

GENERAL INCOME TAX BENEFIT GUIDE - 2007
WHAT'S NEW FOR 2007?

We list the major changes below, including income tax changes that have been announced, but were not law at the time of printing. If they become law as proposed, they will be effective for 2007 or as of the dates indicated.

Elections Canada - A new citizenship question lets you declare your Canadian citizenship status and be added directly to the National Register of Electors. Also, if the return is filed for a deceased person, the Canada Revenue Agency will notify Elections Canada to remove the person's name from the National Register of Electors.

Installment payments - For 2008 and later years, the installment threshold for individuals has increased.

Pension income splitting (lines 115, 116, 129, and 210) - If you or your spouse or common-law partner received pension income that is eligible for the pension income amount, you may be eligible to split it for income tax purposes.

Taxable capital gains (line 127) - Under proposed legislation, for donations of publicly listed securities made after March 18, 2007, to an eligible private foundation, the capital gains inclusion rate is zero.

Other income (line 130) - Elementary and secondary school scholarships and bursaries are no longer taxable. If you received an *apprenticeship incentive grant*, include this amount on line 130.

Self-employment income (lines 135 to 143) - Under proposed legislation, the deductible part of certain meal and beverage expenses for long-haul truck drivers, incurred during an eligible travel period after March 18, 2007 has increased from 50% to 60%.

Registered retirement savings plan - The age limit for contributing to an RRSP is increased from 69 to 71. Also, after March 18, 2007, new investments have been added to the list of qualified investments.

Universal Child Care Benefit repayment (line 213) - In 2007, you or your spouse or common-law partner may have repaid an amount that was included in your or your spouse or common-law partner's income for 2006. The person who reported the UCCB income in 2006 may deduct this amount on line 213. The amount of the UCCB repayment to deduct is shown in box 12 of the RC62 slip.

Exploration and development expenses (line 224) – Effective January 2007, you can no longer deduct the *resource allowance*.

Other employment expenses (line 229) - Under proposed legislation, the deductible part of certain meal and beverage expenses for long-haul truck drivers, incurred during an eligible travel period after March 18, 2007, has increased from 50% to 60%.

Security options deductions (line 249) - Under proposed changes, gifts to eligible private foundations that are made after March 18, 2007, will also be eligible for the additional deduction.

Capital gains deductions (line 254) - Under proposed legislation, the lifetime capital gains exemption limit has increased for capital gains arising on the disposition of qualified farm and fishing property and qualified small business corporation shares made after March 18, 2007.

Northern residents deductions (line 255) - Under proposed legislation, the District Municipality of MacKenzie in British Columbia has been added to the list of prescribed intermediate zones.

Spouse or common-law partner amount (line 303) - You can claim this amount if, *at any time in the year*, you supported your spouse or common-law partner and his or her net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) was less than \$8,929. Calculate your amount on line 303 of your Schedule 1.

Amount for an eligible dependant (line 305) - You can claim this amount if your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) was less than \$8,929. Calculate your amount on line 305 of your Schedule 1.

Amount for children born in 1990 or later (line 367) - You can claim \$2,000 for each child who is under 18 years of age at the end of the year. Also, you may be able to transfer this amount to your spouse or common-law partner or to claim his or her amount.

Canada employment amount (line 363) - Claim the lesser of:

- \$1000; and
- the total of the employment income you reported on line 101 and line 104 of your return.

Public transit amount (line 364) - Under proposed legislation, you can also claim the cost of shorter duration passes if each pass entitles you to unlimited travel for an uninterrupted period of at least 5 days and you purchase enough of these passes so that you are entitled to unlimited travel for at least 20 days in any 28-day period. Under proposed legislation, you can claim the cost of electronic payment cards when used to make at least 32 one-way trips during an uninterrupted period not exceeding 31 days.

Children's fitness amount (line 365) - You can claim an amount for fees paid for registering your child in a prescribed program of physical activity. Conditions apply.

Investment tax credit (line 412) - Under proposed legislation, the deadline to claim a tax credit for renounced Canadian exploration expenses concerning flow-through share agreements has been extended. Under proposed legislation, you can claim an investment tax credit if you carry on a business and create one or more new *child care spaces* for children of your employees and other children.

Working income tax benefit (WITB) (line 453) - You may be able to claim this new refundable tax credit that is available to low-income individuals and families who have earned income from employment or business.