

BACKGROUND

GIVING PARENTS FLEXIBLE AND AFFORDABLE CHILD CARE CHOICES

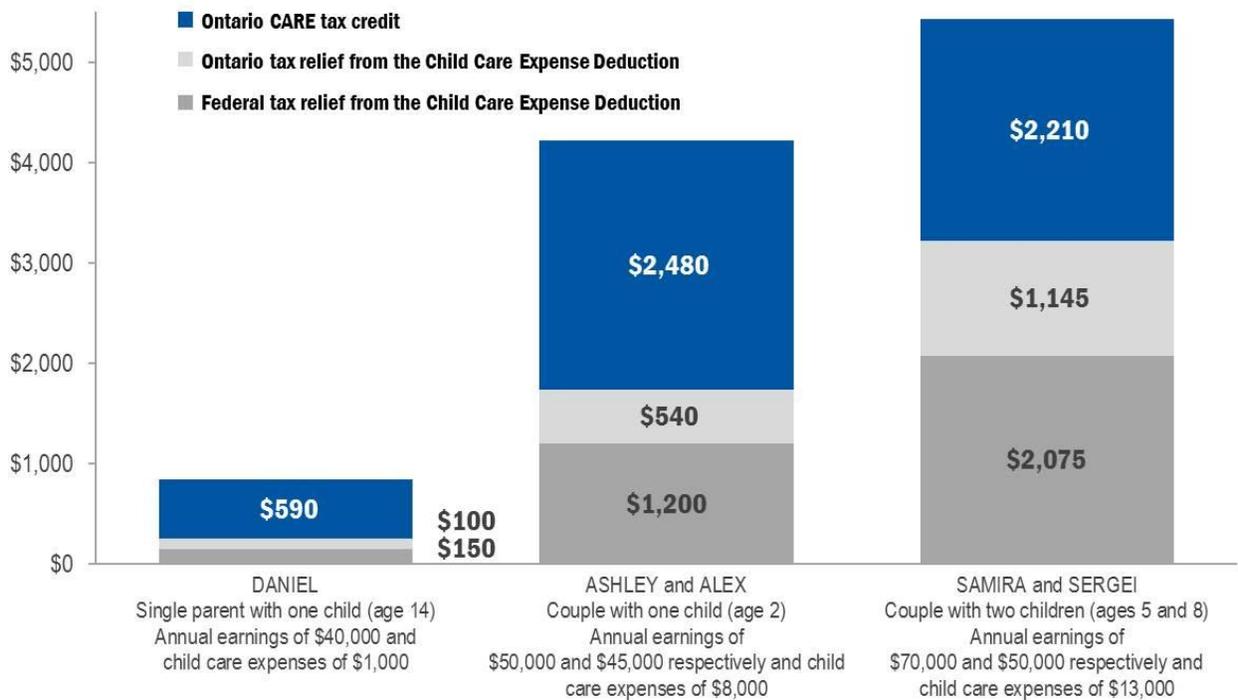
April 11, 2019

Ontario's Government for the People is proposing a new Ontario Childcare Access and Relief from Expenses (CARE) tax credit. The CARE tax credit would be one of the most flexible child care initiatives ever introduced in Ontario. It is a plan to put parents, and not the government, at the centre of the child care decision-making process.

The CARE tax credit would be on top of the existing Child Care Expense Deduction (CCED) and focus benefits on low- and moderate-income families. Families could receive up to \$6,000 per child under seven, up to \$3,750 per child between the ages of seven and 16, and up to \$8,250 per child with a severe disability.

This new CARE tax credit would provide about 300,000 families with up to 75 per cent of their eligible child care expenses and allow families to access a broad range of child care options, including care in centres, homes and camps.

ADDITIONAL SUPPORT FOR FAMILIES



Note: Tax relief from the Child Care Expense Deduction is for 2019 and, for Ontario Personal Income Tax, includes relief from the Ontario Health Premium.

Source: Ontario Ministry of Finance.

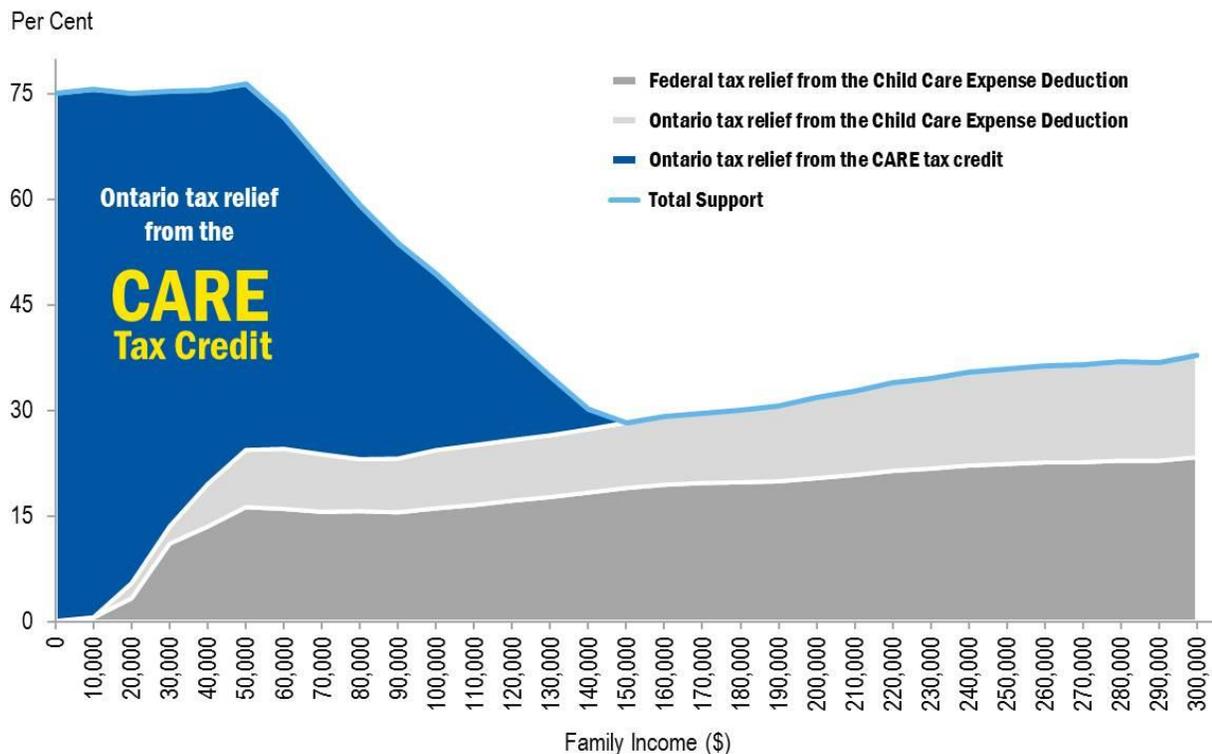
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The CARE tax credit would support families with incomes of up to \$150,000 and help them access a broader range of child care options.

Families would be able to claim the CARE tax credit, starting with the 2019 tax year, and would not have to gather any additional information when filing their tax returns.

The CARE tax credit would be available in addition to the CCED, which provides provincial and federal tax relief toward eligible child care expenses. The CCED provides greater tax relief, on average, to higher-income families as a percentage of their expenses. In contrast, the CARE tax credit would provide a higher credit rate to families with lower incomes, filling the gap in support for these families. Lower-income families who would benefit include those joining the workforce or deciding to work more hours.

FILLING THE GAP IN CHILD CARE SUPPORT



Note: Each component represents 2019 estimates of average amounts as a percentage of eligible child care expenses.
Source: Ontario Ministry of Finance.

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Parents would need to keep the receipts for the child care expenses they incur.

Starting with the 2021 tax year, the credit would also be available through regular advance payments during the year.

The CARE tax credit builds on Ontario's commitment to help low-income workers through the Low-income Individuals and Families Tax (LIFT) Credit, which provides low-income workers, including those making minimum wage, with up to \$850 (\$1,700 for couples) in tax relief.