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## **2014 Budget- Tax break for Canadian Families**

The proposed new measures include:

The Family Tax Cut, a federal tax credit that will allow a higher-income spouse to transfer up to \$50,000 of taxable income to a spouse in a lower tax bracket. The credit will provide tax relief – capped at \$2,000 – for couples with children under the age of 18, effective for the 2014 tax year. Income splitting is helping seniors across the country, which is why the Government is now proposing similar relief for families.

- Increasing the Universal Child Care Benefit (UCCB) for children under age six. As of January 1, 2015, parents will receive a benefit of \$160 per month for each child under the age of six – up from \$100 per month. In a year, parents will receive up to \$1,920 per child.
- Expanding the UCCB to children aged six through 17. As of January 1, 2015, under the expanded UCCB, parents will receive a benefit of \$60 per month for children aged six through 17. In a year, parents will receive up to \$720 per child.
- Increasing the Child Care Expense Deduction dollar limits by \$1,000, effective for the 2015 tax year. The maximum amounts that can be claimed will increase to \$8,000 from \$7,000 for children under age seven, to \$5,000 from \$4,000 for children aged seven through 16, and to \$11,000 from \$10,000 for children who are eligible for the Disability Tax Credit.

Families can claim the Family Tax Cut in the spring of 2015 when they file their 2014 tax returns. They will begin to receive payments under the enhanced UCCB in July 2015. The July UCCB payment will include up to six months of benefits to cover the period from January through June 2015.

The enhanced UCCB will replace the existing Child Tax Credit for the 2015 and subsequent taxation years.

## **Quick Facts**

All families with children will benefit from the new measures introduced by our Government. The average tax relief and benefits for these families will be \$1,140 in 2015.

- Low and middle-income families will receive two-thirds of the overall benefits provided by the package.
- The Family Tax Cut will eliminate or significantly reduce the difference in the federal tax payable by a one-earner couple relative to a two-earner couple with a similar family income.
- Government announced its intention to double the Children's Fitness Tax Credit and make it refundable. The maximum amount of expenses that may be claimed under the credit will be doubled from its current limit to \$1,000 for the 2014 tax year and subsequent tax years, and the credit will be made refundable effective for the 2015 and subsequent tax years.