

## 1. [Helping Families Prosper](#)



# Helping Families Prosper

## Keeping Taxes Low

Canadians work hard for their money. And we know families are better placed to make spending decisions than governments. That is why our Government has lowered taxes year after year for Canadians.

For example, our Government:

- Cut the Goods and Services Tax from 7 to 6 to 5 per cent;
- Created Tax-Free Savings Accounts, which now benefit nearly 11 million Canadians;

- Reduced the lowest personal income tax rate to 15 per cent and increased the basic personal amount; and,
- Introduced the Children's Fitness Tax Credit and the Children's Arts Tax Credit.

Overall, the federal tax burden is at its lowest level in half a century. As a result of our Government's low-tax plan, the average Canadian family now pays \$3,400 less in taxes every year. Our Government has a proven record of cutting taxes for Canadian families. We have delivered on our promises. And, with balanced budgets now in sight, our Government is committed to greater tax relief for Canadian families.

## **Tax Relief and Benefits for Canadian Families**

Our proposed new measures to support families include:

- The Family Tax Cut, a federal non-refundable tax credit of up to \$2,000 for couples with children under the age of 18, effective for the 2014 taxation year.
- An enhanced Universal Child Care Benefit that would provide an increased benefit of up to \$1,920 per year for children under the age of 6, and a new benefit of up to \$720 per year for children aged 6 through 17, effective January 1, 2015.
- A \$1,000 increase in the maximum dollar amounts that can be claimed under the Child Care Expense Deduction, effective for the 2015 taxation year.

In 2015–16 alone, these measures would provide benefits to about 4 million Canadian families with children. The average tax relief and benefits for these families would be \$1,140.

### **A New Family Tax Cut**

For couples with minor children, the new Family Tax Cut would allow a spouse to, in effect, transfer up to \$50,000 of taxable income to a spouse in a lower tax bracket, providing tax relief up to a maximum benefit of \$2,000. Tax relief is calculated on the basis of the difference in federal tax before and after the effective transfer of income.

This proposed measure would take effect as of the 2014 taxation year. Families would see the benefit of this new credit starting in the spring of 2015 when they file their tax returns for 2014.

### **An Expanded Universal Child Care Benefit**

In 2006, the Government introduced the Universal Child Care Benefit (UCCB), which provides all families with \$100 per month for each child under the age of 6. The UCCB currently provides direct federal support to approximately 1.7 million families with young children.

The Government is proposing to enhance the UCCB by increasing the benefit to \$160 per month from \$100 per month. Parents would receive up to \$1,920 per year for each child under the age of 6.

The Government is also proposing a new benefit of up to \$720 per year for children aged 6 through 17.

Enhanced payments for the UCCB would take effect as of January 2015 and would begin to be reflected in monthly payments to recipients in July 2015, pending parliamentary approval of the necessary legislation. The enhanced UCCB would replace the existing Child Tax Credit for the 2015 and subsequent taxation years.

## **An Increase in the Child Care Expense Deduction**

The Child Care Expense Deduction (CCED) allows child care expenses incurred to earn employment or business income, pursue education or perform research to be deducted from income for tax purposes. The Government proposes to increase the dollar limits of the CCED by \$1,000—i.e., to \$8,000 from \$7,000 per child under age 7, to \$5,000 from \$4,000 for each child aged 7 through 16 (and for infirm dependent children over age 16), and to \$11,000 from \$10,000 for children who are eligible for the Disability Tax Credit.

These changes would apply for the 2015 and subsequent taxation years.

## **Doubling of the Children's Fitness Tax Credit**

On October 9, 2014, the Government announced its intention to double the Children's Fitness Tax Credit (CFTC) to \$1,000 and make it refundable. Making the tax credit refundable would ensure that even those who do not earn enough to pay income taxes benefit from this measure.

Parents would be able to take advantage of the new \$1,000 maximum limit in the spring of 2015 when they file their tax returns for 2014. Beginning in the 2015 taxation year, the credit would become refundable, increasing benefits to low-income families.

The CFTC was introduced by the Government in 2006 to help promote physical fitness among children by making it more affordable for Canadian families to register their kids in fitness activities. When fully implemented, the enhancements to the CFTC would fulfill a commitment made by the Government in 2011. The enhancements would deliver additional tax relief to about 850,000 families who enroll their children in eligible fitness activities.

## Quick Facts About New Support for Canadian Families

- In 2015–16 alone, these new measures are expected to benefit about 4 million Canadian families, with average relief of \$1,140.
- Low- and middle-income families would receive about two-thirds of the overall benefits provided by these new measures.
- More than 1.7 million Canadian families would benefit from the new Family Tax Cut.
- The expanded Children’s Fitness Tax Credit would benefit 1.4 million families.
- Since 2006, all Canadians have benefited from significant tax relief, including a 2-percentage-point reduction in the Goods and Services Tax, broad-based personal income tax relief, the introduction of the Tax-Free Savings Account to help Canadians save, and the introduction of the Working Income Tax Benefit to help ensure that more low-income Canadians are financially better off as a result of getting a job.

“Our Government is focused on helping hard-working Canadian families make ends meet, by making important priorities like child care and after-school sports more affordable. Under this plan, every family with children will have more money in their pockets, to spend on their priorities as a family.”

—*Prime Minister Stephen Harper*

*Subject to parliamentary approval*

Find out more at [ActionPlan.gc.ca](http://ActionPlan.gc.ca)

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