

TAPE

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Contact the Canada Revenue Agency at
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TAX GUIDE

*Claim everything
you qualify for!*

**! BE AWARE: THE LIBERAL GOVERNMENT
HAS RAISED TAXES, CREATED NEW ONES
AND ELIMINATED EXISTING TAX CREDITS**

A MESSAGE FROM YOUR MEMBER OF PARLIAMENT

March 2017

Since day one of forming Canada's Official Opposition, Conservatives have been the voice of the taxpayer. This builds on our strong record of keeping taxes low for families during our years in government. For example, our low-tax measures helped the average Canadian family save over \$6,600 per year.

As it's soon time to file income tax returns, please have a look through the pages of this Tax Guide to ensure you claim all the tax benefits you qualify for. Throughout this guide you will see ways in which the Conservative government lowered taxes for Canadians. At the same time we have highlighted tax credits now being cut by the Liberal government, in addition to new Liberal taxes soon to come.

For example in 2016, the Liberal government made significant changes to income tax brackets and child benefits which will greatly affect the savings all Canadians have become accustomed to. Combined with the loss of tax credits, many families will find themselves paying more and getting less.

Despite betraying the middle-class by raising taxes, the Liberal government has plans to raise them even more. The Liberal Finance Minister has already confirmed the government will be looking to cut additional tax credits in preparation for the 2017 budget.

Please take note of both the tax savings and the tax hikes outlined in this guide. I welcome any comments or questions you may have.



Sincerely,

Chris Warkentin, MP

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Grande Prairie—Mackenzie

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

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

Keep your receipts for tax purposes when



HAVE YOUR SAY

Should the government work on keeping taxes low for families, seniors, small businesses and all Canadians?

☐ Yes ☐ No ☐ Unsure

Am I on the right track for the hard-working residents of Grande Prairie—Mackenzie?

☐ Yes ☐ No ☐ Unsure

Would you describe yourself as a (check all that apply):

☐ Stay-at-home-parent ☐ Senior ☐ Veteran
☐ Parent of a child under 18 ☐ Working Canadian

What are your thoughts on the tax initiatives outlined in this guide and what are your priorities for the 2017 Federal Budget?

Name

Address

City Postal Code

Phone Email

HOME BUYERS

Conservatives always worked hard to keep taxes low for home buyers. In response to the economic downturn of 2008, our temporary Home Renovation Tax Credit was one of our most popular initiatives. It helped families save on home renos while encouraging everyone to give Canada's consumer economy a boost. We've also delivered initiatives that help when saving for a down payment – one of the most challenging aspects of home ownership.

Unfortunately, cuts to tax credits outlined in this guide make life more expensive for all Canadians. On top of that, the government has introduced new taxes and is changing mortgage rules. Don't miss the end of this chapter to discover all the ways the Liberals are making it harder to buy a home.



OPPORTUNITIES TO SAVE

First-Time Home Buyers' Tax Credit

The credit, delivered by the previous Conservative government, allows first-time home buyers to claim an amount of \$5,000 on qualifying homes purchased. It's also available to those who are not first-time home buyers but who are eligible for the Disability Tax Credit (DTC) when 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.

HIGHER TAXES FOR HOME BUYERS

New Liberal Housing Market Measures

The new Liberal housing market measures will greatly affect all Canadian homebuyers and homeowners. It's 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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ALL CANADIANS

Conservatives have always made lower taxes a priority. During our time in government, we removed over 1 million Canadians from the tax rolls altogether. We increased the amount Canadians can earn tax-free, and cut the lowest personal income tax rate to 15%. Under Conservatives, the federal tax burden was the lowest in half a century.

Unfortunately, the Liberal government is hiking taxes on all Canadians. Don't miss the end of this chapter to discover all the ways the Liberals are raising your taxes.

OPPORTUNITIES TO SAVE

Goods and Services Tax (GST) Credit

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

If you have a spouse or common-law partner, just 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 that if you buy a transit pass that costs \$100 per month, you could save \$180 per year. That's like getting almost two months free. Canadians who choose public transit are making a choice that's good for the wallet and 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's 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. 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.

HIGHER TAXES FOR CANADIANS AND JOB CREATORS

CPP Tax Hike

The planned expansion of the Canada Pension Plan (CPP) will take more money from the paycheques 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 Scrapped

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 help spur job creation. More recently, it's 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 scrapped this tax-saving initiative.

EI Premium Rate Hike

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 \$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.

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. Previously, the first \$500,000 of the value was tax-free.

The previous Conservative government increased this exemption to \$800,000. And for the 2016 tax year, as it is indexed for inflation, the exemption has increased again to \$824,176. We went on to increase 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 only up to 50%. The previous Conservative government raised the deductible portion of meal expenses for long-haul truck drivers to 80%.

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 only be claimed once from the 2013-2017 taxation years.)

HIGHER TAXES FOR ALL CANADIANS

Carbon Tax

Starting 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. It will add at least 15% to natural gas bills. And it will 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 starting January 1st, 2016. The maximum contribution room for 2017 will be indexed for inflation.

FAMILIES

Conservatives always worked hard to keep taxes low for families. We delivered tax credits for children's sports and arts activities, as well as tax credits for education expenses including textbooks. Under Conservatives, the average Canadian family saved more than \$6,600 per year.

Unfortunately, the Liberal government is hiking taxes on Canadian families. Don't miss the end of this chapter to discover all the ways the Liberals are raising your taxes.



OPPORTUNITIES TO SAVE

Child Care Expense Deductions

You can claim amounts you've paid to have someone look after an eligible child in order 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 that parents can claim to \$8,000 from \$7,000 per child under age seven, \$5,000 from \$4,000 for each child aged 7 through 16 (and for infirm children over age 16), and \$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 that can add up when it comes to 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.

WORKING CANADIANS AND JOB CREATORS

Conservatives always worked hard to keep taxes low for working Canadians and job creators. We understand that small businesses are the drivers of Canada's economy. We're proud of our record of reducing red tape and making it more affordable for businesses to hire workers. We delivered a number of tax initiatives to help working Canadians and businesses keep more of their own hard-earned money.

Unfortunately, the Liberal government is hiking taxes on working Canadians and job creators. Don't miss the end of this chapter to discover all the ways the Liberals are raising your taxes.

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 aren't 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 sector (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.



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, some Canadians have been 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.

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.



HIGHER TAXES FOR SENIORS

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

Starting 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. It will add at least 15% to natural gas bills. And it will 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)

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

Adoption Expense Tax Credit



This credit is a 15% non-refundable tax credit that allows adoptive parents to claim eligible adoption expenses relating 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



Getting an education shouldn't be taxing. Canada's students work hard to earn good grades while paying for their schooling. That's why hard-working students can continue to exempt scholarships, fellowships and bursaries from their income for income tax purposes.

HIGHER TAXES FOR FAMILIES

Family Tax Cut Scrapped

The Liberal government scrapped 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 spouse to transfer up to \$50,000 of taxable income to their spouse who is in a lower income tax bracket.

Children's Fitness Tax Credit & Children's Arts Tax Credit Scrapped



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, thanks to the Liberal government scrapping them as part of their national child care plan. And, the amount you can claim this year has been lowered.

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 only claim \$500 on your 2016 return.

And despite the previous Conservative government allowing parents to claim up to \$500 per child under 16 for fees associated with arts programs, you may only claim \$250 on your 2016 return.

Education Tax Credit & Textbook Tax Credit Scrapped

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 scrapped 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

Starting 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. It will add at least 15% to natural gas bills. And it will 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 Tax Hike

The planned expansion of the Canada Pension Plan (CPP) will take more money from the paycheques 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

Conservatives always worked hard to keep taxes low for seniors. We delivered a number of tax-saving initiatives to help seniors keep more money in their pockets, where it belongs.

Unfortunately, the Liberal government is hiking taxes on seniors. Don't miss the end of this chapter to discover all the ways the Liberals are raising your taxes.

OPPORTUNITIES TO SAVE

Home Accessibility Tax Credit

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

Doubling the Pension Income Amount

Years ago, a non-refundable pension income credit was introduced to apply to the first \$1,000 of eligible pension income. A lot has changed since then, which is why the previous Conservative government 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.

Increasing the Age Amount

While in government, 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 the 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.

Generally, 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.

