

Marmer Penner Inc. Newsletter

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October 2014 Mini-Budget On Children's Issues

Stephen Harper popped into the Jewish Community Centre in Vaughan yesterday and not just for a little finger painting with the kids. The federal government announced a three-pronged benefit for parents with children under age 18 as follows:

- a) A federal (meaning it will have no effect on provincial income taxes) income splitting non-refundable tax credit capped at \$2,000 of tax savings. This is to keep the income-splitting promise he made in 2011 once the annual federal deficit was eliminated but to limit the benefit for high-income earners;
- b) The deduction limits on child-care expenses, in general available to the lower-income parent, will be raised by \$1,000 per child; and
- c) A boost to the universal child care benefit to \$160 a month per child up to age six from the current \$100 per month, and a new credit of \$60 per month for children aged six to 17 years.

This is in addition to Harper's earlier child-friendly promise to double the children's fitness tax credit and make it a refundable credit.

The impact of these measures will be felt on spouses' net disposable incomes as these will now rise for at least one if not both parents and the cost of Section 7's may drop, too, because of the related tax savings for those which qualify as either child care expenses (e.g. nanny fees) or fitness activities (e.g. participation in hockey leagues).

All of these measures will go into effect in 2015. However, there is a no guarantee yet. Justin Trudeau has pledged to reverse the income-splitting credit if the Liberals win the next election.

This newsletter is not intended to substitute for proper professional planning. It is intended to highlight areas where professional assistance may be required or enough to discuss at the next hoedown. The professionals at Marmer Penner Inc. will be pleased to assist you with any matters that arise. Please feel free to visit our website at www.marmerpenner.com.