

TAX GUIDE

KEEPING YOUR
TAXES LOW



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LOWER TAXES

MESSAGE FROM YOUR MEMBER OF PARLIAMENT

DEAR RESIDENTS OF KELOWNA - LAKE COUNTRY,

Every year, many Canadians miss out on important savings come tax time. There are plenty of opportunities to save; but unfortunately, many of us don't know what we're entitled to. This year, get the most out of your 2011 income tax return with help from our Conservative Government's Tax Guide.

Since 2006, our Government has helped Canadians by reducing taxes in over 120 different ways. These include:

- cuts to the GST
- reductions in income taxes
- introduction of the landmark Tax-Free Savings Account (TFSA) to help Canadians save
- targeted tax cuts for families, seniors, and job creators

In total, we have helped a typical Canadian family save nearly \$3,100 on average per year.

Sincerely,

Ron Cannan, MP

Do you have questions?

Please do not hesitate to contact the Canada Revenue Agency at 1-800-959-8281, or online at www.cra-arc.gc.ca, for more information.

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LOWERING TAXES FOR ALL CANADIANS

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.

Our Conservative Government's TFSA is a flexible, registered savings account. Investment income, including capital gains, earned within the account is not taxed; and withdrawals are tax-free. Canadians who are 18 and older can contribute up to \$5,000 each year. For example: If John only deposited \$2,000 into his TFSA in 2011, and assuming he used all his contribution room in 2009 and 2010, he will have room to deposit \$8,000 in 2012 (i.e. the leftover \$3,000 from 2011 + the full \$5,000 for 2012).

It's important to remember that **withdrawn money can only be re-contributed in future years**.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 2011, she cannot re-contribute that money until January 2012).

Contact your local financial institution or visit www.tfsa.gc.ca to learn more about the rules around this important savings vehicle.

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GOODS AND SERVICES TAX (GST) CREDIT

Conservatives are committed to keeping taxes low and giving Canadians a break every way we can. 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

Conservatives are 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 \$2,052 or 3 per cent of net income. There is no limit on the amount of expenses a taxpayer can claim for himself or herself, a spouse or common-law partner, or a child under 18. This year, as part of Budget 2011, our Government went one step further to remove the claim limit for those who care for an aging parent, sibling or other relative. You can claim medical expenses paid in any 12-month period ending in 2011 and not claimed in 2010.

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 per cent 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.

Our Government's Public Transit Tax Credit is making it more affordable to get you where you need to go, while helping our environment at the same time.

For more details, visit
www.transitpass.ca

FOR MORE INFORMATION

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OR VISIT WWW.CRA-ARC.GC.CA



LOWERING 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, as it should.

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, new this year, allows parents to claim a tax credit on up to \$500 per child under the age of 16 against the fees for artistic



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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 2011 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 \$4,282.

THE CHILD DISABILITY BENEFIT & THE REGISTERED DISABILITY SAVINGS PROGRAM

Since elected in 2006, our Conservative Government not only increased the maximum annual Child Disability Benefit to \$2,300 for low and moderate-income families, but extended the benefit to ensure *more* families could be eligible for it.

We also created the Registered Disability Savings Plan (RDSP). Like the Registered Education Savings Plan (RESP), this action by our Government provides Canadian families with a new option to save for their children's future.

CANADA CHILD TAX BENEFIT & 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 \$438 in *additional* savings.

For more details,
please visit
www.nationalchildbenefit.ca



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LOWERING TAXES FOR FAMILIES

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.

SCHOLARSHIP & BURSARY EXEMPTION AND THE TEXTBOOK TAX CREDIT

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



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LOWERING 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.

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.



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LOWERING 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.

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 less than \$32,961 in 2011, aged 65 and over, to claim up to \$6,537, saving them as much as \$981 on their taxes this year. The middle-income claim cut-off is \$76,541.

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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.

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, 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.



FOR MORE INFORMATION

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LOWERING 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. Our Conservative Government created the Hiring Credit for Small Business, a temporary credit of up to \$1,000 against an increase in EI premiums over the previous year, to help small businesses expand and hire more workers.

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

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 \$1,061 in 2011. Our Conservative Government is making it easier for Canadians to keep the returns from their



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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.

Our Conservative Government created the new 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 new credit. We're acting to support volunteers and help sustain volunteer fire departments.

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.



FOR MORE INFORMATION

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LOWERING TAXES FOR WORKING CANADIANS AND JOB CREATORS

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 per cent 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.

A complete list of eligible apprentice trades can be found at: www.red-seal.ca

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.



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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 per cent.

Our Conservative Government raised the deductible portion of meal expenses to 80 per cent for 2011 and future years. Long-haul truck drivers are getting more money back in their pockets for their time spent on Canada's roads.



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