

TAX FAIRNESS FOR THE MIDDLE CLASS

The Government remains concerned about income inequality and is taking action to ensure that the tax system is fair for all Canadians.

Over the past year, the Government put in place a plan to grow the economy in a way that works for the middle class and those working hard to join it. One of the Government's first actions was to increase taxes on the wealthiest one per cent, in order to cut taxes for the middle class.

The Government will continue to improve tax fairness for Canadian families by closing loopholes, eliminating measures that disproportionately favour the wealthy and cracking down on tax evasion, so that every Canadian has a real and fair chance at success.

CLOSING LOOPHOLES AND ADDRESSING TAX PLANNING

To help ensure everyone pays their fair share of tax, the Government will identify and close tax loopholes and tax planning schemes that disproportionately favour the wealthy—including tax planning strategies that involve private corporations.

CRACKING DOWN ON TAX CHEATS

When some choose not to pay their fair share, it places an unfair burden on the tax system and leaves less money for health care, housing, child benefits, and other essential services and programs. As such, the Government of Canada is cracking down on tax cheats and will invest an additional \$523.9 million—over five years—to prevent tax evasion and improve tax compliance.

Over the next five years, the Government expects to recoup \$2.5 billion from these measures, which will result in a return on investment of five to one. In addition, the Government will work with the provinces and territories to recover even more.

Moving forward, the Government will continue to work hard to ensure that our tax system is responsive, fair, and meets the needs of middle class Canadians.

TAX RELIEF FOR INDIVIDUALS AND FAMILIES

In Budget 2016, the Government committed to undertake a wide-ranging review of tax expenditures. The review's objective is to eliminate poorly targeted and inefficient tax measures, and will allow the Government to identify opportunities to reduce tax benefits that unfairly help the wealthiest Canadians rather than the middle class and those working hard to join it.

The Government is also making changes to simplify the tax system and make existing tax relief for individuals and families more effective and accessible. For example, the Government is expanding the range of courses eligible for the Tuition Tax Credit, as well as adding nurse practitioners to the list of medical professionals that can certify the impacts of impairments for Disability Tax Credit applicants.

THE CANADA CAREGIVER CREDIT

The Government will replace the Caregiver Credit, Infirm Dependant Credit and Family Caregiver Tax Credit with a single new credit: the Canada Caregiver Credit. This new, non-refundable credit will provide better support to those who need it most, apply to caregivers whether or not they live with their family member, and help families with caregiving responsibilities. Families will be able to take advantage of the new Canada Caregiver Credit starting in the 2017 tax year.



TAX FAIRNESS FOR THE MIDDLE CLASS

MAINTAINING A RESILIENT FINANCIAL SECTOR

Financial stability and security are part of the Government of Canada's plan to strengthen the middle class and grow the economy for the long term. A strong and trusted financial sector provides the confidence businesses need to thrive, grow and invest. It also helps Canada attract new businesses and international investments that help create well-paying, middle class jobs. Our financial sector is among the strongest and most resilient in the world and the Government of Canada intends to keep it that way.

THE FINANCIAL SECTOR MEASURES PROPOSED IN BUDGET 2017 WILL LEAD TO:

- Greater resiliency for the Canadian financial sector.
- A modernized deposit insurance framework that continues to protect the deposits of Canadians and promote financial stability.
- Strengthened ability for Canada to combat money laundering and terrorist financing.

CANADA CAREGIVER CREDIT: HELPING THOSE IN NEED

ANN AND MARIE

Ann provides care for her sister, Marie, who lives nearby. Marie has chronic pain and cannot work. She receives \$14,000 a year in social assistance and has managed to save a little bit over the years. She depends on her sister, Ann, for help with paying her rent, buying groceries and other chores. Ann doesn't qualify for tax relief under the existing caregiver credits because of Marie's income. However, under the new Canada Caregiver Credit, Ann will be able to claim \$6,883 this year, which represents \$1,032 in tax relief.



JAYDEN AND ZACH

On top of her full-time job, Jayden has cared for her husband, Zach, since an accident left him unable to work. Zach receives \$15,000 a year under the Canada Pension Plan disability benefit. Under the new Canada Caregiver Credit, Jayden will be able to claim \$2,150, which represents \$323 in tax relief that she doesn't currently qualify to receive due to Zach's income level.

