

DID YOU KNOW?

The Canadian Government is working to strengthen rural health care by partially forgiving loans for doctors and nurses who choose to practice in rural and remote areas of Canada.

Not only will this help alleviate high education costs for our hard-working doctors and nurses, it will also give Canadians in rural Canada increased access to quality health care. Applicants for loan forgiveness will begin to receive benefits in spring 2013.

Learn to better manage your money and feel more secure in your financial future with *Your Financial Toolkit*. Visit www.fcac-acfc.gc.ca and look for the Your Financial Toolkit page to learn more.

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

TAX | GUIDE

TAX SAVINGS FOR YOU AND YOUR FAMILY



HON. DIANE ABLONCZY, MP
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A MESSAGE FROM YOUR MEMBER OF PARLIAMENT:

Dear Constituents,

Did you know the Canadian Government has reduced taxes in over 140 different areas since taking office in 2006? This certainly helps all Canadians come income tax time; and yet, many of us still won't take advantage of all we're entitled to on our 2012 return.

I'm pleased to provide this Tax Guide on my website to help ensure you and your family won't miss out on important savings. The initiatives included on these pages are part of the Government's broader plan to reduce your tax burden, a plan that has also included:

- cutting the GST to 5 per cent
- 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, these initiatives have helped a typical Canadian family save more than \$3,100 on average per year. Plus, seniors and pensioners will receive around \$2.5 billion in targeted tax relief for the 2012-2013 fiscal year.

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

Sincerely,
Hon. Diane Ablonczy, MP
Calgary-Nose Hill

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

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



HELPING
CANADIANS
BUY THEIR
FIRST HOME



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 the 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 the 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 per cent.

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



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LOWER TAXES FOR ALL CANADIANS

The Government has made lower taxes for all Canadians a priority since coming to office in 2006. Over 1 million low-income Canadians have been removed from the tax rolls all together and the amount of income that all Canadians can earn before paying federal income tax has been increased. Those who earn enough to pay tax also benefit from a reduction in the lowest personal income tax rate to 15 per cent. Read on to discover all the ways the 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.

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. The Government recently announced an increase in the TFSA's contribution room by \$500, helping account holders save even more.

Starting in 2013, Canadians will be able to contribute up to \$5,500 each year.

As always, unused room is carried forward to the next year. For example: If John opened a TFSA in January of 2012 and contributed \$2,000 that year, he will have room to deposit \$8,500 in 2013 (i.e. the leftover \$3,000 from 2012 + the new full amount of \$5,500 for 2013).

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 2012, she cannot re-contribute that money until January 2013).

“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.



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.

The Government increased this exemption to \$750,000. By increasing the Lifetime Capital Gains Exemption, the 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 the 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 new credit. The Government is acting to support volunteers and help sustain volunteer fire departments.



APPRENTICESHIP JOB CREATION TAX CREDIT

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

VISIT ONLINE FOR MORE INFORMATION AT
WWW.RED-SEAL.CA

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 the Government was pleased to announce the extension of the Hiring Credit for Small Business for one year. The initiative provides a credit of up to \$1,000 against a small employer's increase in its 2012 EI premiums, helping them expand and hire more workers.

By supporting job creators, the 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, the 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

For too long, many Canadians who relied on social assistance faced big challenges in joining the workforce. The 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?

The Canadian 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 \$1,095 in 2012.** The 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.”

GOODS AND SERVICES TAX (GST) CREDIT

The Government is committed to keeping taxes low and giving Canadians a break every way it 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

The 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 \$2,109 or 3 per cent 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.

“There is no limit on the amount of eligible expenses a taxpayer can claim”

New this year: As part of Budget 2012, the Government added blood coagulation monitors – including associated disposable tools such as pricking devices, lancets and test strips – to the list of eligible expenses when prescribed by a medical practitioner. This will apply to expenses incurred after 2011.

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.

The 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.

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, as part of Budget 2012, the Government increased the personal tax exemption limits for travelling Canadian consumers.**

Effective June 1, 2012, 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 now \$800. Plus, Canadians can now 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.

LOWER TAXES FOR FAMILIES

UNIVERSAL CHILD CARE BENEFIT

Being a parent is about making choices. The Canadian Government believes that, when it comes to children, parents know best. That's why it 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.

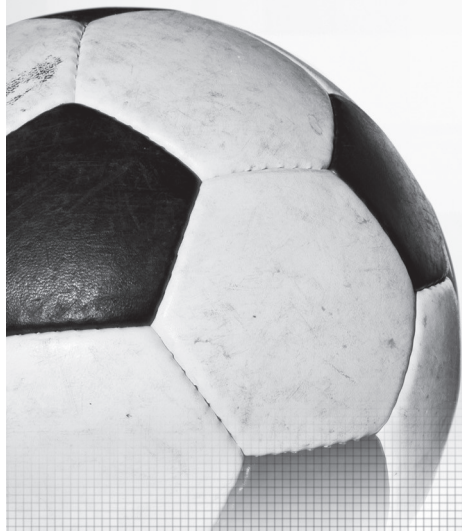


CHILDREN'S FITNESS TAX CREDIT & CHILDREN'S ARTS TAX CREDIT



The 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.



PENSION INCOME SPLITTING

To help ease the tax burden and deliver fairness for Canadian pensioners, the 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, pensioners 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, 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.

The Government is taking action for Canadians nearing retirement. **It 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, creating choice for Canadian seniors.



LOWER TAXES FOR SENIORS

DOUBLING THE PENSION INCOME AMOUNT

Canadian seniors have worked hard and paid their dues. That's why the 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 the maximum amount of eligible pension income that can be claimed was increased to \$2,000. This results in even more savings that will make a real difference for pensioners.



“EVEN MORE SUPPORT TO CANADIAN SENIORS.”

INCREASING THE AGE AMOUNT

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

The 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 \$33,884 or less in 2012, aged 65 and over, to claim \$6,720, saving them as much as \$1,008 on their taxes this year. The middle-income claim cut-off is \$78,684.

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 the Government continues to provide Canadians with the Caregiver Amount.

If at any time in 2012 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 \$4,402.

FAMILY CAREGIVER TAX CREDIT

New this year for availability on your 2012 tax return is the Government's Family Caregiver Tax Credit. This 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 per cent credit on an amount of \$2,000. Plus, for the first time, it will include spouses, common-law partners and minor children.

THE CHILD DISABILITY BENEFIT & THE REGISTERED DISABILITY SAVINGS PROGRAM

Since 2006, the Canadian Government not only increased the maximum annual Child Disability Benefit to \$2,575 for low and moderate-income families, but extended the benefit to ensure families could be eligible for it. Put more simply, the benefit provides up to \$214.58 per month for each eligible child.

It also created the Registered Disability Savings Plan (RDSP). Like the Registered Education Savings Plan (RESP), this action by our Government helps provide long-term financial security for children with severe disabilities. **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 the Government's increases to the Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBs).

These increases are resulting in 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 \$555 in additional savings.** For more details, please visit www.nationalchildbenefit.ca

Plus, the Government's Child Tax Credit, available since 2007, will provide personal income tax relief of up to \$329 in 2012 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 the Government is providing parents with the ability to deduct child care expenses from your income.

“\$555 in additional savings”

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.



DELIVERING THE SUPPORT PARENTS DESERVE.

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.

The Government is helping ease the tax burden on hard-working students who achieve strong results by exempting scholarships, fellowships and bursaries from their income.

It is also helping students and their families make post-secondary education more affordable and more attainable with the Textbook Tax Credit.

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

“MAKE POST-SECONDARY EDUCATION MORE AFFORDABLE AND MORE ATTAINABLE WITH THE TEXTBOOK TAX CREDIT.”

