2017 Tax Credits

What are tax credits?

Tax credits help reduce or eliminate the amount of tax that you owe but are not the same as tax deductions. A tax deduction reduces your taxable income, with the actual amount of tax saved depending on your personal marginal rate of tax. A tax credit is different in that it's a deduction from tax owing. Significantly, every taxpayer receives the same tax relief with a tax credit, regardless of tax bracket.

Each province is free to either follow the federal system of tax credits or implement tax credits unique to that province. In many cases, the amount of the provincial credit will differ from its federal counterpart.

Here are 15 federal tax credits available to Canadian taxpayers for 2017:

▶ Age Amount Tax Credit

The age amount tax credit is a tax deduction for low- to middle-income people over the age of 65. Seniors with high income who don't qualify for the tax deduction can transfer the age amount to a spouse or common-law partner. The federal age amount for 2017 is $7,225 ($7,123 for 2016).

▶ Canada employment credit

Unlike self-employed workers, employees have few deductions available to them to claim against employment income. To help offset some of the work-related expenses they accrue, employees are entitled to claim a Canada Employment Credit. This credit is indexed for inflation each year, and the amount for 2016 is $1,161.

▶ First-time homebuyers' tax credit

Eligible first-time home buyers who acquire a home are entitled to claim a $5,000 non-refundable credit. An individual is considered a first-time home buyer if neither the individual nor the individual's spouse or common-law partner owned and lived in another home in the year of the home purchase or in any of the four preceding calendar years.

▶ Public transit tax credit

Canadians can claim the full amount they spend each year on eligible transit passes for buses, streetcars, subways, commuter trains and local ferries. This credit will be eliminated effective July 1, 2017.

▶ Disability tax credit

This is a non-refundable tax credit that taxpayers with disabilities can use to reduce the amount of income tax they have to pay. It includes a supplement for children under 18. In order to be eligible, a medical professional has to fill out and sign the T2201 tax form, the Disability Tax Credit Certificate, and the CRA has to approve the application. Budget 2017 proposes to add nurse practitioners to the list of medical practitioners that can certify the impacts of impairments for Disability Tax Credit applicants.

▶ Family caregiver tax credit

The government's support for caregivers through tax credits was revised in Budget 2017. A new tax credit replaces three tax credits previously in place—the Infirm dependent credit, the caregiver credit and the family caregiver tax credit. The credit starts to be phased out when the dependent's net income exceeds $16,163 net income and is completely phased out at $23,046. The maximum tax credit amount is $6,883 for those caring for infirm dependents, and can include parents/grandparents, brothers, sisters, aunts, uncles, nieces, nephews, adult children, spouse or common-law partner.

▶ Medical expense tax credit

This non-refundable tax credit allows you to claim eligible medical expenses that you incur for yourself, your spouse (or common-law partner) or your (or your spouse or common-law partner’s) children who were under age 18 and dependent on you for support. For 2016, you can claim eligible medical expenses to the extent that the amounts incurred exceed the lesser of $2,237 or 3% of your net income. In addition, you can claim medical expenses incurred for certain other dependent relatives.

Budget 2017 proposes to clarify the application of the medical expense tax credit so that individuals who require medical intervention to conceive a child are eligible to claim the same expenses that would generally be eligible for individuals on account of medical infertility. This measure will apply to the 2017 and subsequent taxation years.

▶ Textbook tax credit

Students must first claim their credit on their own returns, but may be able to transfer unused amounts to a parent, grandparent, spouse or common-law partner. Although the credit will be eliminated for the 2017 and subsequent taxation years, unused credit amounts carried forward from years prior to 2017 will remain available to be claimed in 2017 and subsequent years.

▶ Tuition tax credit

Budget 2017 expanded eligibility for the Tuition tax credit to include occupational skills courses that are not at a post-secondary level. As long as the student is over age 16, any institution that provides added skills will qualify for the credit. These changes will take effect as of the 2017 tax year.

▶ Canada child benefit (CCB)

Under Budget 2016, the federal government replaced the Canada child tax benefit (CCTB) and the universal child care benefit (UCCB) with the new Canada Child Benefit (CCB), effective July 1, 2016. The Canada Child Benefit will provide a maximum benefit of $6,400 per child under the age of 6 and $5,400 per child aged 6 through 17. On the portion of adjusted family net income between $30,000 and $65,000, the benefit will be phased out at a rate of 7 per cent for a one-child family, 13.5 per cent for a two-child family, 19 per cent for a three-child family and 23 per cent for larger families. Where adjusted family net income exceeds $65,000, remaining benefits will be phased out at rates of 3.2 per cent for a one-child family, 5.7 per cent for a two-child family, 8 per cent for a three-child family and 9.5 per cent for larger families, on the portion of income above $65,000.

▶ Mineral exploration tax credit

This tax credit provides an incentive for Canadians to invest in flow-through shares issued to finance early-stage mineral exploration by junior companies. It was scheduled to expire on March 31, 2017, but the government proposes to extend it for another year, until March 31, 2018.

▶ Apprenticeship job creation tax credit

Employers can claim up to 10% of the eligible wages payable to eligible apprentices. The maximum credit an employer can claim is $2,000 per year for each apprentice.

▶ Tradesperson's tool deduction

If you have purchased eligible tools to earn employment income as a tradesperson or apprentice, you may be able to deduct their cost, including any goods and services tax (GST), provincial sales tax (PST) or harmonized sales tax (HST) you paid.

▶ Teachers and early childhood educators

If you're employed as a teacher or early childhood educator, you can claim a 15-per-cent refundable tax credit based on an amount of up to $1,000 in expenditures made in a tax year for eligible supplies.

▶ Volunteer firefighters, search and rescue volunteers

You can claim a $3,000 tax credit if you were a volunteer firefighter or a search and rescue volunteer during the year, and you completed at least 200 hours of eligible volunteer firefighting services or eligible search and rescue volunteer services in the year. You can claim for one or the other, not both.

Getting Advice

Reviewing your Tax Plans? We encourage you to talk to us. Speak to your Financial Advisor or contact Investor Services at 1 800 608 7707.