

Manitoba's Children's Arts and Cultural Activity Tax Credit (CATC)

Starting in 2011, a new Manitoba tax credit will provide parents of children under 16 with a 10.8% non-refundable income tax credit (worth up to \$54 in income tax savings) on up to \$500 of eligible expenses for children's participation in eligible non-fitness activities. Included are organized and supervised activities outside a school's regular programs: in performing, graphic, and language arts; tutoring in academic subjects; leadership and personal effectiveness training; environmental stewardship; crafts; and safety. Children's organizations such as Girl Guides, Scouts, 4-H and Cadets are also eligible. For a child with a disability under age 18, on whom at least \$100 is spent on eligible activities, the family qualifies for an additional \$54 in income tax savings.

The federal government has recently announced a Children's Arts Tax Credit. It is the Province's intention to align Manitoba's Children's Arts and Cultural Activity Tax Credit with the federal credit. Both allow parents to claim non-refundable tax credits based on an amount of up to \$500 in eligible expenses per child paid in a year for registration or membership of a child in an eligible program of artistic, cultural, recreational or developmental activities.

The list below of eligible activities for Manitoba's credit is based on the information available at this time but is subject to change as more details about the federal tax credit become available.

EXAMPLES OF ELIGIBLE ACTIVITIES

4H	Cadets	Cardiopulmonary resuscitation (CPR)
Choir	Cooking lessons for kids	Crafts
Dance	Drama	Drawing
First aid	Gardening for kids	Girl Guides
Languages	Leadership development	Lifeguard training
Music lessons	Painting	Photography
Pottery	Public speaking	Scouts
Sculpture	Sewing	Tutoring
Voice lessons		

WHAT PROGRAMS ARE ELIGIBLE FOR THE CATC?

To be eligible, a program must be supervised and suitable for children. Eligible programs include:

- a weekly program of a minimum eight consecutive weeks duration in which a minimum of 90% of all the activities are eligible activities;
- a program of a minimum five consecutive days duration in which more than 50% of the daily activities are eligible activities;
- a program of a minimum eight consecutive weeks duration offered to children by a club, association or similar organization offering a variety of different activities when more than 50% of the activities offered are eligible activities or more than 50% of the time scheduled for activities offered to children is for activities that are eligible activities (if both 50% tests are not met, a prorated portion of the fees will be allowed, representing the percentage of eligible activities offered by the organization or the percentage of time scheduled for these activities by the organization); and
- **a membership of a minimum eight consecutive weeks duration in an organization** if more than 50% of all the activities offered to children by the organization are eligible activities (if the 50% test is not met, a prorated portion of the fees will be allowed, representing the percentage of eligible activities offered to children by the organization).

A program that is part of a school curriculum will be ineligible.

WHAT EXPENSES ARE ELIGIBLE FOR THE CATC?

Eligible expenses are fees paid for the cost of registration or membership, which includes the costs of administration, instruction, and the rental of facilities or equipment. In the case of 4-H, this would include the 4-H Manitoba Council fee (\$50 per member) plus the Area Council and club fees as appropriate.

Part of a registration or membership fee may be for the cost of equipment or uniforms that are provided for participants to use in the program. At the end of the program, the equipment or the uniforms normally have little or no resale value, in which case the part of the registration or membership fee for their cost is included in the eligible fees for this credit.

In other situations, in addition to paying registration or membership fees, parents will buy uniforms or equipment from third-party suppliers or through the program. In these situations, the purchase price for the uniforms or equipment is not an eligible expense.

WHAT EXPENSES ARE INELIGIBLE FOR THE CATC?

The following expenses are not eligible for the CATC:

- a fee paid for the costs that relate to travel, meals and accommodation;
- a fee paid if the prescribed program is provided by a person who is under age 18 or a person who is the spouse or common-law partner of the parent making the claim for the credit at the time the payment is made;
- an amount that is deductible in the computation of any person's income for any year, such as a deduction for a childcare expense;
- an amount that can be claimed for the Children's Fitness Tax Credit by any person; or
- an amount that is claimed for any other tax credit

CAN I CLAIM BOTH THE CATC AND THE CHILDREN'S FITNESS TAX CREDIT FOR A PROGRAM INVOLVING BOTH PHYSICAL AND DEVELOPMENTAL ACTIVITIES?

No. If the fees are considered an eligible expense for the purposes of the Children's Fitness Tax Credit, you will not be able to claim the CATC for these fees.

RECEIPTS

You should receive, or ask for, a receipt from organizations that provide prescribed art programs for which you paid to have your child enrolled. The organizations will determine the part of the fee that qualifies for the CATC. Keep the receipts issued by the organizations that deliver the programs. Do not include the receipts when you file your income tax and benefit return. However, keep the receipts in case we ask for them to verify your claim.

A receipt should contain the following information:

- organization's name and address;
- name of the eligible program;
- amount received, date received, amount that is eligible for the CATC;
- full name of the payer;
- full name of the child, and the child's year of birth;
- authorized signature.

FOR MORE INFORMATION ON THE CATC

Visit the Canada Revenue Agency Frequently Asked Questions page at

<http://www.cra-arc.gc.ca/gncy/bdgt/2011/qa01-eng.html>