

Children's Fitness Tax Credit

www.cra-arc.gc.ca/whtsnw/fitness-eng.htm

The Government of Canada proposes to allow, starting in 2007, a non-refundable tax credit on eligible amounts of up to \$500 paid by parents to register a child in an eligible program of physical activity. The following is information about the proposed tax credit both for parents and for the organizations that provide eligible programs of physical activity. This information is based on legislation that has been tabled in the House of Commons but that has not yet become law.

Panel Recommendations

Proposed Definition of a Program of Prescribed Physical Activity

"Studies show that regular physical activity has many positive effects on children, including balanced growth and development and improved physical fitness," said Minister Flaherty. "This measure will help parents offset some of the costs associated with these activities and start children down the road to a lifetime of healthy, active living."

"We know that families have limited budgets, and the Children's Fitness Tax Credit will help make it possible for more young Canadians to get involved in sport and physical activity," said the Honorable Peter Van Loan, President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs, and Minister for Sport. "I am pleased that we are delivering on this important commitment for families and taxpayers."

An eligible program of prescribed physical activity, for the purposes of the credit, will be defined as; An ongoing, supervised program, suitable for children, in which substantially all of the activities undertaken include a significant amount of physical activity that contribute to cardio-respiratory endurance, plus one or more of:

- muscular strength,
- muscular endurance,
- flexibility, and
- balance.

This definition will cover many sports, as well as other children's recreational programs that also involve significant physical activity, such as dance lessons. It recognizes that the practice of any sport or physical activity does not always call on cardio-respiratory endurance, notably in the initial learning stages. Eligibility of a program would be based on the general nature of the activities, and the benefits of involvement over time. The

definition will also take into account the average participants' age, health, skills, presence of a disability, and other relevant factors.

Categories of Eligible Programs

Programs are eligible for the tax credit if they last at least eight weeks at a minimum of one session per week, or, in the case of children's camps, five consecutive days—provided in the latter case that more than 50 per cent of the program time is devoted to physical activity.

A child's membership in a club, association or other organization for two months or more would also be considered participation in an eligible program if more than 50% of the programs available are devoted to physical activities, or more than 50 per cent of the available time is devoted to activities in an "eligible program".

As well, that portion of a family membership covering a child's participation in an eligible program will be eligible, and the organization will be able to issue a tax receipt for that portion.

While fees charged for extracurricular programs that take place at a school will be eligible, the credit will not cover fees charged for regular school physical education programming.

Sporting, recreational and other activities in which motorized vehicles (e.g., automobiles, motorcycles, power boats, airplanes, snowmobiles) are used as an essential component of the activity will also be excluded.

Mixed Programs – Summer Camps and Sports Camps

The Expert Panel recommends that only camps that emphasize a physical activity theme would be eligible.

In order for a camp program to be eligible, it would need to last at least five consecutive days, during which at least 50% of the activity during the program hours of each day would involve physical activity.

The Expert Panel heard from organizations that having the opportunity to sample multiple different activities is important for children to learn and experience a number of physical activities. Many summer camps provide opportunities for children to experience a number of physical activities that fall within the Expert Panel's definition.

The recommendation also allows children and youth to sample a wide variety of activities. It will help children from a variety of walks of life to be active, and to determine which activities they like best.

Children's Fitness Tax Credit Measures for Children with Disabilities

www.fin.gc.ca/activty/pubs/ctc_1e.html#Disabilities

For the purposes of children with disabilities, an added challenge is to help these children achieve the benefits of physical activity without putting them at undue risk. To ensure that children with disabilities benefit from physical activities, the difficulty and strenuousness of the activities should be reasonable given the specifics of their disability. They need the benefit of being physically active, but they may be unable to achieve the same level of activity intensity as children without disabilities.

Children with disabilities can gain immeasurably from both the health and social aspects of physical activities – even if their participation is less vigorous than that of children without disabilities. Children with disabilities should be eligible for the tax credit when they participate in activities which are eligible for children without disabilities, regardless to the extent to which the child with disabilities is able to participate.

The Expert Panel was given a specific mandate to examine how this tax credit might assist children with disabilities. From our discussions and consultations, it became clear that the barriers for these children are substantial – as are the benefits to these children of participating in physical activities. The purpose of these recommendations is to ensure that children with disabilities have the greatest possible opportunity to participate in the same physical activities enjoyed by children without disabilities.

Increasing the Amount Covered by the Tax Credit

The Expert Panel recommends increasing the amount of the tax credit for children with disabilities to cover eligible fees, as well as the specific costs noted above, up to \$1,000. The costs of physical activities borne by parents whose children have disabilities are substantial. In an effort to help ensure that all children can participate equally, the Expert Panel is recommending additional tax credit relief for these parents.

However, the recommendations above must be implemented carefully. The Panel recognizes that expenses eligibility for the Children's Fitness Tax Credit would need to be coordinated with that for the Medical Expense Tax Credit, to ensure that expenses are claimed under only one credit. For example, a specialized wheelchair that costs \$3,500 to a parent whose income is \$20,000 is required for their child to play wheelchair basketball. Under their financial circumstances, all equipment over \$600 is eligible for the Medical Equipment Tax Credit. The *first* \$600 would qualify for the Children's Fitness Tax Credit, at which point the remaining expense would qualify for the Medical Equipment Tax Credit. However, this parent would "max out" at \$600 for the Children's Fitness Tax Credit.

Raising the Age Limit

The Expert Panel recommends that, for people with disabilities, the age limit for the tax credit would be extended to include children up to and including age 21. The Expert Panel heard that due to substantive involvement with the health care profession these children and youth often do not enter into activities until an older age and are dependents for a longer period of their lives. Hence, the Expert Panel recommends increasing the age of eligibility to 21 years for children with disabilities.

Equipment Costs

The Expert Panel recommends that the costs of equipment and assistive devices for children with disabilities that allow them to participate in activities be eligible. This would ensure that children with disabilities – who face additional equipment costs to actively participate – are able to participate fully.

Transportation Costs

The Expert Panel recommends that transportation costs for children with disabilities to attend physical activities be eligible for the tax credit. Many children with disabilities face additional challenges in terms of transportation. In many cases, it would be unsafe for some of them to travel on regular public transit. In other cases, the nature of their disability mandates specialized transportation – such as for children in wheelchairs.

Attendant Care Costs

The Expert Panel recommends that attendant care for these children while participating in physical activities be eligible. For many children with disabilities to fully participate, additional attendant care is often required. The presence of a personal attendant may ensure the safety of the child, and/or help improve the therapeutic benefit of the activity.

Universal Child Care Benefit, Canada Child Tax Benefit

UCCB, CCTB and related provincial and territorial programs, **1-800-387-1193**
child disability benefit and children's special allowances