Financial Statement and Income Information

A Guide to Completing Form 72J

Form 72J (Financial Statement) provides the court with a summary of your income, expenses, property and debt, and other relevant information. This guide will help you decide which of the seven appendices you should complete to calculate the totals that you must put in the appropriate boxes at the beginning of the form.

Who Must Provide a Financial Statement?

Both parties to an application to the court asking for, or seeking to change child support, spousal support, or a parenting order, generally must fill out a financial statement. This also applies to both parties to a divorce proceeding that deals with child support, spousal support, a parenting order or marital property.

A parent who receives child support may not have to fill out a financial statement or attach income information as long as they are applying for only the basic table amount under the Child Support Guidelines, with no special circumstances, and the other parent agrees.

What Must Be Attached to a Financial Statement?

Everyone who is required to prepare a financial statement must attach a copy of their **three most recent income tax returns**. Although the form states that you need to provide your most recent income tax return, the court may ask for your three most recent in ones order to have a clear picture of your financial situation.

Page 6 of this publication provides an overview of the income information that you may have to provide. In addition to the information outlined on page 6, the court may ask you to prove the amounts listed in your Financial Statement. It's a good idea to make sure you have evidence to support the amounts that you have claimed.

The Financial Statement: An Important Form

The financial statement (Form 72J) is very important. Take your time and read it carefully. Be sure to include everything so the statement shows your situation accurately. You must swear or affirm that the information in the form is the truth. Making a false statement is a criminal offence. You should hire a lawyer to review your financial statement if you can.

What Parts of the Financial Statement Do You Need to Fill Out?

You can get a printable copy of a blank Financial Statement on the Attorney General's Website, at any SNB office, or at the court office for a photocopy fee.

Fill Out Part A if:	To calculate Part A you MUST use:
• The court application deals with child support or a claim for parenting order.	• **Appendix I** – Calculation of Total Annual Income. • **Appendix II** – Adjustments to Income for Child Support. • **Appendix III** – Special Expenses **only if** you are claiming special expenses for child support or the other parent claims special expenses and you also have special expenses for the child.

Fill Out Part B.1 if:	To Calculate Part B.1 you MUST use:
• You or your spouse applies for spousal support • You or your spouse applies to change a spousal support order • You apply for support for a dependent person who is not a child or the child is over 19 years • You or your spouse applies for child support and the paying parent has a gross annual income over $150,000.00 • Either parent applies for shared parenting time	• **Appendix I** – Calculation of Total Annual Income. • **Appendix IV** – Calculation of Actual Monthly Expenses.

Fill Out Part B.2 if:	To Calculate Part B.2 you MUST use:
You completed Part B.1 and you believe that your financial situation is going to change in the near future	**Appendix V** – Calculation of Proposed Monthly Expenses only if you think that your financial situation will be different from Appendix IV.

Fill Out Part C if:	To Calculate Part C you MUST use:
Everyone who prepares a financial statement **MUST** complete this part	• **Appendix VI** – Property • **Appendix VII** – Debts

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NOTE Form 72J includes **seven appendices** that will help summarize your income, expenses, property and debts. Depending on your circumstances, you may not need to fill out all of them. Each appendix helps you calculate the totals that go in the boxes at the beginning of the form.

Appendix I: Calculate your income

The first appendix of the financial statement is a summary of your income.

Step 1

Make a list of **all** your income before deductions. Look at your last income tax return. Include the same income sources that you used to figure out line 150 in your General income tax return.

Do not include the income of anyone who lives with you.

Your income may include:

- money that your employer pays you, called **employment income**.
- income that the government sends, such as employment insurance, income assistance or a pension. (Income does not include benefits such as Child Tax Credit, formerly, Family Allowance.)
- money that does not show up on your T4 slips, such as tips.
- spousal and child support if you claimed it on your income tax form.
- money that you earn independently such as from a business, fishing or farming. Show the amount after you deduct the expenses.

Step 2

Place the income amount in only one column.

You can decide which column allows you to show the income accurately. For example if your income changes a lot during a year, you may choose the yearly column.

If you receive the income every:

WEEK	Put the amount in the **weekly** column
TWO WEEKS	Put the amount in the **biweekly** column
MONTH	Put the amount in the **monthly** column
YEAR	Put the amount in the **yearly** column

Step 3

Add down each column and put the total at the bottom of the column. This gives you four subtotals: weekly, biweekly, monthly and yearly.

Step 4

Use the chart at the bottom to turn the subtotals into a yearly total.

To arrive at a yearly total:

- Multiply the **weekly** subtotal by 52. Write the number on line (a).
- Multiply the **biweekly** subtotal by 26. Write the number on line (b).
- Multiply the **monthly** subtotal by 12. Write the number on line (c).
- Write the **yearly** subtotal on line (d).
- Add lines a,b,c and d together. Write the total on line (e).

At the end of Appendix I, the amount beside the letter (e) is your "**Total Annual Income**". Now go to the first page of the financial statement. Write the amount in the box beside "Total annual income" in Part A.

Step 5

To fill out Part B (B.1 and B.2) you must show your "**Monthly Income**". To do this, divide your total annual income by 12.

You only have to do Step 5 if you must fill out Part B.

Now go to the first page of the financial statement. Write the amount in the box beside "Monthly income" in Part B.1 and B.2.

It is important that you make sure that everything in your financial statement is true.

Appendix II: Adjust Your Income for Child Support

In the first appendix you wrote down your income. In this appendix you write down some kinds of income or expenses that either add to or lower your total income. Use these amounts to change, or adjust, your total income. The first part, **Deductions**, is for amounts that lower your income. The second part, **Additions**, is for amounts that raise your income. The court will look at the adjusted total to decide the amount of child support.

DEDUCTIONS:

Step 1 Look at the list in the table. Decide which items apply to you. You may need to look at Schedule III of the child support guidelines.

For more information on the child support guidelines, contact PLEIS-NB.

Step 2 Write each item in one column only.

(Same as Appendix I)

Step 3 Add down the columns.

Write the subtotals at the bottom.

Step 4 Use the chart underneath the section to turn the subtotals into a yearly total.

Now you have your "**total annual deductions**" beside the letter (e).

ADDITIONS:

Step 5 Look at the items in the table and Schedule III of the child support guidelines. Decide if any of them apply to you. Write the amount in one column. Add down the columns. Write the subtotals at the bottom.

(Same as Appendix I)

Step 6 Use the chart underneath to turn the subtotals into a yearly total. Do this the same way as you did in Appendix I.

- Now you have your "**total annual additions**" beside the letter (j).

AT THE BOTTOM OF THE PAGE:

Step 7 Take the amount beside the letter (j) above. Write it in the **first** box.

Step 8 Take the amount beside the letter (e) above. Write it in the **second** box.

Step 9 Subtract the second amount from the first amount. Write the total beside the letter (k).

The amount beside the letter (k) is your "**total adjustments**". Now go to the first page of the financial statement. Write the amount in the box beside "Total adjustments for child support" in Part A.

Appendix III: Calculate Your Child's Special Expenses

If you are asking the other parent to pay a part of your child's special expenses, you show the expenses in this section.

Special expenses must be one or more of the following:

- child care such as daycare or babysitting
- extraordinary school costs
- medical and dental insurance premiums for your child(ren)
- post secondary education
- extraordinary expenses for extracurricular activities
- health expenses

Step 1 List all the special expenses that your child has in a year. **Only write down the net cost** of the expense. This means that before you write the amount down you must subtract any tax deductions or money your child or someone else gave you for it.

Step 2 Add down the column. Write the total at the bottom.

- This total is your "**Annual Net Cost of Special Expenses**". Now go to the first page of the financial statement. Write the total in the box beside "**Annual Net Cost of Special Expenses**" in Part A.

Appendix IV: Calculate Your Actual Expenses

In this section you write down all of your expenses in a year.

Step 1 Make a list of all the expenses that you and any children in your care have every year.

Your expenses may include:

- rent or mortgage payments, food, day care, clothing, laundry, car insurance, phone bill, electricity bill, TV

TIPS:

- Try writing down your expenses every day for a few weeks. This will help you include everything.
- Look at past bills to see how much the phone and power cost in a normal month.
- Look at payroll statements to find out about pension and insurance deductions.
- If you do not know the exact cost, try to estimate.

Step 2 Write the amount of each expense in only one column. You pay for some things regularly every week, such as food. You have other expenses to pay every month, such as rent. And some costs occur every year, such as car insurance. Decide how often you normally pay each expense.

If you pay the expense every:

WEEK	Put the amount in the **weekly** column
TWO WEEKS	Put the amount in the **biweekly** column
MONTH	Put the amount in the **monthly** column
YEAR	Put the amount in the **yearly** column

Step 3 Add down each column. This gives you four subtotals: weekly, biweekly, monthly and yearly. Write the subtotal at the bottom of each column.

Step 4 Use the chart at the bottom to turn the subtotals into a monthly total.

To arrive at a yearly total:

- Multiply the **weekly** subtotal by 4.33. Write the number on line (a).
- Multiply the **biweekly** subtotal by 2.16. Write the number on line (b.)
- Write the **monthly** subtotal on line (c).
- Divide the **yearly** subtotal by 12. Write the number on line (d).
- Add lines a, b, c, and d together. Write the total on line (e).

The amount on line (e) shows your "**Total Monthly Expenses**". Now go to the Part B.1 on the first page of the financial statement. Write the amount in the box beside "**Monthly budget (actual)**".

Appendix V: Calculate the Proposed Monthly Expenses

This section is for people who expect their expenses to be different from their costs right now. For example, if you are staying in temporary accommodation such as a transition house you should fill in Appendix V. Here you can show the expenses that you expect to have once you have permanent accommodation. You should also attach a statement explaining your temporary arrangements. Also explain the type of permanent accommodation you are seeking.

It is important to show clear plans for the future.

Step 1 Make a list of all your expenses as you expect them to be. If you do not know the exact cost, try to estimate it.

Step 2 Write the amount of each expected expense in one column.

Step 3 Add down each column. Write the subtotal at the bottom.

Step 4 Use the chart at the bottom to turn the subtotals into a monthly total. Do this the same way as explained above for Appendix IV.

- The amount on line (e) shows your proposed "Total Monthly Expenses". Now go to the first page of the financial statement. Write the amount in the box beside "Monthly budget (proposed)" in Part B.2.

Appendix VI: Calculate Your Property

Step 1 Make a list of all the property you own. If you share ownership with someone, you must name the other owner. If you are married you need to include marital property. For example the marital home and the family car are marital property even if they are in the other spouse's name.

Your property may include:

- Land (house, cottage)
- Clothing
- Furniture (sofas, beds, dressers, tables,etc.)
- Bank account
- Appliances (stoves, fridge, vacuum, washer, dryer, etc.)
- Business account
- Household effects (dishes, cutlery, towels, lines, lamps, etc.)
- Vehicles

Step 2 Decide the value of the property in its current condition. This is the amount you could sell the property for right now. Write it in the column on the left under "estimated current market value".

Step 3 Find out the value of your interest. This means that you must decide how much your share in the property is worth. If you own the property by yourself, the amount you write in the column on the right is the same as for the column on the left. However if you share the property with someone else you need to know how much is yours. You may need to consult a lawyer. Write this amount in the column on the right under "value of my interest".

For example:

Charlie owns a business with Susan. Each person owns 50% of the business. The business is worth $100,000. Charlie writes $100,000 in the column on the left and $50,000 in the column on the right.

Step 4 **Appendix VI** has nine sections. At the bottom of each section add the columns in that section. Write the total of each column beside the word "TOTALS".

Note the following sections:

Section (v): Cash surrender value is the money you would receive after fees when you voluntarily cancel your permanent life insurance policy or annuity.

Section (vi) is for Accounts Receivable. This means any money that someone else owes you. It can be either business or personal.

Section (viii) is for property that you sold for less than fair market value or gave away after you separated. Write the amount that the property was worth in the column on the left. Write exactly what you received in exchange for the property in the column on the right.

Step 5 The totals for each section have a letter beside them. At the end of Appendix VI, add the amounts which you wrote beside the letters (a) to (i).

Step 6 Write the total of the column on the left beside the letter (j).

- This amount is your "**Total Value of Property**". Now go to Part C on the second page of the financial statement. Write the "**Total Value of Property**" amount in the box beside "Total Property."

Write the total of the column on the right beside the letter (k). This amount is your "**Total Value of My Interest in Property**".

- Now go to Part C on the second page of the financial statement. Write the "Total Value of My Interest in Property" amount in the box "Value of my share" beside "Total Property".

Appendix VII: Calculate Your Debts

Step 1 Make a list of all your debts. These do not need to be solely marital debt. Write the amount that you owe in the column on the left. If someone shares the debt with you, show how much of the debt is yours by writing the amount in the column on the right. If you do not share the debt with anyone, write the full amount of the debt in the column on the right.

Your debts may include:

- car loans
- a mortgage
- student loans
- credit card debts

Step 2 Add the column on the left. Write the total beside the letter (a). This amount is your "**Total Debts**".

Add the column on the right. Write the total beside the letter (b). This amount is your "**Total of My Share of Debts**".

Now go to Part C on the second page of the financial statement. Write the "**Total Debts**" amount in the box beside "**Total Debts**" and under "**Total Value**". Write the "**Total of My Share of Debts**" in the box beside "**Total Debts**" and under "**Value of my share**".

Now you can complete the beginning pages of your Financial Statement

- Look back at the total in each appendix that you filled out. Check them with the totals that you wrote down on the two pages of the financial statements in Parts A, B.1, B.2 and C.
- Do the calculations in each part of the financial statement you filled out. This means that you must subtract the amount in the middle box from the amount in the top box. Write the total in the bottom box of each part.
- If you have an employer, write the employer's name and address in item 2 of the financial statement following Part C.
- If you think your financial situation is going to change, explain the changes in item 3.
- Fill in item 4 if you want an order concerning the ownership of marital property.
- In item 5 you must swear that you have not given away or sold for less than fair market value, any property not listed in section viii of appendix VI.

Finally, when your financial statement is ready, you must sign it and swear to its accuracy before a commissioner of oaths.

Income Information

Generally, anyone whose application to the court includes a claim for child support is required to provide detailed income information along with his or her financial statement.

- A copy of your personal income tax returns filed with Revenue Canada or each of the three most recent taxation years together with all material that was filed with the returns.
- A copy of every notice of assessment or re-assessment that you have received from Revenue Canada for the three most recent taxation years.
- **For those who are an employee:** The most recent statement of earnings indicating the total earnings paid in the year to date, including overtime or, where such a statement is not available, a letter from your employer setting out that information, including your rate of annual salary or remuneration.
- **For those who are self-employed:** The following documents for the three most recent taxation years:
  - i) the financial statements of your business or professional practice, other than a partnership; and
  - ii) a statement showing a breakdown of all salaries, wages, management fees or other payments or benefits paid to, or on behalf of, persons or corporations with whom you do not deal with at arm's length.
- **For those who are partners in a partnership**: The following information about the partnership's three most recent taxation years:
  - i) your income from the partnership,
  - i) your draw from it, and
  - ii) your capital in it
- **For those who control a corporation**: The following documents for its three most recent taxation years.
  - i) the financial statements of the corporation and its subsidiaries; and
  - ii) a statement showing a breakdown of all salaries, wages, management fees or other payments or benefits paid to, or on behalf of, persons or corporations with whom you do not deal with at arm's length.
- **For those who are a beneficiary under a trust**: A copy of the trust settlement agreement and copies of the trust's three most recent financial statements.
- If you are not required to submit a financial statement or income information, it is a good idea to prepare the necessary documents anyway. Keep them on hand in case the court asks you for the information later on.

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www.legal-info-legale.nb.ca

www.familylawnb.ca

PLEIS-NB is a registered charity dedicated to educating the public about the law. The information in this guide is not a complete statement of the law in this area. Changes in the law may occur from time to time. Anyone needing specific advice on a particular legal situation should contact a lawyer.

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