

A collection of Canadian coins and a banknote is scattered at the top of the page. The coins include a 1996 Elizabeth II one-dollar coin, a 2008 Queen Elizabeth II fifty-cent coin, and a 2008 Queen Elizabeth II twenty-cent coin. The banknote is a 20-dollar note from the Bank of Canada, featuring the serial number BEZ6130415. The background is a light, textured surface.

TAX GUIDE

*Claim everything
you qualify for!*

HELPING YOU AND YOUR FAMILY

SAVE MORE

A MESSAGE FROM YOUR MEMBER OF PARLIAMENT

Canadians will soon be filing income tax returns and I would like to assist individuals and families in Perth—Wellington with taking advantage of all the important tax initiatives available.

I am pleased to deliver this Tax Guide to help ensure you will not miss out on important savings. As soon as you are ready to file your income tax returns, please have a look through the pages of this booklet for details regarding the tax benefits for which you may qualify.

Many of these programs were introduced by our previous Conservative Government in order to reduce the tax burden on Canadians.

Also included are details on several tax hikes and credit cuts introduced within the last year which could negatively impact the amount of tax you will have to pay now and in the future. Significant changes made to income tax brackets and child benefits will greatly affect the savings to which all Canadians have become accustomed. Combined with the loss of tax credits, many families will find they are paying more and getting less.

Please take note of all the tax information outlined in this guide, and feel free to contact my office with any comments or questions.



Sincerely,

A handwritten signature in black ink, appearing to read "John Nater". The signature is fluid and cursive.

John Nater, MP
Perth—Wellington

Contact the Canada Revenue Agency at 1-800-267-6999 or visit online for more information at www.cra-arc.gc.ca.

Some models depicted in this publication were chosen for illustrative purposes only.

Keep your receipts for tax purposes when you see this symbol!



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ALL CANADIANS

OPPORTUNITIES TO SAVE

Goods and Services Tax (GST) Credit

Four times a year, this tax-free payment helps individuals and families with modest incomes to offset all or part of the GST they pay.

If you have a spouse or common-law partner, only one of you can receive the credit. When you file your 2016 return, CRA will determine your eligibility and will advise those who are eligible to receive the credit.

Medical Expense Deductions

This credit applies to a number of eligible expenses – from home care services, to laser eye surgery, to orthopedics. The previous Conservative government expanded the deduction itself, as well as the list of expenses, to include costs associated with certain types of service animals (e.g. diabetes alert dogs). The amount you can claim is the total of your expenses minus \$2,237 or 3% of the claimant's income (whichever is less). There is no limit on the amount of eligible expenses a taxpayer can claim for himself or herself, a spouse or common-law partner, or a child under 18.

Public Transit Tax Credit

This credit is a non-refundable tax credit of 15% of the cost of your monthly or yearly public transit pass. This means if you buy a transit pass which costs \$100 per month, you could save \$180 per year. Canadians who choose public transit are making a choice that is good for the wallet and good for the environment.

Cross-Border Savings

It is imperative to Canadian families and our economy that the border between Canada and our largest trading partner, the United States of America, remain as efficient as possible. That is why the previous Conservative government increased the personal tax exemption limits for Canadian travellers.

Residents returning to Canada after being out of the country for at least 24 hours are exempt from paying duties and taxes on up to \$200 of goods purchased abroad. The exemption limit for those returning after at least 48 hours is \$800. Plus, Canadians can also rent a vehicle in the United States and bring it over the border to Canada. Taxes will be eliminated on these vehicles for Canadians who have been outside Canada for at least 48 hours.

First Time Donor's Super Credit

This credit encourages new donors to give to charity. It will increase the value of the federal Charitable Donations Tax Credit by 25 percentage points if neither the taxpayer nor their spouse has claimed the credit since 2007. Donors will receive a 40% credit for donations of \$200 or less, and a 54% credit for the portion of donations over \$200 but not exceeding \$1,000. (Note: the new credit can be claimed only once from the 2013-2017 taxation years.)

TAX HIKES & CREDIT CUTS: PAYING MORE, GETTING LESS

Carbon Tax

Beginning in 2018, the Liberal government will introduce a mandatory price on carbon that will cost the average family more than \$2,500 per year by 2022. It will add almost 10% to hydro bills and at least 15% to natural gas bills. It will also increase the price at the pumps by more than 11 cents per litre. (Source: *Canadian Taxpayers Federation, Canadian Tax Journal and Government of Alberta*)



Tax-Free Savings Accounts Rolled Back

The previous Conservative government's Tax-Free Savings Account (TFSA) was designed to help all Canadians work towards their short- and long-term financial goals. It is a flexible registered savings account available to all Canadians 18 years of age and older. Investment income, including capital gains, earned within the account is not taxed and withdrawals are tax-free.

The Conservatives had increased contribution room to \$10,000 to help Canadians save more, but the Liberal government clawed it back to \$5,500 as of January 1st, 2016. The maximum contribution room for 2017 will be indexed for inflation.

FAMILIES

OPPORTUNITIES TO SAVE

Child Care Expense Deductions

You can claim amounts you have paid to someone who looks after an eligible child in order for you to: earn income from employment; operate a business either alone or as an active partner; attend school; or conduct research.

The previous Conservative government increased the dollar limits parents can claim to \$8,000 from \$7,000 per child under age seven; to \$5,000 from \$4,000 for each child aged 7 through 16 (and for infirm children over age 16); to \$11,000 from \$10,000 for children who are eligible for the Disability Tax Credit.

Caregiver Amount & Family Caregiver Tax Credit

You can claim a maximum amount of \$4,667 under the Caregiver Amount if at any time in 2016 you (either alone or with another person) maintained a residence where you and the eligible dependant you supported lived. (A spouse or common-law partner is not considered your dependant for this purpose)



The previous Conservative government created the Family Caregiver Tax Credit to allow individuals supporting infirm dependants to claim an enhanced amount under other dependency related credits. The Family Caregiver Tax Credit is a 15% credit on an amount of \$2,121.

Child Disability Benefit

To recognize the additional costs which can add up when caring for a child with a severe disability, families can continue to claim the Child Disability Benefit. It is an amount of up to \$2,730 per eligible child.

Registered Disability Savings Plan

The previous Conservative government introduced the Registered Disability Savings Plan (RDSP) to ensure long-term financial security for Canadians

and families dealing with a severe disability. Over the years, we also made a number of enhancements. In particular, the Plan can help ensure a child's long-term financial security when the parents are no longer able to provide support.

Keep your receipts for tax purposes when you see this symbol!



Adoption Expense Tax Credit

This credit is a 15% non-refundable tax credit which allows adoptive parents to claim eligible adoption expenses related to the completed adoption of a child under the age of 18. The previous Conservative government created this initiative and increased the maximum amount of eligible expenses up to \$15,000 per child. Indexed to inflation, that amount has risen to \$15,453.

Scholarship and Bursary Exemption

Canada's students work hard to earn good grades while paying for their schooling. Hard-working students can continue to exempt scholarships, fellowships and bursaries from their income for income tax purposes.

TAX HIKES & CREDIT CUTS: PAYING MORE, GETTING LESS

Family Tax Cut Eliminated

The Liberal government has eliminated this initiative as part of their national child care plan, and it is not available for your 2016 tax return.

It provided up to \$2,000 in tax relief for couples with children under the age of 18 by allowing a high-income earner to transfer up to \$50,000 of taxable income to their spouse who is in a lower income tax bracket.

Last year to claim the Children's Fitness Tax Credit & Children's Arts Tax Credit

Your 2016 tax return will be the last time you can claim the Children's Fitness Tax Credit and the Children's Arts Tax Credit. Due to changes made in the 2016 Budget, the Liberal Government has eliminated them in future years.

As well, the amount you can claim this year has been reduced.

Despite the previous Conservative government allowing parents to claim up to \$1,000 per child under 16 for fees associated with sports programs, you may claim only \$500 on your 2016 return.

Similarly, parents who were previously eligible to claim up to \$500 per child under 16 for fees associated with arts programs, may claim only \$250 on their 2016 return.

Education Tax Credit & Textbook Tax Credit Eliminated

Your 2016 tax return will be the last time you can claim new amounts under the Education and Textbook Tax Credits.

The Liberal government has eliminated these initiatives replacing them with their new education plan which greatly affects the amount of tax relief students can receive. Unused Education and Textbook Tax Credit amounts carried forward from years prior to 2017 will remain available to be claimed in subsequent years.



Carbon Tax

Beginning in 2018, the Liberal government will introduce a mandatory price on carbon emissions that will cost the average family more than \$2,500 per year by 2022. It will add almost 10% to hydro bills and at least 15% to natural gas bills. It will also increase the price at the pumps by more than 11 cents per litre. (Source: Canadian Taxpayers Federation, Canadian Tax Journal and Government of Alberta)

CPP Payroll Tax Hike

The planned expansion of the Canada Pension Plan (CPP) will take more money from the pay cheques of hard-working Canadians and their employers. Currently, CPP premiums are 9.9% of employee earnings between \$3,500 and \$54,900, with the contributions split evenly between employer and employee. Under the Liberal plan, starting in 2019, the premium will rise 0.5% every year until it reaches 11.9% in 2023. Over the following two years, the government will raise the level of pensionable earnings by 14% to \$82,700 in 2025. The additional pensionable earnings will be subject to a new 8% premium, also split between employer and employee. As a result, annual CPP premiums will rise by up to \$2,200 per worker, reducing household incomes and making it more expensive for businesses to create jobs. (Source: Finance Canada)

SENIORS

OPPORTUNITIES TO SAVE

Home Accessibility Tax Credit

Through an initiative delivered by the previous Conservative Government, seniors and persons with disabilities who are eligible for the Disability Tax Credit are considered qualified for tax relief of 15% on up to \$10,000 in eligible expenses. To be eligible, expenses must be incurred in relation to a renovation allowing for better mobility and functionality, or reducing the risk of harm.

Pension Income Credit

Years ago, a non-refundable pension income credit was introduced to apply to the first \$1,000 of eligible pension income. A lot changed over the years, which is why the previous Conservative government increased the maximum amount of eligible pension income that can be claimed to \$2,000, resulting in more savings for seniors.

The Age Amount

While in government, the Conservatives increased the Age Amount by \$2,000 to help low and middle-income seniors keep more money to meet their needs. Based on these increases and adjustments for inflation, the Age Amount allows seniors to claim up to \$7,125 on their 2016 tax return, depending on an individual's net income.



Pension Income Splitting

The previous Conservative government introduced pension income splitting to help ease the tax burden and deliver fairness for Canadian pensioners.

In general, each individual Canadian pays taxes on his or her full income earned. Pension income splitting allows any Canadian resident who receives qualifying pension income to allocate to their spouse (or common-law partner), with whom they reside, up to one-half of that income. By doing so, a pensioner and their family can dramatically reduce their tax load.

Converting RRSPs to RRIFs

Registered Retirement Savings Plans (RRSPs) provide one of the best opportunities for Canadians to save for the future. Since RRSP contributions are not taxable below your RRSP deduction limit, they are an ideal way to plan for retirement. However, some Canadians were restricted due to the way RRSPs are structured. Even though they chose to work past 69 years of age, it was a requirement to convert their RRSP into a Registered Retirement Income Fund (RRIF) and begin making withdrawals.

The previous Conservative government increased the age limit for converting RRSPs to RRIFs from 69 to 71. Now, more Canadians have the freedom to choose when they convert their RRSPs.

TAX HIKES & CREDIT CUTS: PAYING MORE, GETTING LESS

Tax-Free Savings Accounts Rolled Back

The previous Conservative government's Tax-Free Savings Account (TFSA) is a popular savings vehicle for retirement. It is a flexible registered savings account, where investment income earned within the account (including capital gains) is not taxed; and withdrawals are tax-free.

The Conservatives had increased contribution room to \$10,000 to help seniors save more, but the Liberal government clawed it back to \$5,500 starting January 1st, 2016. The maximum contribution room for 2017 will be indexed for inflation.

Carbon Tax

Beginning in 2018, the Liberal government will introduce a mandatory price on carbon that will dramatically affect seniors living on a fixed income. It will add almost 10% to hydro bills and at least 15% to natural gas bills. It will also increase the price at the gas pumps by more than 11 cents per litre. *(Source: Canadian Taxpayers Federation, Canadian Tax Journal and Government of Alberta)*

WORKING CANADIANS AND SMALL BUSINESS OWNERS

OPPORTUNITIES TO SAVE

Working Income Tax Benefit

This benefit is a refundable tax credit delivered by the previous Conservative government that supplements the earnings of low-income workers to ensure they are not penalized for getting a job. For those low-income working Canadians with a disability who face even larger barriers to workforce participation, the WITB provides an additional disability supplement.

Canada Employment Amount

The Canada Employment Amount provides most employees of the public and private sectors (excluding the self-employed) with help to offset the cost of work-related expenses, such as home computers, uniforms and supplies. If you qualify for this amount, you can claim up to \$1,161 on your 2016 tax return.

Apprenticeship Job Creation Tax Credit

Employers who employ an **eligible** apprentice in a skilled trade in the first two years of an apprenticeship contract (registered with the federal, provincial, or territorial government) can be eligible to receive a non-refundable tax credit equivalent to 10% of the salaries and wages paid to the apprentice. Introduced by the previous Conservative government, this can translate into tax savings for an employer of up to \$2,000 per eligible apprentice.

Visit online for more information at www.red-seal.ca

Small Business Owners, Farmers and Fishermen

When a family farm, small business, or fishing enterprise passes from one generation to the next, the property – or shares – are subject to Capital Gains Tax. Previously, the first \$500,000 of the value was tax-free.

The previous Conservative government increased this exemption to \$800,000. For the 2016 tax year, as it is indexed for inflation, the exemption has increased again to \$824,176. We also increased the limit to \$1 million for owners of farm and fishing businesses.



Eligible Educator School Supply Tax Credit

Eligible educators can claim a 15% refundable tax credit on up to \$1,000 of supply purchases per year. Some examples include flashcards, arts supplies, writing materials, books for the classroom and more.

Volunteer Firefighters' Tax Credit

This is a 15% non-refundable tax credit based on an amount of \$3,000 for volunteer firefighters who perform at least 200 hours of service per year. Delivered by the previous Conservative government, the option to claim the exempt amount of up to \$1,000 for honoraria will remain in lieu of the credit, if desired.

Search and Rescue Volunteer Tax Credit

This is a 15% non-refundable tax credit based on an amount of \$3,000 to acknowledge the valuable contributions of ground, air, and marine search and rescue volunteers, who perform at least 200 hours of service per year. Delivered by the previous Conservative government, the option to claim the exempt amount of up to \$1,000 for honoraria will remain in lieu of the credit, if desired.



Tradespersons' Tools Deduction

This tax deduction on tools, delivered by the previous Conservative government, helps those tradespeople who often have to pay for their work expenses up front out of their own pockets.

Meal Expenses of Long-Haul Truck Drivers

The Canadian tax system generally limits business-related meal, entertainment, and other expenses to be deductible up to 50% only. The previous Conservative government raised the deductible portion of meal expenses for long-haul truck drivers to 80%.

Keep your receipts for tax purposes when you see this symbol!



TAX HIKES & CREDIT CUTS: PAYING MORE, GETTING LESS

CPP Payroll Tax Hike

The planned expansion of the Canada Pension Plan (CPP) will take more money from the pay cheques of hard-working Canadians and their employers. Currently, CPP premiums are 9.9% of employee earnings between \$3,500 and \$54,900, with the contributions split evenly between employer and employee. Under the Liberal plan, starting in 2019, the premium will rise 0.5% every year until it reaches 11.9% in 2023. Over the following two years, the government will raise the level of pensionable earnings by 14% to \$82,700 in 2025. The additional pensionable earnings will be subject to a new 8% premium, also split between employer and employee. As a result, annual CPP premiums will rise by up to \$2,200 per worker, reducing household incomes and making it more expensive for businesses to create jobs. (Source: Finance Canada)

Hiring Credit for Small Business Eliminated

The previous Conservative government's Hiring Credit for Small Business provided relief on an employer's share of EI premiums paid in a year to make it more affordable to hire new employees and grow their businesses. More recently, it has been known as the Small Business Job Credit. For the 2016 tax year, businesses that have EI premiums of \$15,000 or less will have their payroll taxes lowered by 15%. Unfortunately, the Liberal government has chosen not to extend this tax-saving initiative in future tax years.

EI Premium Rate Reduction Cancelled

The Liberals have decided to cancel planned reductions in Employment Insurance premiums. The previous Conservative government planned to lower the rate from \$1.88 per \$100 of insurable earnings to \$1.49 in 2017. Someone making \$50,000 per year would have seen their premiums drop from \$931 to \$738, savings of over \$190. Instead, the Liberals have announced the rate will be set at \$1.66, meaning workers and businesses will be paying more.

Scheduled Lowering of the Small Business Tax Rate Cancelled

Canadian small business owners were blindsided when the Liberal government broke this key promise made to them during the 2015 campaign. The government raised taxes on small business by keeping the small business tax rate at 10.5% instead of lowering it to the scheduled 9% by 2019. The Parliamentary Budget Office expects small businesses to pay an additional \$3.8 billion in taxes over the next five years.

HOME BUYERS

OPPORTUNITIES TO SAVE

First-Time Home Buyers' Tax Credit

This credit, delivered by the previous Conservative government, allows first-time home buyers to claim an amount of \$5,000 on qualifying homes purchased. It is also available to those who are not first-time home buyers but who are eligible for the Disability Tax Credit (DTC) if they purchase a more accessible or functional home.

Home Buyers' Plan

Under the Home Buyers' Plan, the previous Conservative government raised the amount Canadians can withdraw from their Registered Retirement Savings Plans (RRSP) for a down payment on their first home. We increased the maximum withdrawal amount to \$25,000.



TAX HIKES & CREDIT CUTS: PAYING MORE, GETTING LESS

New Liberal Housing Market Measures

The new Liberal housing market measures will greatly affect all Canadian homebuyers and homeowners. It is a one-size-fits-all approach that ignores the particulars of different markets. The measures make it harder to qualify for capital gains tax exemptions on sales of principal residences. The new rules also deliver a stress test on all insured mortgage applications, meaning it will be harder for first-time home buyers to get a mortgage.

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MAKE YOUR VOICE HEARD

With respect to personal income tax, should tax rates be:

- Raised Lowered Remain the Same

Do you support increasing CPP premiums, taking more money from every pay cheque, in order to enhance future CPP payments?

- Yes No Unsure

What should the priorities be for 2017 ? (check all that apply):

- Economy Small Business Taxes Environment
 Agriculture International Trade Electoral Reform

What are your thoughts on the tax initiatives outlined in this guide:

Other Comments:

Name _____

Address _____

City _____ Postal Code _____

Phone _____ Email _____

TAPE

Questions?

Contact the Canada Revenue Agency at
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