

Canadian families pay too much tax. Conservatives help you pay less tax.

Since taking office in 2006 we have:

- Cut the GST to 5%
- Lowered income tax
- Delivered targeted tax cuts to students, families and seniors

But believe it or not, many Canadians still don't claim all they are entitled to.

Are **you** paying more than you need to?

Use this handy guide to make sure you get all the tax savings you deserve.

Sincerely,



Jim Abbott, MP

Kootenay - Columbia

250.417.2250

abbott@cyberlink.bc.ca

www.jimabbott.ca

Generally, a course qualifies if it was taken at the post-secondary level or (for individuals aged 16 or over at the end of the year) it develops or improves skills in an occupation and the educational institution has been certified by Human Resources and Social Development Canada (HRSDC).

In addition, you must have taken the course in 2007 or 2008. Not all fees can be claimed. More than \$100 for the year must have been paid to each educational institution whose fees you claim.

FORMS YOU SHOULD HAVE RECEIVED: For you to claim tuition fees paid to an educational institution in Canada, your institution has to give you either an official tax receipt or a completed Form T2202A, Tuition, Education, and Textbook Amounts Certificate.

For you to claim tuition fees paid to an educational institution outside Canada, your institution has to complete and give you either Form TL1.1A, Tuition, Education, and Textbook Amounts Certificate - University Outside Canada, Form TL1.1C, Tuition, Education, and Textbook Amounts Certificate - Commuter to the United States, or Form TL1.1D, Tuition Fees Certificate - Educational Institutions Outside Canada for a Deemed Resident of Canada, whichever applies.

Need help? Please call 1-800-959-8281.

General Information

For more information on any of these programs please go to:

www.cra-arc.gc.ca or call 1-800-267-6999

To download any of the forms and publications required to take advantage of the programs listed in this guide:

www.cra-arc.gc.ca/formspubs/menu-eng.html

For help accessing My Account, or using NETFILE, TELEFILE.

1-800-714-7257

Families save with Conservatives

- If you were enrolled full-time, you can claim \$400 per month;
- If you attended only part-time and you can claim a credit on [line 316](#)—Disability credit, you can claim \$400 per month;
- If you could attend only part-time because you had an impairment that restricted you in one of the activities listed at [line 316](#), but your condition was not **severe and prolonged**, you can claim \$400 per month. In this case, have an authorized person either complete [Part 3 of Form I2202](#) or give you a signed letter certifying your impairment;
- If you were enrolled part-time, you can claim \$120 per month.

NOTE: You can claim the education credit if you received a salary or wages while you were taking courses related to your job. This change applies to 2004 and subsequent years.

Textbook Tax Credit

You can claim the textbook credit if you are eligible to claim the education credit. If you are eligible to claim the education credit:

- Claim \$65 for each month you qualify for the full-time education credit or
- Claim \$20 for each month you qualify for the part-time education credit.

Need help? Please call 1-800-959-8281.

Tuition Tax Credit

ELIGIBLE TUITION FEES: The purpose of the tuition tax credit, and the education and textbook credit is to allow students to reduce their income taxes by taking into account eligible tuition fees and the education and textbook credits.

Table of Contents

Tax Cuts for Everyone

Goods and Services Tax (GST) Credit.....	2
Claiming Medical Expenses.....	2
Public Transit Passes Amount	3

Tax Cuts for Families

Child Care Expenses.....	3
Children's Fitness Tax Credit.....	4
Child Disability Benefit.....	5
Caregiver Amount.....	6

Tax Cuts for Seniors

Pension Income Splitting for Seniors.....	6
Age Tax Credit for Seniors.....	8
Registered Retirement Income Fund.....	8

Tax Cuts for Hard Working People

Apprenticeship Job Creation Tax Credit.....	9
Benefits for Farmers.....	10
Tradesperson Deduction for Tools.....	11

Tax Cuts for Students

Education Tax Credit.....	11
Textbook Tax Credit.....	12
Tuition Tax Credit.....	12

General Information.....	13
--------------------------	----

Families save with Conservatives

Families save with Conservatives

Tax Cuts for Everyone

Goods & Services Tax (GST) Credit

The GST credit is a tax-free quarterly payment that helps individuals and families with low and modest incomes offset all or part of the GST that they pay.

To receive the GST credit, *you have to apply for it*, even if you received it last year. On page 1 of your return, check the "Yes" box in the GST/HST credit application area and enter your marital status in the identification area. If you did not apply for it in the previous year, complete and send **Form T1-ADJ, T1 Adjustment Request**, or write a letter to your tax centre stating you would like to apply for the GST credit. Include your SIN and, if applicable, your spouse or common-law partner's SIN and net income.

If you have a spouse or common-law partner, be sure to complete the information in the identification area on page 1 of your return. Include his or her net income, *even if it is zero*. Enter his or her SIN if it is not on your personal label or if you are not attaching a label. Without this information, your application may be delayed. Only one of you can apply for the credit. *No matter which one of you applies, the credit will be the same. You must file your tax return every year to remain eligible.*

Need help? Please call 1-800-959-1953.

Claiming Medical Expenses

You can claim eligible medical expenses paid for by you or your spouse or common-law partner for medical expenses incurred by:

- Yourself;
- Your spouse or common-law partner; or
- Your or your spouse or common-law partner's children born in 1991 or later and who depended on you for support.

You can claim medical expenses paid in any 12-month period ending in 2008 and not claimed in 2007. Generally, you can claim all amounts paid, even if they were not paid in Canada. If you are filing a return for a person who passed away in

Families save with Conservatives

Tradesperson Deduction for Tools

If you are a tradesperson, you may qualify for a new tax deduction for the cost of eligible tools you bought.

The total cost of eligible new tools acquired by an employed tradesperson in a taxation year, in excess of \$1,019, are deductible up to a maximum of \$500 for that year.

For the cost of tools to qualify for the deduction you will need to complete two forms. To claim your credit, you will need to attach a completed **Form T777, Statement of Employment Expenses**, to your income tax return. Your employer will have to certify (using **Form T2200, Declaration of Conditions of Employment**) that you are required to acquire those tools as a condition of, and for use in, the employment.

Need help? Please call 1-800-267-6999.

Tax Cuts for Students

Education Tax Credit

You can claim this credit for each *whole or part month* in 2008 in which you were enrolled in a qualifying educational program. If you were under 16 at the end of the year, you can claim this credit only for courses you took at the post-secondary level.

Generally, you *cannot* claim the education credit if you:

- Received a grant or were reimbursed for the cost of your courses from your employer or another person with whom you deal at arm's length, other than by award money received;
- Received a benefit as part of a program (such as free meals and lodging from a nursing school); or
- Received an allowance for a program such as a training allowance.

The following credits apply for each month in which you were enrolled:

Families save with Conservatives

(Individuals). In addition, any unused credit may be carried back 3 years and carried forward 20 years.

Need help? Please call 1-800-959-5525.

Benefits for Farmers

CAPITAL COST ALLOWANCE (CCA): Many farmers will acquire a depreciable property, such as a building, machinery, or equipment, to use in their farming business. You cannot deduct the cost of the property when you calculate your net farming income for the year.

However, because these properties may wear out or become outdated over time, you can deduct their cost over a period of several years. The deduction for this is called capital cost allowance (CCA). Similar types of depreciable properties are grouped into various classes of capital cost. The class will determine the amount of CCA you can claim. Recent tax changes have in some cases accelerated the CCA deductions making it more effective for businesses including farmers.

CAPITAL GAINS: When you sell or transfer qualified farm property, it may also include a gain or loss from a mortgage foreclosure or conditional sales repossession. The lifetime capital gains exemption is \$750,000. This was recently increased, meaning you will pay significantly less tax through the sale of qualified farm property over your lifetime.

If you have a capital gain when you sell qualified farm property or qualified fishing property, you may be eligible for the \$375,000 per transaction capital gains deduction.

Need help? Please call 1-800-959-5525.



Families save with Conservatives

the tax year, these amounts can be claimed for any 24-month period prior to the date of death, if they were not claimed for any other year.

Need help? Please call 1-800-959-8281, or go to www.cra.gc.ca.

Public Transit Passes Amount

You can now claim the cost of monthly public transit passes or passes of longer duration, such as an annual pass. Public transit includes transit by local bus, streetcar, subway, commuter train or bus, and local ferry.

You, your spouse or common-law partner may claim the cost of transit passes (to the extent that these amounts have not already been claimed) for:

- Yourself;
- Your spouse or common-law partner; and
- Your, your spouse or common-law partner's dependent children under 19 years of age.

RECEIPTS: If you are filing a paper return, do not include your receipts and passes. Keep them in case the CRA asks to see them. If you are filing electronically, keep all of your documents.

Need help? Please call 1-800-959-8281.

Tax Cuts for Families

Child Care Expenses

Child care expenses are amounts you or another person paid to have someone look after an eligible child so that you or the other person could: earn income from employment; carry on a business either alone or as an active partner; or attend school.

The child must have lived with you or the



Families save with Conservatives

other person when the expense was incurred for the expense to qualify. Usually, you can only deduct payments for services provided in Canada by a Canadian resident. The parent with the **lower net income** must claim the child care expense.

Child care expenses can only be claimed for an eligible child, who is defined as your or your spouse or common-law partner's child; or a child who was dependent on you or your spouse or common-law partner, and whose net income in 2008 was \$9,600 or less.

The child must have been **under 16 years of age** at some time in the year. However, the age limit does not apply if the child was dependent on you or your spouse or common-law partner and was mentally or physically infirm.

To deduct child care expenses, please see Form T778, Child Care Expenses Deduction for 2008.

Need help? Please call 1-800-959-8281.

Children's Fitness Tax Credit

A non-refundable tax credit is available on eligible amounts of up to \$500 paid by parents to register a child under 16 years of age (on January 1, 2008) in an eligible program of physical activity. As with most other non-refundable tax credits, this credit is calculated by multiplying the eligible amount by the lowest marginal tax rate (15% in 2008).

In order to qualify for the tax credit, a program must be:

- Ongoing (either a minimum of eight weeks duration with a minimum of one session per week or, in the case of children's camps, five consecutive days);
- Supervised;
- Suitable for children; and
- Substantially all of the activities must include a significant amount of physical activity that contributes



Families save with Conservatives

NOTE: Because March 1, 2009, falls on a Sunday, we will consider a re-contribution made on March 2, 2009, to have been made on March 1, 2009.

Tax Cuts for Hard Working People

Apprenticeship Job Creation Tax Credit

This is a non-refundable tax credit equal to 10% of the eligible salaries and wages payable to eligible apprentices in respect of employment after May 1, 2006. The maximum credit an employer can claim is \$2,000 per year for each eligible apprentice.

WHO IS AN "ELIGIBLE APPRENTICE"? An eligible apprentice is someone who is working in a prescribed trade in the first two years of their apprenticeship contract.

The contract must be registered with a federal, provincial or territorial government under an apprenticeship program designed to certify or license individuals in the trade. A prescribed trade includes the 45 trades currently listed as Red Seal Trades. A full listing of eligible trades is available at www.red-seal.ca.

TO CLAIM: If you are an employer, you will be able to claim the credit on your Income Tax Return, on line 412 -

Investment tax credit, by filing Form T2038(IND), Investment Tax Credit



Families save with Conservatives

Age Tax Credit for Seniors

The age credit is targeted to low and middle income Canadians aged 65 or older on December 31, 2008. Increasing the age credit amount also means that more middle income seniors will be eligible for a portion of the credit.

For 2007, the non-refundable Age Amount is \$5,276 for an individual with net income up to \$31,524. The amount is reduced by 15 cents for every additional dollar of net income above this limit and is fully phased out when net income reaches \$66,697.

In the 2009 tax year, these amounts will again increase to ensure that minor income increases do not make Canada's seniors ineligible when filing their tax returns next year.

To calculate your eligibility, please refer to Line 301 on the Federal Worksheet 5000-D1. The age credit can reduce taxes to zero. Although unused portions will not be refunded, they may be transferred to a spouse or common-law partner to reduce his or her taxes owing.

Need help? Please call 1-800-959-8281.

Registered Retirement Income Fund

A RRIF is a retirement fund that you establish and that we register in order to provide income during your retirement. You transfer property into a RRIF from a Registered Retirement Savings Plan (RRSP), Registered Pension Plan (RRP) or from another RRIF.

In 2008, the government announced changes to the calculation of the 2008 required minimum withdrawal for RRIFs. This change reduces the minimum amount that a RRIF annuitant is required to withdraw by 25%. This change applies to all RRIF annuitants, regardless of their age.

If a RRIF annuitant received the full minimum amount based on existing law in 2008, the proposed changes allow the annuitant to re-contribute up to 25% of the 2008 minimum amount. This amount can be re-contributed to any of the annuitant's RRIFs, life income funds or other locked-in RRIFs. A re-contribution can also be made to an RRSP if the individual is 71 years of age or younger at the end of the year in which he or she makes the contribution. RRIF annuitants who want to make a re-contribution should contact their financial institution.

The re-contribution must be made by March 1, 2009.

to cardio-respiratory endurance, plus one or more of muscular strength, muscular endurance, flexibility, or balance.

You can only claim fees that are related to the cost of **registering** a child in an eligible program of physical activity. You can claim the tax credit for each child who was under 16 (or under 18 if eligible for the disability amount) at any time during the year, provided that another person has not already claimed the same fees and that the total claimed does not exceed the maximum amount that would be allowed if only one of you were claiming the tax credit. The year in which the tax credit can be claimed is determined by the date when the fees are paid, not when the activity takes place.

DON'T FORGET TO ASK FOR A RECEIPT: You should **request a receipt** from organizations providing eligible programs of physical activity in which your child is enrolled. The organizations will determine the part of the fee that qualifies for the tax credit.

Need help? Please call 1-800-959-8281.

Child Disability Benefit (CDB)

The Child Disability Benefit (CDB) is a tax-free benefit of up to \$2,395 per year (\$199.58 per month) for each child under the age of 18 with a severe and prolonged impairment in mental or physical functions in accordance with the Income Tax Act. A prolonged impairment is one that has lasted or can reasonably be expected to last for a continuous period of at least 12 months.

APPLYING FOR THE CHILD DISABILITY TAX CREDIT

The CDB is based on your income and is available to all those who qualify for the Canada Child Tax Benefit (CCTB). To receive the CDB, you must complete Part A of Form T2201, Disability Tax Credit Certificate, and have Part B completed and signed by a qualified practitioner. Send the completed form to your tax centre. These applications are processed throughout the year, so you don't have to wait until it is time to file your tax return to send in your form.

Need help? Please call 1-800-959-8281.

Families save with Conservatives

Families save with Conservatives

Caregiver Amount

If you *live with* a relative who is dependent on you because of a physical or mental infirmity, or in the case of a parent or grandparent born in 1943 or earlier, you may qualify for this amount.

If *at any time in 2008* you (either alone or with another person) maintained a dwelling where you and a dependant lived (a spouse or common-law partner is not considered your dependant for this purpose), you may be able to claim a maximum amount of \$4,095.

The dependant must have been one of the following individuals:

- Your or your spouse or common-law partner's child or grandchild; or
- Your or your spouse or common-law partner's brother, sister, niece, nephew, aunt, uncle, parent, or grandparent who was a resident in Canada. You cannot claim this amount for a person who was only visiting you.

In addition, you can claim an amount for more than one dependant as long as each one meets all of the following conditions. The dependant must have:

- Been 18 years of age or older when he or she lived with you;
- Had a net income (line 236) on his or her return, or what line 236 would be if he or she filed a return, of less than \$18,081; and
- Been dependent on you due to mental or physical infirmity or, if he or she is your or your spouse or common-law partner's parent or grandparent, born in 1943 or earlier.

If you were required to make support payments for a child, you cannot claim an amount on line 315 for that child. However, if you were separated from your spouse or common-law partner for only part of 2008 you can still claim an amount for that child on line 315 (plus any allowable amounts on line 305 and line 318) as long as you do not claim any support amounts paid to your spouse or common-law partner on line 220. You may claim whichever is better for you.

Need help? Please call 1-800-959-8281.

Tax Cuts for Seniors

Pension Income Splitting for Seniors

HOW WILL PENSION INCOME SPLITTING WORK? Both the individual receiving the eligible pension income and his or her spouse or common-law partner must agree to the allocation in their tax returns for the year in question. The pension income splitting allocation must be made one year at a time.

HOW MUCH PENSION INCOME CAN AN INDIVIDUAL SPLIT? Up to 50 per cent of eligible pension income.

WHAT INCOME QUALIFIES?

- Income in the form of a pension from a registered pension plan (RPP), regardless of the recipient's age (i.e. a pension from an employer-sponsored defined benefit plan or defined contribution plan); and
- Income from a registered retirement savings plan (RRSP) annuity, a registered retirement income fund (RRIF), a LIF (a locked-in RRIF), or a deferred profit sharing plan (DPSP) annuity, if the recipient is 65 years of age or older.
- While CPP income does not qualify as eligible pension income for the pension income credit, existing rules already permit CPP pensioners to split their CPP retirement benefit.

Spouses or common-law partners who are both at least 60 years of age can share up to 50 per cent of their CPP retirement benefit, with the split between the partners determined by the number of years they lived together during the period they were required to contribute to the plan.

DOES PENSION INCOME SPLITTING REALLY MATTER?

Jonathan Chevreau offered the following example in the November 1, 2006 National Post involving two retired couples with equal household incomes of \$62,000. One couple has incomes of \$51,000 and \$11,000, while the other has incomes of \$31,000 each. Until now, the first couple paid \$2,400 more in income tax each year. Beginning in 2007, that penalty has disappeared and each couple now pays the lower amount.

Need help? Please call 1-800-959-8281.



Families save with Conservatives

Families save with Conservatives