cincinnati Bar
ASSOCIATION

Patrick A. Southern

Magistrate, Hamilton County Court of Domestic Relations

800 Broadway Avenue, Courtroom 2-125, Cincinnati, OH 45202

Phone: 513-946-9093

E-mail: PASouthern@cms.hamilton-co.org

Professional

Admitted to practice law in Ohio and the U.S. District Court of Southern Ohio

Employment History

03/2018 – present

Magistrate

Hamilton County Court of Domestic Relations, Cincinnati, Ohio

02/2013 – 03/2018

Section Chief – HCCSEA Child Support (Legal Division)

Hamilton County Job & Family Services, Cincinnati, Ohio

08/2008 – 02/2013

Agency Hearing Officer

Hamilton County Job & Family Services, Cincinnati, Ohio

12/2007 – 08/2008

Staff Attorney

Butler County Child Support Enforcement Agency, Hamilton, Ohio

01/2007 – 12/2007

Attorney at Law

Holzfast, Cecil, McKnight & Mues, Dayton, Ohio

11/2004 – 01/2007

Attorney at Law

Patrick A. Southern, Attorney at Law, Dayton, Ohio

(Prior to attending law school, worked in various administrative and financial roles with the Memorial/Hermann Healthcare System, Humana Health Partners and Touchstone Healthcare Group / 1994 – 2001.)

Education

Juris Doctor (awarded June, 2004)

University of Dayton School of Law

Dayton, Ohio

Master of Healthcare Administration (awarded June, 1994)

University of Houston – Clear Lake

Houston, Texas

Bachelor of Business Administration (Healthcare Option) (awarded January, 1991)

Marshall University

Huntington, West Virginia



Fall 2018 Child Support Update (with Draft Worksheet Walkthrough)

Patrick Southern, Magistrate
Hamilton County - Court of
Domestic Relations

Hamilton County - Court of Domestic Relations



Recent Child Support Legislation

- House Bill 366 (132nd General Assembly) is legislation that revises and/or replaces a number of existing sections of the Ohio Revised Code via changes to the statutory language of same. This has been referred to in the past as the “Guidelines Bill.”
 - Primary sponsor: Representative Theresa Gavarone
 - Passed House 03/07/2018
 - Passed Senate 05/16/2018
 - Signed by Gov. Kasich 07/01/2018
- Effective date: March 28, 2019

Hamilton County - Court of Domestic Relations

The background of the slide is a photograph of the Hamilton County Court of Domestic Relations building, a large, multi-story stone structure with a prominent central tower and arched windows. The building is set against a clear blue sky with some light clouds. The text is overlaid on the right side of the image.

So, what does it do?

- HB 366 fundamentally changes the child support calculation and administration process. In short, this legislation provides the first updates/modifications to the calculation methodology, support tables and enforcement statutes in almost two decades.

Hamilton County - Court of Domestic Relations

The background of the slide is a photograph of the Hamilton County Court of Domestic Relations building, a large, multi-story stone structure with a prominent central tower and arched windows. The building is set against a clear blue sky with some light clouds. The text is overlaid on the right side of the image.

Key points of H.B. 366

- Modifies the basic child support schedule and support calculation worksheets
- Codifies review requirements by the Child Support Guideline Advisory Council
- Changes the method by which child support is determined
- Modifies minimum child support order requirements
- Modifies the requirements for dependant health care coverage and the payment of health care premiums/expenses by parties
- Expands the role of administrative reviews and modification of existing orders
- Clarifies collection of arrears on terminated orders

Hamilton County - Court of Domestic Relations

Modifications to schedule and worksheets

- Repeals existing child support schedule (codified under *R.C. 3119.021*), requires that ODJFS create a schedule through Administrative Code
 - Schedule must be based on parties annual incomes, be updated periodically and account for self sufficiency reserve
 - More on this in a moment...
 - Schedule must begin at \$8,400 and increase in \$600 increments to \$300,000
 - Present schedule ranges from \$6,600 to \$150,000; this effectively doubles the income amount necessary to trigger present-day *R.C. 3119.04*

Hamilton County - Court of Domestic Relations

Periodic updates?

- ODJFS must update the schedule at least once every four years
 - Authorized to perform update sooner than 48 months due to changes to substantive Law
 - In updating tables, ODJFS must take into account self sufficiency reserve of parties

Hamilton County - Court of Domestic Relations

The Self Sufficiency Reserve

- Per the legislative language, *R.C. 3119.01(C)(20)*:
 - “‘Self-sufficiency reserve’ means the minimal amount necessary for an obligor to adequately subsist upon, as determined under section 3119.021 of the Revised Code”
 - This amounts to “...116% of the federal poverty level amount for a single person as reported by the United States department of health and human services in calendar year 2016”
 - Per revised *R.C. 3119.021(B)(2)*
 - At the time of this drafting, the SSR is \$13,780.80 (\$11,880.00 x 1.16)

Hamilton County - Court of Domestic Relations

Calculation Worksheet Forms

- *R.C. 3119.022* repeals the existing child support calculation worksheets while mandating that ODJFS create/adopt revised worksheets incorporating the new statutory requirements under Chapter 3119.
 - ODJFS must also develop training materials regarding same.
 - ODJFS is also mandated to update the worksheets and training materials at least once every five (5) years.
- Draft version has been posted by ODJFS / OCDA for review and comment
 - ...we'll explore this in detail, momentarily

Hamilton County - Court of Domestic Relations

Child Support Guideline Advisory Council

- *R.C. 3119.023* mandates that ODJFS review the basic child support schedule for determination of legality, adequacy and appropriateness of same.
 - Review of the schedule must be done in conjunction with review of same by the multidisciplinary Child Support Guideline Advisory Council.
 - Convened by ODJFS, comprised of statutorily-delineated interested parties throughout State.
- This review must occur at least once every four (4) years.

Hamilton County - Court of Domestic Relations

Changes to Child Support Calculation

- The Court / CSEA is directed to apply the basic child support schedule to the parents' combined annual income and to each parent's individual income.
 - If the income of either party falls within the self-sufficiency reserve, the final order must be the lower of the two calculated amounts.
- Expansion of schedule to include additional high-dollar income cases (up to \$300k combined party income)

Hamilton County - Court of Domestic Relations

Changes to Child Support Calculation

- Delineation of specified computation requirements
 - Deduction from party income of current spousal support actually paid
 - Deduction from party income calculated amount based on the total number of children party is legally obligated to support
 - Does away with former “child support paid” credit
 - Grants credit to income of party regardless of whether they are actually paying support for the children not subject to Order

Hamilton County - Court of Domestic Relations

Changes to Child Support Calculation

- Delineation of specified computation requirements (cont'd)
 - Bar against imputation of income (via voluntary un- or under-employment) by Court / CSEA in certain circumstances
 - Party receipt of means-tested cash assistance
 - Party receipt of Federal disability benefits (or presenting valid medical documentation showing inability to work)
 - Party proves that they “made continuous and diligent effort, without success, to find and accept employment.”
 - Party compliance with Court-ordered reunification efforts

Hamilton County - Court of Domestic Relations

Changes to Child Support Calculation

- Delineation of specified computation requirements (cont'd)
 - Modification (both expansion and elimination) of deviation factors found under *R.C. 3119.23*
 - Reduction for additional parenting time: mandate for Court/CSEA to grant a 10% deviation when overnights exceed ninety (90) per year

Hamilton County - Court of Domestic Relations

Minimum Support Obligations

- Minimum support obligation amounts found in *R.C. 3119.06*
 - Increased from \$50.00/month to \$80.00/month
 - Clarified to mean “per order,” not “per child subject to order”

Hamilton County - Court of Domestic Relations

Health Care Coverage/Payments

- Per *R.C. 3119.30(A)*, Orders must specify that the obligor and obligee are both liable for the health care expenses for children who are not covered by private health insurance or cash medical support (as applicable) according to a formula established by each Court / CSEA
- Rebuttable presumption that the child support obligee is the party ordered to provide health insurance
 - Per *R.C. 3119.30(B)*
 - Note: this is merely a rebuttable presumption!

Hamilton County - Court of Domestic Relations

Health Care Coverage/Payments

- Parties are responsible for the provision of documentation showing difference between cost of employee-only insurance and cost of coverage for children subject to order (for determination of reasonability)
- Marginal cost of insurance deemed reasonable if less than 5.0% of gross party income
 - Bar against order to provide health insurance if cost exceeds reasonability threshold
 - Absent party agreement or Court finding

Hamilton County - Court of Domestic Relations

Administrative Review Changes

- During the course of review of a Court child support order, the reviewing (CSEA) Agency must apply deviations from the existing order towards the newly-calculated Order.
 - If unable to determine the dollar value of the deviations, the CSEA cannot apply any such deviation to the “new” revised Order

Hamilton County - Court of Domestic Relations

Collections on Terminated Orders

- Monthly arrears collection amount on terminated order is now rebuttably presumed to be at least equal to the amount of the terminated order
- “A Court or Agency administering the child support order may consider evidence of household expenditures, income variables, extraordinary health care issues, and other reasons for deviation from the presumed amount.”
 - Per R.C. 3121.36 / R.C. 3123.14

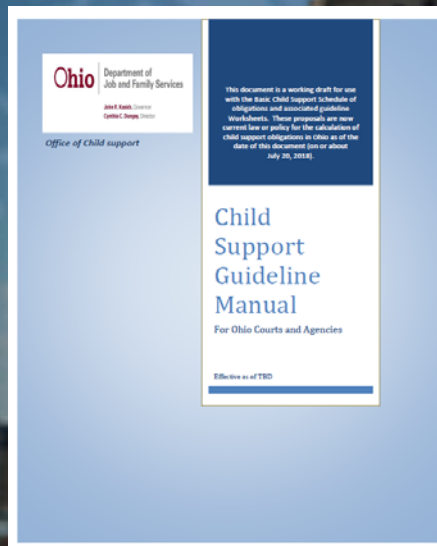
Hamilton County - Court of Domestic Relations

Okay, let's get to the good part...

- Can we take a look at the proposed worksheet?
- Caveat: the revised worksheet from which this presentation derives remains in draft form...it is also (at least) the second version of the worksheet that has been proposed. While the examples to follow are likely very similar to the final version, the final version remains subject to change.

Hamilton County - Court of Domestic Relations

The Child Support Guideline Manual



- Developed by ODJFS (Office of Child Support)
 - Per R.C. 3119.022(B)
- To be used in conjunction with revised ODJFS worksheet(s), providing line-by-line instructions
- Draft /review version recently posted for comment via the administrative process
- Designed to be updated every five years in conjunction with administrative updates to the support tables
 - Support tables will now be codified under the O.A.C. to ensure ease / frequency of update

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

Ohio Department of Job and Family Services

SOLE/SHARED PARENTING CHILD SUPPORT COMPUTATION WORKSHEET

Parent A Name <Parent A Name>	Parent B Name <Parent B Name>	Date this form is completed <Date>
County Name <County Name>	SETS Case Number <SETS Case Number>	Court or Administrative Order Number <Court or Administrative Number>
To complete this form, use the JFS 07766, "Child Support Guidelines Manual". This manual can be found at www.ohio.gov by searching "JFS 07766".		Number of Children of the Order <Number of Children>

I. GROSS INCOME

	Parent A	Parent B
1. Annual Gross Income (See instructions)		
Annual Amount of Overtime, Bonuses, and Commissions		
a. Year 3 (Three years ago)		
b. Year 2 (Two years ago)		
c. Year 1 (Last calendar year)		
d. Income from overtime, bonuses, and commissions (Enter the lower of the average of Line 2a plus Line 2b plus Line 2c, or Line 2c) (See instructions)		
Calculation for Self-Employment Income		
a. Gross receipts from business		
b. Ordinary and necessary business expenses		
c. 6.2% of adjusted gross income or actual marginal difference between actual rate paid and F.I.C.A. rate		
d. Adjusted annual gross income from self-employment (Line 3a minus Line 3b and minus Line 3c)		
4. Annual income from unemployment compensation		
5. Annual income from workers' compensation, disability insurance, or social security disability/retirement benefits		
6. Other income or potential income		
7. Total annual gross income (Add Lines 1, 2d, 3d, 4, 5 and 6)		
8. Health insurance maximum (Multiply Line 7 by 5% or .05)		

(please note use of gender-neutral terminology in place of "Mother" and "Father")

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

Ohio Department of Job and Family Services

SOLE/SHARED PARENTING CHILD SUPPORT COMPUTATION WORKSHEET

Parent A Name <Parent A Name>	Parent B Name <Parent B Name>	Date this form is completed <Date>
County Name <County Name>	SETS Case Number <SETS Case Number>	Court or Administrative Order Number <Court or Administrative Number>
To complete this form, use the JFS 07766, "Child Support Guidelines Manual". This manual can be found at www.ohio.gov by searching "JFS 07766".		Number of Children of the Order <Number of Children>

I. GROSS INCOME

	Parent A	Parent B
1. Annual Gross Income (See instructions)		
Annual Amount of Overtime, Bonuses, and Commissions		
a. Year 3 (Three years ago)		
b. Year 2 (Two years ago)		
c. Year 1 (Last calendar year)		
d. Income from overtime, bonuses, and commissions (Enter the lower of the average of Line 2a plus Line 2b plus Line 2c, or Line 2c) (See instructions)		
Calculation for Self-Employment Income		
a. Gross receipts from business		
b. Ordinary and necessary business expenses		
c. 6.2% of adjusted gross income or actual marginal difference between actual rate paid and F.I.C.A. rate		
d. Adjusted annual gross income from self-employment (Line 3a minus Line 3b and minus Line 3c)		
4. Annual income from unemployment compensation		
5. Annual income from workers' compensation, disability insurance, or social security disability/retirement benefits		
6. Other income or potential income		
7. Total annual gross income (Add Lines 1, 2d, 3d, 4, 5 and 6)		
8. Health insurance maximum (Multiply Line 7 by 5% or .05)		

- Line 1: Gross Income
 - As per revised R.C. 3119.01(C)(12)
 - Essentially unchanged from existing language, although monies subject to "child support" exclusion subject to further definition

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

I. GROSS INCOME		Parent A	Parent B
1.	Annual Gross Income (See instructions)		
	Annual Amount of Overtime, Bonuses, and Commissions		
	a. Year 3 (Three years ago)		
	b. Year 2 (Two years ago)		
2.	c. Year 1 (Last calendar year)		
	d. Income from overtime, bonuses, and commissions (Enter the lower of the average of Line 2a plus Line 2b plus Line 2c, or Line 2c) (See instructions)		
	Calculation for Self-Employment Income		
	a. Gross receipts from business		
	b. Ordinary and necessary business expenses		
3.	c. 6.2% of adjusted gross income or actual marginal difference between actual rate paid and F.I.C.A. rate		
	d. Adjusted annual gross income from self-employment (Line 3a minus Line 3b and minus Line 3c)		
4.	Annual income from unemployment compensation		
5.	Annual income from workers' compensation, disability insurance, or social security disability/retirement benefits		
6.	Other income or potential income		
7.	Total annual gross income (Add Lines 1, 2d, 3d, 4, 5 and 6)		
8.	Health insurance maximum (Multiply Line 7 by 5% or .05)		

- Line 2: Overtime, Bonuses and Commissions
 - Essentially unchanged from existing worksheet

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

I. GROSS INCOME		Parent A	Parent B
1.	Annual Gross Income (See instructions)		
	Annual Amount of Overtime, Bonuses, and Commissions		
	a. Year 3 (Three years ago)		
	b. Year 2 (Two years ago)		
2.	c. Year 1 (Last calendar year)		
	d. Income from overtime, bonuses, and commissions (Enter the lower of the average of Line 2a plus Line 2b plus Line 2c, or Line 2c) (See instructions)		
	Calculation for Self-Employment Income		
	a. Gross receipts from business		
	b. Ordinary and necessary business expenses		
3.	c. 6.2% of adjusted gross income or actual marginal difference between actual rate paid and F.I.C.A. rate		
	d. Adjusted annual gross income from self-employment (Line 3a minus Line 3b and minus Line 3c)		
4.	Annual income from unemployment compensation		
5.	Annual income from workers' compensation, disability insurance, or social security disability/retirement benefits		
6.	Other income or potential income		
7.	Total annual gross income (Add Lines 1, 2d, 3d, 4, 5 and 6)		
8.	Health insurance maximum (Multiply Line 7 by 5% or .05)		

- Line 3: Calculation for Self-Employment Income
 - Essentially unchanged from existing worksheet
 - However, note that the 3.c. downward deviation to income will be 6.2%, rather than the current rate of 5.6%

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

I. GROSS INCOME		Parent A	Parent B
1.	Annual Gross Income (See instructions)		
	Annual Amount of Overtime, Bonuses, and Commissions		
	a. Year 3 (Three years ago)		
	b. Year 2 (Two years ago)		
2.	c. Year 1 (Last calendar year)		
	d. Income from overtime, bonuses, and commissions (Enter the lower of the average of Line 2a plus Line 2b plus Line 2c, or Line 2c) (See instructions)		
	Calculation for Self-Employment Income		
	a. Gross receipts from business		
	b. Ordinary and necessary business expenses		
3.	c. 6.2% of adjusted gross income or actual marginal difference between actual rate paid and F.I.C.A. rate		
	d. Adjusted annual gross income from self-employment (Line 3a minus Line 3b and minus Line 3c)		
4.	Annual income from unemployment compensation		
5.	Annual income from workers' compensation, disability insurance, or social security disability/retirement benefits		
6.	Other income or potential income		
7.	Total annual gross income (Add Lines 1, 2d, 3d, 4, 5 and 6)		
8.	Health insurance maximum (Multiply Line 7 by 5% or .05)		

- Line 4: Annual income from unemployment compensation
 - Essentially unchanged from existing worksheet
 - Note that existing worksheet Line 4 income (Interest and Dividends) is now rolled into Line 1 on the revised worksheet

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

I. GROSS INCOME		Parent A	Parent B
1.	Annual Gross Income (See instructions)		
	Annual Amount of Overtime, Bonuses, and Commissions		
	a. Year 3 (Three years ago)		
	b. Year 2 (Two years ago)		
2.	c. Year 1 (Last calendar year)		
	d. Income from overtime, bonuses, and commissions (Enter the lower of the average of Line 2a plus Line 2b plus Line 2c, or Line 2c) (See instructions)		
	Calculation for Self-Employment Income		
	a. Gross receipts from business		
	b. Ordinary and necessary business expenses		
3.	c. 6.2% of adjusted gross income or actual marginal difference between actual rate paid and F.I.C.A. rate		
	d. Adjusted annual gross income from self-employment (Line 3a minus Line 3b and minus Line 3c)		
4.	Annual income from unemployment compensation		
5.	Annual income from workers' compensation, disability insurance, or social security disability/retirement benefits		
6.	Other income or potential income		
7.	Total annual gross income (Add Lines 1, 2d, 3d, 4, 5 and 6)		
8.	Health insurance maximum (Multiply Line 7 by 5% or .05)		

- Line 6: Other income or potential income
 - As per revised *R.C. 3119.01(C)(12)*
 - Essentially unchanged, although the draft Manual indicates that this line may be used for income from secondary sources (add'l employer), spousal support, interest/dividend income (if not in Line 1) or potential income ↓

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

I. GROSS INCOME		Parent A	Parent B
1.	Annual Gross Income (See instructions)		
	Annual Amount of Overtime, Bonuses, and Commissions		
	a. Year 3 (Three years ago)		
	b. Year 2 (Two years ago)		
2.	c. Year 1 (Last calendar year)		
	d. Income from overtime, bonuses, and commissions (Enter the lower of the average of Line 2a plus Line 2b plus Line 2c, or Line 2c) (See instructions)		
	Calculation for Self-Employment Income		
	a. Gross receipts from business		
	b. Ordinary and necessary business expenses		
3.	c. 6.2% of adjusted gross income or actual marginal difference between actual rate paid and F.I.C.A. rate		
	d. Adjusted annual gross income from self-employment (Line 3a minus Line 3b and minus Line 3c)		
4.	Annual income from unemployment compensation		
5.	Annual income from workers' compensation, disability insurance, or social security disability/retirement benefits		
6.	Other income or potential income		
7.	Total annual gross income (Add Lines 1, 2d, 3d, 4, 5 and 6)		
8.	Health insurance maximum (Multiply Line 7 by 5% or .05)		

- Line 6: Other income or potential income
 - Definition of "potential income" now found under revised R.C. 3119.01(C)(17)
 - Revised definition is essentially unchanged from existing definition

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

I. GROSS INCOME		Parent A	Parent B
1.	Annual Gross Income (See instructions)		
	Annual Amount of Overtime, Bonuses, and Commissions		
	a. Year 3 (Three years ago)		
	b. Year 2 (Two years ago)		
2.	c. Year 1 (Last calendar year)		
	d. Income from overtime, bonuses, and commissions (Enter the lower of the average of Line 2a plus Line 2b plus Line 2c, or Line 2c) (See instructions)		
	Calculation for Self-Employment Income		
	a. Gross receipts from business		
	b. Ordinary and necessary business expenses		
3.	c. 6.2% of adjusted gross income or actual marginal difference between actual rate paid and F.I.C.A. rate		
	d. Adjusted annual gross income from self-employment (Line 3a minus Line 3b and minus Line 3c)		
4.	Annual income from unemployment compensation		
5.	Annual income from workers' compensation, disability insurance, or social security disability/retirement benefits		
6.	Other income or potential income		
7.	Total annual gross income (Add Lines 1, 2d, 3d, 4, 5 and 6)		
8.	Health insurance maximum (Multiply Line 7 by 5% or .05)		

- Line 7: Total annual gross income
 - (calculated amount)

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

I. GROSS INCOME		Parent A	Parent B
1.	Annual Gross Income (See instructions)		
	Annual Amount of Overtime, Bonuses, and Commissions		
	a. Year 3 (Three years ago)		
	b. Year 2 (Two years ago)		
2.	c. Year 1 (Last calendar year)		
	d. Income from overtime, bonuses, and commissions (Enter the lower of the average of Line 2a plus Line 2b plus Line 2c, or Line 2c) (See instructions)		
	Calculation for Self-Employment Income		
	a. Gross receipts from business		
	b. Ordinary and necessary business expenses		
3.	c. 6.2% of adjusted gross income or actual marginal difference between actual rate paid and F.I.C.A. rate		
	d. Adjusted annual gross income from self-employment (Line 3a minus Line 3b and minus Line 3c)		
4.	Annual income from unemployment compensation		
5.	Annual income from workers' compensation, disability insurance, or social security disability/retirement benefits		
6.	Other income or potential income		
7.	Total annual gross income (Add Lines 1, 2d, 3d, 4, 5 and 6)		
8.	Health insurance maximum (Multiply Line 7 by 5% or .05)		

- Line 8: Health insurance maximum
 - (calculated amount)
 - Essentially unchanged from existing worksheet, cap on mandate for a party to provide health insurance if the marginal amount exceeds the 5.0% AGI limit

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

II. ADJUSTMENTS TO INCOME		Parent A	Parent B
Adjustment for Other Minor Children Not of This Order. (Note: Line 9 is only completed if either parent has any children outside of this order.) If neither parent has any children outside of this order enter "0" on Line 9f and proceed to Line 10. For each parent:			
	a. Enter the total number of children, including children of this order and other children		
	b. Enter the number of children subject to this order		
	c. Line 9a minus Line 9b		
9.	d. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's total annual gross income from Line 7 for the number of children on Line 9a		
	e. Divide the amount on Line 9d by the number on Line 9a		
	f. Multiply the amount from Line 9e by the number in Line 9c. This is the adjustment amount for other minor children for each parent. If the parent has other minor children and the amount is less than "\$60," enter "\$60"		
Adjustment for Out-of-Pocket Health Insurance Premiums			
10.	a. Identify the health insurance obligor (See instructions)	<input type="checkbox"/>	<input type="checkbox"/>
	b. Enter the out-of-pocket costs for health insurance premiums for the parent identified on Line 10a (See instructions)		
11.	Annual court ordered spousal support paid; if no spousal support is paid, enter "0"		
12.	Total adjustments to income (Line 9f, plus Line 10b, plus Line 11)		
13.	Adjusted annual gross income (Line 7 minus Line 12; if Line 13 results in a negative amount, enter "0")		

- Line 9: Adjustment for Other Minor Children Not of This Order
 - Combines the content of existing Line 8 (adjustment for other children living in the home) and existing Line 9 (annual court-ordered support paid for other children) ↓

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

II. ADJUSTMENTS TO INCOME			
Adjustment for Other Minor Children Not of This Order. (Note: Line 9 is only completed if either parent has any children outside of this order.) If neither parent has any children outside of this order enter "0" on Line 9f and proceed to Line 10. For each parent:			
9.	a. Enter the total number of children, including children of this order and other children		
	b. Enter the number of children subject to this order		
	c. Line 9a minus Line 9b		
	d. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's total annual gross income from Line 7 for the number of children on Line 9a		
	e. Divide the amount on Line 9d by the number on Line 9a		
	f. Multiply the amount from Line 9e by the number in Line 9c. This is the adjustment amount for other minor children for each parent. If the parent has other minor children and the amount is less than "960," enter "960"		
Adjustment for Out-of-Pocket Health Insurance Premiums			
10.	a. Identify the health insurance obligor (See instructions)	<input type="checkbox"/>	<input type="checkbox"/>
	b. Enter the out-of-pocket costs for health insurance premiums for the parent identified on Line 10a (See instructions)		
11.	Annual court ordered spousal support paid; if no spousal support is paid, enter "0"		
12.	Total adjustments to income (Line 9f, plus Line 10b, plus Line 11)		
13.	Adjusted annual gross income (Line 7 minus Line 12; if Line 13 results in a negative amount, enter "0")		

- Line 9: Adjustment for Other Minor Children Not of This Order
 - Fundamental change to the way a party is afforded credit for children not subject to the Order under calculation
 - Note: there needs to be no actual support paid for the income credit to apply

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

II. ADJUSTMENTS TO INCOME			
Adjustment for Other Minor Children Not of This Order. (Note: Line 9 is only completed if either parent has any children outside of this order.) If neither parent has any children outside of this order enter "0" on Line 9f and proceed to Line 10. For each parent:			
9.	a. Enter the total number of children, including children of this order and other children		
	b. Enter the number of children subject to this order		
	c. Line 9a minus Line 9b		
	d. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's total annual gross income from Line 7 for the number of children on Line 9a		
	e. Divide the amount on Line 9d by the number on Line 9a		
	f. Multiply the amount from Line 9e by the number in Line 9c. This is the adjustment amount for other minor children for each parent. If the parent has other minor children and the amount is less than "960," enter "960"		
Adjustment for Out-of-Pocket Health Insurance Premiums			
10.	a. Identify the health insurance obligor (See instructions)	<input type="checkbox"/>	<input type="checkbox"/>
	b. Enter the out-of-pocket costs for health insurance premiums for the parent identified on Line 10a (See instructions)		
11.	Annual court ordered spousal support paid; if no spousal support is paid, enter "0"		
12.	Total adjustments to income (Line 9f, plus Line 10b, plus Line 11)		
13.	Adjusted annual gross income (Line 7 minus Line 12; if Line 13 results in a negative amount, enter "0")		

- Line 10: Adjustment for Out-of-Pocket Health Insurance Premiums
 - Credit to one or both parents for actual premium expense incurred
 - Incorporates the designation of healthcare obligor ↓

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

II. ADJUSTMENTS TO INCOME			
Adjustment for Other Minor Children Not of This Order. (Note: Line 9 is only completed if either parent has any children outside of this order.) If neither parent has any children outside of this order enter "0" on Line 9f and proceed to Line 10. For each parent:			
9.	a. Enter the total number of children, including children of this order and other children		
	b. Enter the number of children subject to this order		
	c. Line 9a minus Line 9b		
	d. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's total annual gross income from Line 7 for the number of children on Line 9a		
	e. Divide the amount on Line 9d by the number on Line 9a		
	f. Multiply the amount from Line 9e by the number in Line 9c. This is the adjustment amount for other minor children for each parent. If the parent has other minor children and the amount is less than "960," enter "960"		
Adjustment for Out-of-Pocket Health Insurance Premiums			
10.	a. Identify the health insurance obligor (See instructions)	<input type="checkbox"/>	<input type="checkbox"/>
	b. Enter the out-of-pocket costs for health insurance premiums for the parent identified on Line 10a (See instructions)		
11.	Annual court ordered spousal support paid; if no spousal support is paid, enter "0"		
12.	Total adjustments to income (Line 9f, plus Line 10b, plus Line 11)		
13.	Adjusted annual gross income (Line 7 minus Line 12; if Line 13 results in a negative amount, enter "0")		

- Line 10: Adjustment for Out-of-Pocket Health Insurance Premiums
 - Per revised *R.C. 3119.30(B)*, "...the child support obligee is rebuttably presumed to be the appropriate parent to provide health insurance coverage for the children subject to the child support order." ↓

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

II. ADJUSTMENTS TO INCOME			
Adjustment for Other Minor Children Not of This Order. (Note: Line 9 is only completed if either parent has any children outside of this order.) If neither parent has any children outside of this order enter "0" on Line 9f and proceed to Line 10. For each parent:			
9.	a. Enter the total number of children, including children of this order and other children		
	b. Enter the number of children subject to this order		
	c. Line 9a minus Line 9b		
	d. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's total annual gross income from Line 7 for the number of children on Line 9a		
	e. Divide the amount on Line 9d by the number on Line 9a		
	f. Multiply the amount from Line 9e by the number in Line 9c. This is the adjustment amount for other minor children for each parent. If the parent has other minor children and the amount is less than "960," enter "960"		
Adjustment for Out-of-Pocket Health Insurance Premiums			
10.	a. Identify the health insurance obligor (See instructions)	<input type="checkbox"/>	<input type="checkbox"/>
	b. Enter the out-of-pocket costs for health insurance premiums for the parent identified on Line 10a (See instructions)		
11.	Annual court ordered spousal support paid; if no spousal support is paid, enter "0"		
12.	Total adjustments to income (Line 9f, plus Line 10b, plus Line 11)		
13.	Adjusted annual gross income (Line 7 minus Line 12; if Line 13 results in a negative amount, enter "0")		

- Line 10: Adjustment for Out-of-Pocket Health Insurance Premiums
 - Per revised *R.C. 3119.30(B)(2)*, the child support obligee is mandated to secure health insurance for the child(ren) (if available at a reasonable cost) within 30 days of such insurance becoming available

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

II. ADJUSTMENTS TO INCOME			
Adjustment for Other Minor Children Not of This Order. (Note: Line 9 is only completed if either parent has any children outside of this order.) If neither parent has any children outside of this order enter "0" on Line 9f and proceed to Line 10. For each parent:			
9.	a. Enter the total number of children, including children of this order and other children		
	b. Enter the number of children subject to this order		
	c. Line 9a minus Line 9b		
	d. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's total annual gross income from Line 7 for the number of children on Line 9a		
	e. Divide the amount on Line 9d by the number on Line 9a		
	f. Multiply the amount from Line 9e by the number in Line 9c. This is the adjustment amount for other minor children for each parent. If the parent has other minor children and the amount is less than "960," enter "960"		
Adjustment for Out-of-Pocket Health Insurance Premiums			
10.	a. Identify the health insurance obligor (See instructions)	<input type="checkbox"/>	<input type="checkbox"/>
	b. Enter the out-of-pocket costs for health insurance premiums for the parent identified on Line 10a (See instructions)		
11.	Annual court ordered spousal support paid; if no spousal support is paid, enter "0"		
12.	Total adjustments to income (Line 9f, plus Line 10b, plus Line 11)		
13.	Adjusted annual gross income (Line 7 minus Line 12; if Line 13 results in a negative amount, enter "0")		

- Line 11: Annual court ordered spousal support paid
 - Essentially unchanged from existing worksheet

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

II. ADJUSTMENTS TO INCOME			
Adjustment for Other Minor Children Not of This Order. (Note: Line 9 is only completed if either parent has any children outside of this order.) If neither parent has any children outside of this order enter "0" on Line 9f and proceed to Line 10. For each parent:			
9.	a. Enter the total number of children, including children of this order and other children		
	b. Enter the number of children subject to this order		
	c. Line 9a minus Line 9b		
	d. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's total annual gross income from Line 7 for the number of children on Line 9a		
	e. Divide the amount on Line 9d by the number on Line 9a		
	f. Multiply the amount from Line 9e by the number in Line 9c. This is the adjustment amount for other minor children for each parent. If the parent has other minor children and the amount is less than "960," enter "960"		
Adjustment for Out-of-Pocket Health Insurance Premiums			
10.	a. Identify the health insurance obligor (See instructions)	<input type="checkbox"/>	<input type="checkbox"/>
	b. Enter the out-of-pocket costs for health insurance premiums for the parent identified on Line 10a (See instructions)		
11.	Annual court ordered spousal support paid; if no spousal support is paid, enter "0"		
12.	Total adjustments to income (Line 9f, plus Line 10b, plus Line 11)		
13.	Adjusted annual gross income (Line 7 minus Line 12; if Line 13 results in a negative amount, enter "0")		

- Line 12: Total adjustments to income
 - (calculated amount)

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

County: _____			
Case Number: _____			
Court of Administrative Judgments: _____			
Court of Domestic Relations: _____			
II. ADJUSTMENTS TO INCOME			
Adjustment for Other Minor Children Not of This Order. (Note: Line 9 is only completed if either parent has any children outside of this order.) If neither parent has any children outside of this order enter "0" on Line 9f and proceed to Line 10. For each parent:			
9.	a. Enter the total number of children, including children of this order and other children		
	b. Enter the number of children subject to this order		
	c. Line 9a minus Line 9b		
	d. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's total annual gross income from Line 7 for the number of children on Line 9a		
	e. Divide the amount on Line 9d by the number on Line 9a		
	f. Multiply the amount from Line 9e by the number in Line 9c. This is the adjustment amount for other minor children for each parent. If the parent has other minor children and the amount is less than "960," enter "960"		
Adjustment for Out-of-Pocket Health Insurance Premiums			
10.	a. Identify the health insurance obligor (See instructions)	<input type="checkbox"/>	<input type="checkbox"/>
	b. Enter the out-of-pocket costs for health insurance premiums for the parent identified on Line 10a (See instructions)		
11.	Annual court ordered spousal support paid; if no spousal support is paid, enter "0"		
12.	Total adjustments to income (Line 9f, plus Line 10b, plus Line 11)		
13.	Adjusted annual gross income (Line 7 minus Line 12; if Line 13 results in a negative amount, enter "0")		

- Line 13: Adjusted annual gross income
 - (calculated amount, minimum of zero)

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

County: _____		Case Number: _____		Court of Administrative Judgments: _____		Court of Domestic Relations: _____	
III. INCOME SHARES				Parent A	Parent B		
14.	Enter the amount from Line 13 for each parent (Adjusted annual gross income)						
15.	Using the Basic Child Support Schedule and the parent's individual income on Line 14, determine if the parent's obligation is located in the shaded area of the schedule. If the parent's obligation is in the shaded area of the schedule for the children of this order, check the box for Line 15			<input type="checkbox"/>	<input type="checkbox"/>		
16.	Combined adjusted annual gross income (Add together the amounts on Line 14 for both parents)						
17.	Percentage of parent's income to combined adjusted annual gross income (Line 14 divided by Line 16 for each parent)						

- Line 14: (income shares carryover from prior page)
 - (calculated amount, minimum of zero, carried over from Line 13)
- Line 15: (party self-sufficiency reserve indicator)
 - (manual indication as to whether AGI of one or both parents is found within the "self sufficiency reserve" section of the table)
- Line 16: Combined adjusted annual gross income
 - (calculated amount, sum total of parties' adjusted annual gross income)
- Line 17: Percentage of parent's income to combined AGI
 - (i.e. the "income share" of each party)

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

IV. SUPPORT CALCULATION			
Basic Child Support Obligation			
18.	a. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's adjusted gross income on Line 14 for the number of children of this order. If either parent's Line 14 amount is less than lowest income amount on the Basic Schedule, enter "960"		
	b. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for the parents' combined adjusted annual gross income on Line 16 for the number of children of this order		
	c. Multiply the amount on Line 18b by Line 17 for each parent. Enter the amount for each parent		
	d. Enter the lower of Line 18a or Line 18c for each parent		
Parenting Time Order			
19.	a. Enter "Yes" for any non-custodial parent for whom a court has issued or is issuing a parenting time order that equals or exceeds ninety overnights per year	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
	b. If Line 19a is checked, use the amount for that parent from Line 18d and multiply it by 10% or .10, and enter this amount. If Line 19a is blank enter "0"		
Derivative Benefit			
20.	Enter any non-means-tested benefits, received by a child or a person on behalf of the child.		

- Line 18: Basic Child Support Obligation
 - (derived from revised Basic Child Support Schedule, which will likely be added into O.A.C. 5101:12-45)
 - As noted by the foregoing language, the annual obligation of each parent will be the lower of
 - That parent's individual obligation (subject to min. order of \$960/yr), -or-
 - That parent's income share of the combined parents' joint obligation

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

IV. SUPPORT CALCULATION			
Basic Child Support Obligation			
18.	a. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's adjusted gross income on Line 14 for the number of children of this order. If either parent's Line 14 amount is less than lowest income amount on the Basic Schedule, enter "960"		
	b. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for the parents' combined adjusted annual gross income on Line 16 for the number of children of this order		
	c. Multiply the amount on Line 18b by Line 17 for each parent. Enter the amount for each parent		
	d. Enter the lower of Line 18a or Line 18c for each parent		
Parenting Time Order			
19.	a. Enter "Yes" for any non-custodial parent for whom a court has issued or is issuing a parenting time order that equals or exceeds ninety overnights per year	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
	b. If Line 19a is checked, use the amount for that parent from Line 18d and multiply it by 10% or .10, and enter this amount. If Line 19a is blank enter "0"		
Derivative Benefit			
20.	Enter any non-means-tested benefits, received by a child or a person on behalf of the child.		

- Line 19: Parenting Time Order
 - Automatic 10.0% downward deviation to any parent's order when that parent exercises 90 or more overnights of parenting time per year
 - Codified under R.C. 3119.051(A)
 - Note: per R.C. 3119.051(B), the obligee parent may rebut this deviation if it can be demonstrated that the obligor parent did not in fact exercise 90 or more overnights per year.

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

IV. SUPPORT CALCULATION			
Basic Child Support Obligation			
18.	a. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for each parent's adjusted gross income on Line 14 for the number of children of this order. If either parent's Line 14 amount is less than lowest income amount on the Basic Schedule, enter "0"		
	b. Using the Basic Child Support Schedule, enter the amount from the corresponding cell for the parents' combined adjusted annual gross income on Line 16 for the number of children of this order		
	c. Multiply the amount on Line 18b by Line 17 for each parent. Enter the amount for each parent		
	d. Enter the lower of Line 18a or Line 18c for each parent		
Parenting Time Order			
19.	a. Enter "Yes" for any non-custodial parent for whom a court has issued or is issuing a parenting time order that equals or exceeds ninety overnights per year	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
	b. If Line 19a is checked, use the amount for that parent from Line 18d and multiply it by 10% or .10, and enter this amount. If Line 19a is blank enter "0"		
Derivative Benefit			
20.	Enter any non-means-tested benefits, received by a child or a person on behalf of the child.		

- Line 20: Derivative Benefit
 - Per revised *R.C. 3119.05(N)*: "...Any non-means tested benefit received by the child or children subject to the order resulting from the claims of either parent shall be deducted from that parent's annual child support obligation after all other adjustments have been made. If that non-means tested benefit exceeds the child support obligation of the parent from whose claim the benefit is realized, the child support obligation for that parent shall be zero."
 - Includes (but is not limited to) SSDI and/or VA benefits

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

Enter any non-means-tested benefits, received by a child or a person on behalf of the child.							
Child Care Expenses (See instructions)							
21.	a. Annual child care expenses for children of this order (Less any subsidies)						
		Child 1	Child 2	Child 3	Child 4	Child 5	Child 6
	b. Child Age						
	c. Maximum Allowable Cost						
	d. Actual Out of Pocket						
	e. Enter lower of Line 21c or 21d						
	f. Enter total of Line 21e for children of this order						
	g. Enter the eligible federal and state tax credits (See instructions)						
	h. Line 21f minus Line 21g						
	i. Multiply Line 21h by Line 17 for each parent; (If Line 15 is checked for the parent, use the lower percentage amount of either Line 17 or 50.00% to determine the parent's share). This is the annual child care costs for each parent						
j. Line 21i minus Line 21a. If calculation results in a negative amount, enter "0"							
22.	Adjusted Child Support Obligation (Line 18d minus Line 19b minus Line 20 plus Line 21j). This is the annual child support obligation for each parent						
V. CASH MEDICAL							
Cash Medical Obligation							
23.	a. Annual combined cash medical support obligation (See instructions)						
	b. Multiply Line 23a by Line 17 for each parent. This is the annual cash medical obligation for each parent						

- Line 21: Child Care Expenses
 - (now, isn't this calculation much simpler than the existing "...how much is your out-of-pocket cost?")
 - As per revised *R.C. 3119.05(O)* ↓

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

- Line 21a:
 - Actual, documented out-of-pocket cost paid by each party for child care
 - Subject to a rebuttable age-out limit at 12 years, provided that extenuating circumstances do not exist (such as disability of the child)
- Line 21b:
 - Age of each child subject to order incurring child care expenses
- Line 21c:
 - Maximum allowable cost per child, per the following table:

Age	Annual Amount
Infant - New born through 17 months	\$11,464
Toddler - 18 months through 35 months	\$10,025
Pre-school - 3 years old through 5 years old	\$8,600
School-age - 6 years old through 12 years old	\$7,290

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

- Line 21d:
 - Actual, documented out-of-pocket cost paid by the combined parties for child care specifically for the referenced child
- Line 21e:
 - (the lesser amount from Line 21c or Line 21d, per child)
- Line 21f:
 - (calculated amount, sum total of all child care amounts listed in Line 21e)
- Line 21g:
 - Determine each parent's AGI from Line 7
 - Find the corresponding decimal amount on the Federal Tax Table (*to follow*)
 - Enter the number of children on the order
 - Enter the eligible federal tax credit maximum dollar amount
 - \$3,000 for one child
 - \$6,000 for two or more children
 - Multiply the eligible federal tax credit maximum dollar amount by the decimal amount on the Federal Tax Table. This is the Federal amount.

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

- Line 21g (continued):
 - Determine each parent's AGI from Line 7
 - Find the corresponding percentage amount on the State Tax Table (*to follow*)
 - Enter the number of children on the order
 - Enter the eligible federal tax credit maximum dollar amount
 - \$3,000 for one child
 - \$6,000 for two or more children
 - Multiply the eligible federal tax credit maximum dollar amount by the percentage amount on the State Tax Table. This is the State amount.
 - Add the Federal amount and the State amount.
- Line 21h:
 - (calculated amount, subtract Line 21g from Line 21f)
- Line 21i:
 - (calculated amount, multiply Line 21h result for each parent by that parent's income share from line 17; if line 15 [self-sufficiency reserve indicator] is checked for either parent, use the lower of 50.0% or income share %)
- Line 21j:
 - (calculated amount, subtract Line 21a from Line 21i, minimum of zero)

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

- Line 21g (previously-referenced tables):

Table 2. Federal Tax Table			Table 3. State Tax Table		
If Line 7 is equal to or greater than	If Line 7 is less than	Decimal amount is	If Line 7 is equal to or greater than	If Line 7 is less than	Percentage amount is
\$0	\$15,000	0.35	\$0	\$20,000	100% of federal credit
\$15,000	\$17,000	0.34	\$20,000	\$40,000	25% of federal credit
\$17,000	\$19,000	0.33	\$40,000	\$300,000	0% of federal credit
\$19,000	\$21,000	0.32			
\$21,000	\$23,000	0.31			
\$23,000	\$25,000	0.30			
\$25,000	\$27,000	0.29			
\$27,000	\$29,000	0.28			
\$29,000	\$31,000	0.27			
\$31,000	\$33,000	0.26			
\$33,000	\$35,000	0.25			
\$35,000	\$37,000	0.24			
\$37,000	\$39,000	0.23			
\$39,000	\$41,000	0.22			
\$41,000	\$43,000	0.21			
\$43,000	\$300,000	0.20			

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

Enter any non-means-tested benefits received by a child or a person on behalf of the child.						
Child Care Expenses (See instructions)						
a. Annual child care expenses for children of this order (Less any subsidies)						
	Child 1	Child 2	Child 3	Child 4	Child 5	Child 6
b. Child Age						
c. Maximum Allowable Cost						
d. Actual Out of Pocket						
21. e. Enter lower of Line 21c or 21d						
f. Enter total of Line 21e for children of this order						
g. Enter the eligible federal and state tax credits (See instructions)						
h. Line 21f minus Line 21g						
i. Multiply Line 21h by Line 17 for each parent; (If Line 15 is checked for the parent, use the lower percentage amount of either Line 17 or 50.00% to determine the parent's share). This is the annual child care costs for each parent						
j. Line 21i minus Line 21a. If calculation results in a negative amount, enter "0"						
22. Adjusted Child Support Obligation (Line 18d minus Line 19b minus Line 20 plus Line 21j). This is the annual child support obligation for each parent						
V. CASH MEDICAL						
Cash Medical Obligation						
a. Annual combined cash medical support obligation (See instructions)						
23. b. Multiply Line 23a by Line 17 for each parent. This is the annual cash medical obligation for each parent						

- Line 22: Adjusted Child Support Obligation
 - (calculated amount)

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

Enter any non-means-tested benefits received by a child or a person on behalf of the child.						
Child Care Expenses (See instructions)						
a. Annual child care expenses for children of this order (Less any subsidies)						
	Child 1	Child 2	Child 3	Child 4	Child 5	Child 6
b. Child Age						
c. Maximum Allowable Cost						
d. Actual Out of Pocket						
21. e. Enter lower of Line 21c or 21d						
f. Enter total of Line 21e for children of this order						
g. Enter the eligible federal and state tax credits (See instructions)						
h. Line 21f minus Line 21g						
i. Multiply Line 21h by Line 17 for each parent; (If Line 15 is checked for the parent, use the lower percentage amount of either Line 17 or 50.00% to determine the parent's share). This is the annual child care costs for each parent						
j. Line 21i minus Line 21a. If calculation results in a negative amount, enter "0"						
22. Adjusted Child Support Obligation (Line 18d minus Line 19b minus Line 20 plus Line 21j). This is the annual child support obligation for each parent						
V. CASH MEDICAL						
Cash Medical Obligation						
a. Annual combined cash medical support obligation (See instructions)						
23. b. Multiply Line 23a by Line 17 for each parent. This is the annual cash medical obligation for each parent						

- Line 23: Cash Medical Obligation
 - (calculated amount, [\$388.00 x number of children] x party income share %)
 - Note: this amount will now be charged in all orders, regardless as to whether State-funded health insurance benefits are active

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

VI. RECOMMENDED MONTHLY ORDERS FOR DECREE		Parent A Obligation	Parent B Obligation
24.	CHILD SUPPORT AMOUNT (Line 22, divided by 12)		
	Line 25 is only completed if the court orders a deviation. (See sections 3119.23, 3119.231 and 3119.24 of the Revised Code)		
25.	a. For 3119.23 factors (Enter the monthly amount)		
	b. For 3119.231 extended parenting time (Enter the monthly amount)		
	c. Add together the amounts from Lines 25a and 25b		
26.	DEVIATED MONTHLY CHILD SUPPORT AMOUNT (Line 24 plus or minus Line 25c)		
27.	CASH MEDICAL SUPPORT AMOUNT (Line 23b, divided by 12)		
28.	Line 28 is only completed if the court orders a deviation to cash medical. (See section 3119.303)		
	a. Cash Medical Deviation amount (Enter the monthly amount)		
29.	DEVIATED CASH MEDICAL AMOUNT (Line 27 plus or minus Line 28a)		
30.	Enter ONLY the total monthly obligation for the parent ordered to pay support (Line 24 or Line 26, plus Line 27 or Line 29)		

- Line 24: Child Support Amount
 - (calculated monthly amount, Line 22 divided by 12)
- Line 25: (court-ordered deviations to order, monthly amount)
 - Deviations to be fully documented in the body of the accompanying order
- Line 26: Deviated Monthly Child Support Amount
 - Monthly Line 24 amount net of monthly deviation(s)
- Line 27: Cash Medical Support Amount
 - (calculated monthly amount, Line 23b divided by 12)

Hamilton County - Court of Domestic Relations

The Sole / Shared Parenting Worksheet

VI. RECOMMENDED MONTHLY ORDERS FOR DECREE		Parent A Obligation	Parent B Obligation
24.	CHILD SUPPORT AMOUNT (Line 22, divided by 12)		
	Line 25 is only completed if the court orders a deviation. (See sections 3119.23, 3119.231 and 3119.24 of the Revised Code)		
25.	a. For 3119.23 factors (Enter the monthly amount)		
	b. For 3119.231 extended parenting time (Enter the monthly amount)		
	c. Add together the amounts from Lines 25a and 25b		
26.	DEVIATED MONTHLY CHILD SUPPORT AMOUNT (Line 24 plus or minus Line 25c)		
27.	CASH MEDICAL SUPPORT AMOUNT (Line 23b, divided by 12)		
28.	Line 28 is only completed if the court orders a deviation to cash medical. (See section 3119.303)		
	a. Cash Medical Deviation amount (Enter the monthly amount)		
29.	DEVIATED CASH MEDICAL AMOUNT (Line 27 plus or minus Line 28a)		
30.	Enter ONLY the total monthly obligation for the parent ordered to pay support (Line 24 or Line 26, plus Line 27 or Line 29)		

- Line 28: (court-ordered deviations to cash medical order, monthly amount)
 - (calculated monthly amount, Line 22 divided by 12)
 - Per R.C. 3119.303, "...a cash medical support order shall be administered, reviewed, modified, and enforced in the same manner as the underlying child support order"
- Line 29: Deviated Monthly Cash Medical Amount
 - Monthly Line 27 amount net of monthly deviation(s)
- Line 30: Total Monthly Payable Support Amount (for support obligor only)

Hamilton County - Court of Domestic Relations

Questions?

Contact Information:

Patrick Southern

Phone: 513-946-9062

E-mail: PASouthern@cms.hamilton-co.org

Thanks to ODJFS / OCS for providing the comment copy of the Manual and Worksheets – all of the content contained in this presentation regarding the draft forms of those documents came from the most recent publication of same.

Thank you for your time!

Hamilton County - Court of Domestic Relations