

Children's Fitness Tax Credit

See website: <http://www.cra-arc.gc.ca/fitness/>

Starting with the 2007 tax year, the Government of Canada allows a non-refundable tax credit based on eligible fitness expenses paid by parents to register a child in a prescribed program of physical activity.

The following information is for parents of children who are, at the beginning of the year in which an eligible fitness expense is paid, under the age of 16 or, if eligible for the disability tax credit, under the age of 18.

If you are part of an organization that provides programs of physical activity for children, please see Information for organizations providing prescribed programs of physical activity.

Information for parents

Amount of the tax credit

The children's fitness tax credit lets parents claim up to \$500 per year for eligible fitness expenses paid for each child who is under 16 years of age at the beginning of the year in which the expenses are paid.

If a child qualifies for the disability tax credit, parents can claim up to \$500 per year in eligible fitness expenses paid for the child who is under **18 years of age** at the beginning of the year. Also, if at least \$100 in eligible fitness expenses has been paid for the child, an **additional** amount of \$500 can be added to the eligible fitness expenses actually incurred.

As with most other non-refundable tax credits, the children's fitness tax credit is calculated by multiplying the total expense by the lowest marginal tax rate (the rate for 2007 is 15%).

Example:

On January 16, 2007, Mary registered her three children, Julie (9 years old), Samantha (10 years old), and Eric (17 years old) in a prescribed program of physical activity and paid fees of \$750 for each child. Eric is eligible for the disability tax credit. To calculate the amount that Mary can deduct from her taxes owing on her 2007 income tax return, she uses the following formula:

Step 1:

\$500	(maximum allowable expenses per child)
× 3	(number of children, two under age 16 and one under age 18 who is eligible for the disability tax credit, enrolled in an eligible program of physical activity)
\$1,500	(total)
+ 500	(additional amount that can be claimed for Eric, since he is eligible for the disability tax credit and at least \$100 was paid for eligible fitness expenses for him)
\$2,000	(total amount of eligible fitness expenses)

Step 2:

\$2,000	(total amount of eligible fitness expenses)
× 15%	(the lowest marginal tax rate for 2007)
\$300.00	(total amount that can be used to reduce the taxes owing on Mary's 2007 income tax return)

Prescribed programs of physical activity

An eligible fitness expense must be for the cost of registration or membership of an eligible child in a prescribed program of physical activity. Generally, such a program must:

- be ongoing (either a minimum of eight consecutive weeks long or, for children's camps, five consecutive days long);
- be supervised;
- be suitable for children; and
- include a significant amount of **physical activity** that contributes to cardio-respiratory endurance, plus one or more of: muscular strength, muscular endurance, flexibility, or balance.

Under the *Income Tax Regulations*, the definition of physical activity includes:

- horseback riding; and
- **if the child is eligible for the disability tax credit**, activities that result in movement and in an observable use of energy in a recreational context.

An activity for which a child rides on, or in, a motorized vehicle as an essential part of the activity does not qualify for the children's fitness tax credit.

Since certain expenses paid by parents for the registration or the membership of a child in a prescribed program of physical activity are not eligible for the children's fitness tax

credit, organizations offering such **prescribed programs** should determine the part of the registration or membership fee that is eligible for the credit. For more detailed information about the criteria for prescribed programs of physical activity and the fees that qualify for the credit, see the regulations.

Claiming the tax credit on your 2007 income tax return

You can claim the children's fitness tax credit for each child who was, at the beginning of the year in which the registration or membership fee was paid, under 16 years of age or under 18 years of age and eligible for the disability tax credit (as long as another person has not already claimed the same eligible fitness expenses and that the total amount claimed is not more than the maximum that would be allowed if only one of you were claiming the credit). Eligible fitness expenses include amounts paid by you or your spouse or common-law partner **in the year**, regardless of when the activity takes place. Amounts paid before 2007 do not qualify for the credit.

Example

Mary registered:

- her daughter Julie in a prescribed program of physical activity and paid fees of \$750 on August 30, 2006. The program started on September 15, 2006, and ended on April 21, 2007.

Mary's husband registered:

- their son Eric in a prescribed program of physical activity and paid fees of \$750 on December 20, 2006. The program started on January 6, 2007, and ended on April 28, 2007; and
- their daughter Samantha in a prescribed program of physical activity and paid fees of \$750 on January 2, 2007. The program started on January 6 and ended on April 28, 2007.

On her 2007 income tax return, Mary can only claim the maximum amount of \$500 for Samantha's program (if her husband is not claiming this amount) because the fees for the other two children were paid in 2006.

If you or your spouse or common-law partner paid amounts that could be claimed on an income tax return as either child care expenses (line 214) or the children's fitness amount (line 365), the amounts must first be claimed as child care expenses. Any unused part can be claimed for the children's fitness tax credit, as long as the requirements are met.

You or your spouse or common-law partner may be entitled to a reimbursement, allowance, or other form of assistance for all or part of the eligible fitness expenses. If so, you can only claim the amount equal to the difference between the amount paid and the amount of assistance received. However, the full amount of the eligible fitness

expense can still be claimed if the reimbursement, allowance, or other form of assistance has been included in income and not deducted elsewhere on the income tax return.

You can get information about how to claim the tax credit in the *General Income Tax and Benefit Guide* for 2007 (see the instructions for line 365, Children's fitness amount).

Don't forget to ask for a receipt

You should receive, or ask for, a receipt from organizations that provide prescribed programs of physical activity for which you paid to have your child enrolled. The organizations will determine the part of the fee that qualifies for the children's fitness tax credit.

Note

It is not an organization's responsibility to determine whether or not a child is eligible for the disability tax credit. If a parent tells an organization that a child is eligible for the disability tax credit, the organization should issue a receipt accordingly.

Keep the receipts issued by the organizations that deliver the programs. Do not include the receipts when you file your income tax return. However, keep the receipts in case we ask for them to verify your claim. Keep receipts for six years.