

**Tax changes  
Public transit passes**

**Tax credit for public transit passes:** the 2006 federal budget announced a new tax credit to encourage individuals to use public transit, ease traffic congestion and improve the environment. The new non-refundable tax credit is equal to 15.25% for 2006 (15.50% for 2007 & subsequent years). This credit applies to transportation passes valid for travel on or after July 1-06.

Nearly all types of public transit is covered, including bus, streetcar, subway, commuter train, and local ferry. The credit can be claimed by the public transit user for his or her own costs and for costs of his or her spouse's or common-law partner's passes as well as for any children under 19.

You need to keep your receipts and/or passes for tax verification. If the transit pass displays the following, the pass itself will be sufficient to support the new credit. Indication that is a monthly (or longer) pass, the period for which the pass is valid, the name of the transit authority issuing the pass, the amount paid for the pass and the identity of the rider.

**Tax changes  
Universal child care**

There is a new universal child care benefit which is an initiative "designed to assist Canadian families as they seek to balance work and family, by supporting their child care choices through direct financial support". This benefit is equal to \$100 per month per child under age 6.

In order to receive the universal child care benefit you must apply by completing the application form and meet certain conditions; you must live with the child and the child must be under age 6, you must be the person who is primarily responsible for the care of the child and must be a resident of Canada.

The UCCB will be considered taxable income and is reportable by the lower income spouse or partner, regardless of who received the payments. The UCCB will be excluded as income when calculating GST/HST credit "in order to maximize the benefits payable to low and modest income earners".