

Deemed Income Increase

The Child Support Recalculation Program (RP) requires payors to provide their updated income information to RP every year. Child support recipients also must provide income information if RP is recalculating the parties' [proportionate shares](#) of special expenses or if the court used the recipient's income to set monthly support in a shared or [split custody/parenting situation](#). Income information is due each year at least 60 days before the anniversary date of the court order being recalculated.

RP uses the updated income information to determine the client's current income for child support purposes. If complete income information is not provided on time, RP can recalculate by assuming the parent's income has increased. This "deemed income increase" allows RP to determine the amount of child support payable for the next year.

How much of a deemed income increase will be applied?

RP will deem the income of the non-disclosing parent (payor or recipient) to be the higher of:

- \$31,200, being what the parent would earn per year working 40 hours a week for minimum wage; **or**
- the parent's current guideline income increased by up to 25 per cent. The percentage of the increase depends on how much time has passed since the client's last court order or Recalculation Decision; the longer it has been, the higher the deemed income increase will be.

The increases are as follows:

Time passed since last order or decision	Deemed income increase
Less than one year	10 per cent
More than one year, but less than two	13 per cent
More than two years, but less than three	16 per cent
More than three years, but less than four	19 per cent
More than four years, but less than five	22 per cent
More than five years	25 per cent

Example: A court order granted in 2007 sets the payor's guideline income at \$30,000. A recalculation is being done in 2016 but the payor has not provided income disclosure to RP. As the order was granted nine years ago, the deemed income increase is 25 per cent. The recalculated child support amount is based on a guideline income of \$37,500 (\$30,000 + 25 per cent).

In 2017, if the payor again fails to provide income disclosure, a 10 per cent deemed income increase will be added to the guideline income established in 2016. This is because it has been just less than one year since the payor's income was last determined. The recalculated child support will be based on an income of \$41,250 (\$37,500 + 10 per cent).

Example: In 2016, RP is recalculating a 2012 order that set the recipient's income at \$6,000. As the recipient did not provide income disclosure, RP will deem the recipient's income to be \$31,200 because this is a higher amount than increasing the current \$6,000 guideline income by 19 per cent (i.e. the percentage used where income was last set between three and four years ago).

Where does RP get the authority to apply a deemed income increase?

Section 55.51 of the *Family Law Act* allows RP to apply a deemed income increase when income information is not provided on time. RP can automatically apply the deemed income increase when the order being recalculated was made under provincial or territorial law (e.g. *Family Law Act*). If the order was instead made under the *Divorce Act*, authority to apply the deemed income increase may come from an order of the court.

What income information needs to be provided to RP?

Updated income information consists of the following:

- a full copy of the client's personal income tax return filed for the most recent taxation year, including all schedules and statements (not just a summary of the return);
- a copy of every notice of assessment or reassessment for the most recent taxation year; and
- a completed income questionnaire that allows RP to identify if a person is paying themselves a salary from their own corporation.

If RP needs a client's income information to recalculate child support, RP will let that client know upon registration with the program. Although RP also sends annual reminders, providing RP with updated income information is the responsibility of the client and should be done on time whether or not the reminders are received.

How can parties avoid being charged a deemed income increase?

RP prefers to recalculate using actual income, rather than deemed income increases. To avoid a deemed income increase, clients should ensure their updated income information is received by RP on time each year. For convenience, RP suggests clients send their income information every year as soon as they get their Notice of Assessment from Canada Revenue Agency. The most secure way to do this is through the Send Documents function of RP's online account system, *R/O*.

How to contact Alberta's Child Support Recalculation Program

Recalculation Program
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Edmonton AB T5J 3W7

Telephone: 780-401-1111 (toll-free: 310-0000)

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RP is unable to see clients in person. Please contact us by mail, phone, fax or e-mail.