



TAX GUIDE

HELPING YOU AND
YOUR FAMILY

SAVE
MORE



A MESSAGE FROM YOUR MEMBER OF PARLIAMENT:

Dear Constituents,

Do you take advantage of all you're entitled to every year on your tax return? Most Canadians don't, even though our Conservative Government has reduced taxes in over 160 different ways – helping you and your family save more than ever before.

I'm pleased to deliver this Tax Guide to help ensure you won't miss out on important savings. The initiatives included on these pages are part of our Government's overall plan to reduce your tax burden. We've acted on our plan by:

- cutting the GST to 5 %
- reducing income taxes and keeping them low
- introducing the landmark Tax-Free Savings Account (TFSA) to help Canadians save
- delivering tax cuts for families, workers, seniors and job creators

In fact, our initiatives now help a typical Canadian family save nearly \$3,400 on average per year. Plus, we've provided about \$2.7 billion in annual targeted tax relief for seniors and pensioners.

Please feel free to contact my office with comments or questions regarding our Government's strong record on lower taxes.

CONTACT THE **CANADA REVENUE AGENCY** AT
1-800-959-8281
OR VISIT ONLINE FOR MORE INFORMATION AT
WWW.CRA-ARC.GC.CA

ALL MODELS DEPICTED IN THIS PUBLICATION WERE CHOSEN FOR ILLUSTRATIVE PURPOSES ONLY.



**REMEMBER TO
KEEP YOUR
RECEIPTS
WHEN YOU
SEE THIS IMAGE!**



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LOWER TAXES FOR ALL CANADIANS

Our Conservative Government has made lower taxes for all Canadians a priority since we were first elected in 2006. We've removed over 1 million low-income Canadians off the tax rolls all together. We increased the amount of income that all Canadians can earn before paying federal income tax at all and we reduced the personal income tax rate to 15%. Indeed, the federal tax burden is now the lowest it's been in 50 years. Read on to discover all the ways our Conservative Government is lowering taxes for Canadians from coast to coast to coast.

TAX-FREE SAVINGS ACCOUNT (TFSA)

Canadians have many reasons to save for the future; from home renovations to retirement, or even medical expenses. The Tax-Free Savings Account (TFSA) can help all Canadians work towards their short- and long-term financial goals.

Introduced by our Conservative Government in Budget 2008, the TFSA 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. Since 2009, Canadians have been able to contribute up to \$5,000 each year, and beginning in 2013, that amount

has increased to \$5,500. **As always, unused room is carried forward to the next year.** For example: If John opened a TFSA in January of 2013 and contributed \$2,000 that year, he will have room to deposit \$9,000 in 2014 (i.e. the leftover \$3,500 from 2013 + the full amount of \$5,500 for 2014).

It's important to remember that **withdrawn money can only be re-contributed in future years.** It cannot be re-contributed in the same year without penalty (e.g. if Jane has used all her contribution room and withdraws \$1,000 in April 2013, she cannot re-contribute that \$1000 until January 2014 at the earliest).

“Investment income, including capital gains, earned within the account is not taxed; and withdrawals are tax-free.”

VISIT ONLINE FOR MORE INFORMATION AT
WWW.TFSA.GC.CA

Contact your local financial institution to learn more about the rules of this important savings vehicle.

GOODS AND SERVICES TAX (GST) CREDIT

Our Conservative Government is committed to keeping taxes low and giving Canadians a break. The GST credit is a tax-free quarterly payment that helps individuals and families with modest incomes offset all or part of the GST that they pay. **Don't forget: to receive the GST credit, you have to apply for it every year come tax time.**

DEDUCT MEDICAL EXPENSES



Our Conservative Government is helping you meet your health care needs through a deduction for medical expenses. The Medical Expense Tax Credit applies to a whole host of eligible expenses – from home care services, to laser eye surgery, to orthopedics – that are in excess of the lesser of \$2,152 or 3 % of net income. 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



Canadians who choose public transit are making a choice that's good for the wallet and for the environment. Transit users can claim a non-refundable tax credit of 15% of the cost of their monthly or yearly public transit passes. This means that if you buy transit passes that cost \$85 per month, you could save over \$150 per year. That's like getting almost two months free.

“if you buy transit passes that cost \$85 per month, you could save over \$150 per year.”

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's why our Government increased the personal tax exemption limits for travelling Canadian consumers.

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

Our Conservative Government introduced the temporary First-Time Donor's Super Credit (FDSC) to encourage new donors to give to charity. The FDSC 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% federal credit for donations of \$200 or less, and a 54% federal credit for the portion of donations over \$200 but not exceeding \$1,000. (Note: the new credit can only be claimed once from the 2013-2017 taxation years.)

Remember: only donations of money made after March 20, 2013 will qualify for the FDSC.



LOWER TAXES FOR FAMILIES

UNIVERSAL CHILD CARE BENEFIT

Being a parent is about making choices. Our Conservative Government believes that, when it comes to children, parents know best. That's why we created the Universal Child Care Benefit (UCCB). The UCCB provides families with \$100 per month for each child under the age of 6. That's \$1,200 per child, per year.

The UCCB allows parents to decide what is best for their kids. Rather than try to apply a 'one-size-fits-all' approach, the UCCB lets parents choose. Whether that choice is daycare, staying with a relative, or having Mom or Dad stay home, the decision rests with parents, they are the experts.



CHILDREN'S FITNESS TAX CREDIT & CHILDREN'S ARTS TAX CREDIT



Our Conservative Government is taking action to help families with children meet their goals. At the same time, by participating in sports and the arts, kids learn the value of sportsmanship, unleashing their creativity and living healthy lifestyles.

The Children's Fitness Tax Credit allows parents to claim a tax credit on up to \$500 per child under 16 against the fees for sports and programs like ballet, hockey and soccer. The Children's Arts Tax Credit also allows parents to claim a tax credit on up to \$500 per child under the age of 16 against the fees for artistic and cultural activities, like art or music lessons.



CAREGIVER AMOUNT

Caring for a loved one who is dependent on you due to a physical impairment can be challenging both emotionally and financially. That's why our Conservative Government continues to provide Canadians with the Caregiver Amount.

If at any time in 2013 you (either alone or with another person) maintained a residence where you and the person you care for 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 \$4,490.

FAMILY CAREGIVER TAX CREDIT

The Family Caregiver Tax Credit is an additional way for those families who care for infirm relatives to save.

Caregivers will benefit by claiming an enhanced amount under other eligible credits, such as the Child Tax Credit or the Caregiver Amount. The Family Caregiver Tax Credit is a 15% credit on an amount of \$2,000. Plus, as of 2012, it now includes spouses, common-law partners and minor children.

THE CHILD DISABILITY BENEFIT & THE REGISTERED DISABILITY SAVINGS PROGRAM

Since we were elected in 2006, our Conservative Government not only increased the maximum annual Child Disability Benefit to \$2,626 for low and moderate-income families, but extended the benefit to ensure more families could be eligible for it. Put more simply, the benefit provides up to \$218.83 per month for each eligible child.

Our Conservative Government recognizes the special challenges faced by parents caring for a child with a severe disability. That's why, in Budget 2007, we introduced the Registered Disability Savings Plan (RDSP). This helps families ensure that a child's long-term financial security is provided for when they are no longer able to provide support.

Our Government is committed to ensuring that the RDSP continues to meet the needs of Canadians with severe disabilities and their families. That's why Budget 2012 delivered a number of enhancements to the RDSP, including greater flexibility for withdrawals and an expanded definition of who may be the plan holder of an RDSP.



CANADA CHILD TAX BENEFIT, THE CHILD TAX CREDIT & NATIONAL CHILD BENEFIT SUPPLEMENT

Low and middle-income families are getting a boost from our Conservative Government's increases to the Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBs).

These increases are resulting in *more* savings for those families who, in the past, would have just missed the eligibility mark. **For example, a low-income family with two children can bring in up to \$587.58 in additional savings.**

Plus, our Government's Child Tax Credit, available since 2007, will provide personal income tax relief of up to \$335 in 2013 for each child under the age of 18.

VISIT ONLINE FOR MORE INFORMATION AT WWW.NATIONALCHILDBENEFIT.CA

DEDUCT CHILD CARE EXPENSES

Caring for a child is never easy, especially while juggling other commitments like work or school. That's why our Conservative Government is providing parents with the ability to deduct child care expenses from your income.

These are amounts either 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; operate a business either alone or as an active partner; attend school; or conduct research.

**“\$587.58
in additional
savings”**

**DELIVERING
THE
SUPPORT
PARENTS
DESERVE.**



ADOPTION EXPENSE TAX CREDIT

To further help parents with the costs of adopting a child, our Conservative Government has enhanced the Adoption Expense Tax Credit.

As part of Budget 2013, we have extended the period during which parents can claim eligible adoption expenses, enabling them to claim initial costs that were not previously eligible – such as the fees for provincially-required home studies and mandatory adoption courses.

For adoptions that are finalized in 2013 and subsequent years, the credit will be determined by multiplying the amount claimed by the lowest income tax rate (15% for 2013) for expenses incurred from the time an initial application is made to begin the registration and adoption process.



TEXTBOOK AMOUNT & SCHOLARSHIP AND BURSARY EXEMPTION

Getting an education shouldn't be taxing. Canada's students work hard to earn good grades while paying for their schooling.

Our Conservative Government is helping ease the tax burden on hard-working students who achieve strong results by exempting scholarships, fellowships and bursaries from their income. We are also helping students and their families make post-secondary education more affordable and more attainable with the Textbook Tax Credit.

These are all ways that our Conservative Government is helping Canadian students achieve their dreams and full potential.



LOWER TAXES FOR SENIORS

DOUBLING THE PENSION INCOME AMOUNT

Canadian seniors have worked hard and paid their dues. That's why our Conservative Government is delivering real tax savings to help seniors keep more money in their pockets, where it belongs.

Not only have seniors paid taxes, they've also saved for retirement. Years ago, the Government of Canada introduced a

non-refundable pension income credit to apply to the first \$1,000 of eligible pension income. A lot has changed since then, which is why in 2006 we increased the maximum amount of eligible pension income that can be claimed to \$2,000. This results in even more savings that will make a real difference for pensioners.



“This results in even more savings that will make a real difference for pensioners.”

INCREASING THE AGE AMOUNT

Canadian seniors have worked hard to prepare for their retirement. That's why our Conservative Government increased the Age Amount, helping low and middle-income seniors keep more money to meet their needs.

Our Government increased this allowable amount by \$2,000, providing even more support to Canadian seniors. The Age Amount allows seniors with a net income of \$34,562 or less in 2013, aged 65 and over, to claim \$6,854, saving them as much as \$1,028 on their taxes this year. Please note that no Age Amount can be claimed once an individual's net income reaches \$80,256.

PENSION INCOME SPLITTING

To help ease the tax burden and deliver fairness for Canadian pensioners, our Conservative Government introduced Pension Income Splitting.

Generally, each individual Canadian pays taxes on their 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.

“pensioners can dramatically reduce their tax load”

INCREASING THE AGE LIMIT FOR 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, previously some Canadians were restricted by 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.

Our Conservative Government is taking action for Canadians nearing retirement. **We 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. We are delivering tax savings and choice for Canadian seniors.





LOWER TAXES FOR WORKING CANADIANS AND JOB CREATORS

HIRING CREDIT FOR SMALL BUSINESS

Small businesses are a vital part of our economy, and a crucial driver of job creation. That's why our Government was pleased to extend the Hiring Credit for Small Business for an additional year. **The initiative provides a credit**

of up to \$1,000 against a small employer's increase in its 2013 EI premiums, helping them expand and

hire more workers. By supporting job creators, our Conservative Government is staying focused on jobs and the economy.

POOLED REGISTERED PENSION PLANS

Saving for retirement is no easy feat, especially without access to a workplace pension. To make saving easier for the millions of Canadians who find themselves in this category, our Government delivered Pooled Registered Pension Plans (PRPPs). PRPPs provide a new, accessible, large-scale and low-cost pension option to employers, employees and the self-employed.



PUTTING MONEY BACK INTO THE POCKETS OF WORKING CANADIANS

WORKING INCOME TAX BENEFIT

For too long, many Canadians who relied on social assistance faced big challenges in joining the workforce. Our Conservative Government took action for workers through the Working

Income Tax Benefit (WITB). This benefit is a refundable tax credit that supplements the earnings of low-income


workers to ensure they aren't penalized for getting a job.

For 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

Having a job can mean many different work-related costs. But, why should work-related expenses limit the rewards of hard-working Canadians?

Our Conservative Government is putting money back into the pockets of working Canadians with the Canada Employment Amount. Most Canadian employees, excluding the self-employed, will qualify for a tax credit on up to \$1,117 in 2013. Our Conservative Government is making it easier for Canadians to keep the returns from their hard work.



"By supporting job creators, our Conservative Government is staying focused on jobs and the economy."



APPRENTICESHIP JOB CREATION TAX CREDIT

For businesses that are hoping to make the most of every dollar while continuing to employ tradespeople in training, our Conservative Government introduced the 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. 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



LOWER TAXES FOR 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. In years previous, the first \$500,000 of the value was tax-free.

Our Conservative Government increased this exemption to \$750,000. By increasing the Lifetime Capital Gains Exemption, our Conservative Government is taking real action to help keep family businesses where they belong: in the family.



VOLUNTEER FIREFIGHTERS TAX CREDIT

Many communities across Canada depend on volunteer firefighters to respond to fires and other emergencies. Brave volunteers sacrifice their time and put their lives at risk to save others. They also incur expenses.

That's why our Conservative Government created the Volunteer Firefighters Tax Credit, on an amount of \$3,000, for volunteer firefighters who perform at least 200 hours of service a year. However, if preferred, the option to claim the exempt amount of up to \$1,000 for honoraria will remain in lieu of the credit. We're acting to support volunteers and help sustain volunteer fire departments.



TRADESPERSONS' DEDUCTION FOR TOOLS

Construction and trade workers need tools to carry out their jobs each and every day. But often these hard-working Canadians have to pay for these expenses up front and out of their own pockets. That's why our Conservative Government has introduced a tax deduction on tools that will help tradespeople save money.

Workers in construction and the trades work hard for their money.

That's why our Conservative Government is working hard to help them save on their taxes.

MEAL EXPENSES OF LONG-HAUL TRUCK DRIVERS



When your job includes travelling Canada's roads, extra expenses will occur. From meals to gas, it can really add up. In general, the Canadian tax system limits business-related meal, entertainment, and other expenses to be deductible only up to 50%.

Our Conservative Government went one step further and raised the deductible portion of meal expenses for long-haul truck drivers to 80%. Long-haul truck drivers are getting more money back in their pockets for their time spent on Canada's roads.



LOWER TAXES FOR HOME BUYERS

FIRST-TIME HOME BUYERS' TAX CREDIT



The fees associated with purchasing a first home can really add up. To help Canadians with these costs, our Conservative Government introduced the First-Time Home Buyers' Tax Credit. The credit allows Canadians to save up to \$750 on qualifying homes purchased after January 27, 2009.

The First-Time Home Buyers' Tax Credit is also available to existing homeowners who are eligible for the Disability Tax Credit (DTC) who purchase a more accessible or functional home, or for the benefit of a DTC-eligible person who is related to the individual purchasing the home by blood, marriage, common-law partnership or adoption.

HOME BUYERS' PLAN

For many first-time home buyers or builders, saving for a down payment can be the most challenging part. To help Canadians saving for their first big purchase, our Conservative Government raised the amount Canadians can withdraw from their Registered Retirement Savings Plans (RRSP) for a down payment on their first home.

Through Canada's Economic Action Plan, our Conservative Government increased the maximum Canadians can withdraw from their RRSPs for a home purchase to \$25,000. Through these important actions, our Conservative Government is helping Canadians realize their dream of buying a new home.



HELPING
CANADIANS
BUY THEIR
FIRST HOME



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