

**NOTICE OF WAYS AND MEANS MOTION TO AMEND THE INCOME TAX ACT  
AND THE INCOME TAX REGULATIONS**

That it is expedient to amend the *Income Tax Act* and the *Income Tax Regulations* as follows:

**INCOME TAX ACT**

**1. (1) The portion of the description of B in subsection 118.03(2) of the *Income Tax Act* before the formula is replaced by the following:**

B is the total of all amounts each of which is, in respect of a qualifying child of the individual for the taxation year, the lesser of \$1,000 and the amount determined by the formula

**(2) Section 118.03 of the Act is repealed.**

**(3) Subsection (1) applies to the 2014 taxation year.**

**(4) Subsection (2) applies to the 2015 and subsequent taxation years.**

**2. (1) The definition “qualifying child” in subsection 118.031(1) of the Act is replaced by the following:**

“qualifying child” of an individual has the meaning assigned by subsection 122.8(1).

“qualifying  
child”  
« enfant  
admissible »

**(2) Subsection (1) applies to the 2015 and subsequent taxation years.**

**3. (1) Section 118.92 of the Act is replaced by the following:**

**118.92** In computing an individual’s tax payable under this Part, the following provisions shall be applied in the following order: subsections 118(1) and (2), section 118.7, subsections 118(3) and (10) and sections 118.01, 118.02, 118.031, 118.04, 118.05, 118.06, 118.07, 118.3, 118.61, 118.5, 118.6, 118.9, 118.8, 118.2, 118.1, 118.62 and 121.

Ordering of  
credits

**(2) Subsection (1) applies to the 2015 and subsequent taxation years.**

**4. (1) The Act is amended by adding the following after section 122.71:**

*Subdivision a.3*

*Child Fitness Tax Credit*

**122.8** (1) The following definitions apply in this section.

Definitions

“eligible  
fitness  
expense”  
« dépense  
admissible  
pour activités  
physiques »

“eligible fitness expense” in respect of a qualifying child of an individual for a taxation year means the amount of a fee paid to a qualifying entity (other than an amount paid to a person that is, at the time the amount is paid, the individual’s spouse or common-law partner or another individual who is under 18 years of age) to the extent that the fee is attributable to the cost of registration or membership of the qualifying child in a prescribed program of physical activity and, for the purposes of this section, that cost

	<p>(a) includes the cost to the qualifying entity of the program in respect of its administration, instruction, rental of required facilities, and uniforms and equipment that are not available to be acquired by a participant in the program for an amount less than their fair market value at the time, if any, they are so acquired; and</p> <p>(b) does not include</p> <p>(i) the cost of accommodation, travel, food or beverages, or</p> <p>(ii) any amount deductible under section 63 in computing any person's income for any taxation year.</p>
<p>"qualifying child" « <i>enfant admissible</i> »</p>	<p>"qualifying child" of an individual for a taxation year means a child of the individual who is, at the beginning of the year,</p> <p>(a) under 16 years of age; or</p> <p>(b) in the case where an amount is deductible under section 118.3 in computing any person's tax payable under this Part for the year in respect of that child, under 18 years of age.</p>
<p>"qualifying entity" « <i>entité admissible</i> »</p>	<p>"qualifying entity" means a person or partnership that offers one or more prescribed programs of physical activity.</p>
<p>"return of income" « <i>déclaration de revenu</i> »</p>	<p>"return of income" filed by an individual for a taxation year means a return of income (other than a return of income filed under subsection 70(2) or 104(23), paragraph 128(2)(e) or subsection 150(4)) that is required to be filed for the year or that would be required to be filed if the individual had tax payable under this Part for the year.</p>
<p>Deemed overpayment</p>	<p>(2) An individual who files a return of income for a taxation year and who makes a claim under this subsection is deemed to have paid, at the end of the year, on account of tax payable under this Part for the year, an amount equal to the amount determined by the formula</p> $A \times B$ <p>where</p> <p>A is the appropriate percentage for the year; and</p> <p>B is the total of all amounts each of which is, in respect of a qualifying child of the individual for the year, the lesser of \$1,000 and the amount determined by the formula</p> $C - D$ <p>where</p> <p>C is the total of all amounts each of which is an amount paid in the year by the individual, or by the individual's spouse or common law partner, that is an eligible fitness expense in respect of the qualifying child of the individual, and</p> <p>D is the total of all amounts that any person is or was entitled to receive, each of which relates to an amount included in computing the value of C in respect of the qualifying</p>

	<p>child that is the amount of a reimbursement, allowance or any other form of assistance (other than an amount that is included in computing the income for any taxation year of that person and that is not deductible in computing the taxable income of that person).</p>
Child with disability	<p>(3) An individual who files a return of income for a taxation year and who makes a claim under this subsection is deemed to have paid, in respect of a qualifying child of the individual, at the end of the year, on account of tax payable under this Part for the year, an amount equal to \$500 multiplied by the appropriate percentage for the year, if</p> <p>(a) the amount referred to in the description of B in subsection (2) is \$100 or more; and</p> <p>(b) an amount is deductible in respect of the qualifying child under section 118.3 in computing any person's tax payable under this Part for the year.</p>
Apportionment of overpayment	<p>(4) If more than one individual is entitled to make a claim under this section for a taxation year in respect of a qualifying child, the total of all amounts deemed to have been paid shall not exceed the maximum amount that could be deemed to have been paid for the year by any one of those individuals in respect of that qualifying child if that individual were the only individual entitled to claim an amount for the year under this section in respect of that qualifying child. If the individuals cannot agree as to what portion of the maximum amount each can so claim, the Minister may fix the portions.</p>
Effect of bankruptcy	<p>(5) For the purposes of this subdivision, if an individual becomes bankrupt in a particular calendar year, notwithstanding subsection 128(2), any reference to the taxation year of the individual (other than in this subsection) is deemed to be a reference to the particular calendar year.</p>
Part-year residents	<p>(6) If an individual is resident in Canada throughout part of a taxation year and is non-resident throughout another part of the year, the total of the amounts that are deemed to be paid by the individual under subsection (2) and (3) for the year cannot exceed the lesser of</p> <p>(a) the total of</p> <p>(i) the amounts deemed to be paid under those subsections that can reasonably be considered as wholly applicable to the period or periods in the year throughout which the individual is not resident in Canada, computed as though that period or those periods were the whole taxation year, and</p> <p>(ii) the amounts deemed to be paid under those subsections that can reasonably be considered as wholly applicable to the period or periods in the year throughout which the individual is resident in Canada, computed as though that period or those periods were the whole taxation year, and</p> <p>(b) the total of the amounts that would have been deemed to have been paid under those subsections for the year had the individual been resident in Canada throughout the year.</p>
Non-residents	<p>(7) Subsections (2) and (3) do not apply in respect of a taxation year of an individual if the individual is, at no time in the year, resident in Canada, unless all or substantially all the individual's income for the year is included in computing the individual's taxable income earned in Canada for the year.</p>

**(2) Subsection (1) applies to the 2015 and subsequent taxation years.**

**5. (1) Paragraph 152(1)(b) of the Act is replaced by the following:**

(b) the amount of tax, if any, deemed by subsection 120(2) or (2.2), 122.5(3), 122.51(2), 122.7(2) or (3), 122.8(2) or (3), 125.4(3), 125.5(3), 127.1(1), 127.41(3) or 210.2(3) or (4) to be paid on account of the taxpayer's tax payable under this Part for the year.

**(2) Paragraph 152(4.2)(b) of the Act is replaced by the following:**

(b) redetermine the amount, if any, deemed by subsection 120(2) or (2.2), 122.5(3), 122.51(2), 122.7(2) or (3), 122.8(2) or (3), 127.1(1), 127.41(3) or 210.2(3) or (4) to be paid on account of the taxpayer's tax payable under this Part for the year or deemed by subsection 122.61(1) to be an overpayment on account of the taxpayer's liability under this Part for the year.

**(3) Subsections (1) and (2) apply to the 2015 and subsequent taxation years.**

**6. (1) Subsection 163(2) of the Act is amended by adding the following after paragraph (c.3):**

(c.4) the amount, if any, by which

(i) the total of all amounts each of which is an amount that would be deemed by subsections 122.8(2) or (3) to have been paid on account of the person's tax payable under this Part for the year if that amount were calculated by reference to the person's claim for the year under those subsections

exceeds

(ii) the total of all amounts each of which is the amount that the person is entitled to claim for the year under subsections 122.8(2) or (3),

**(2) Subsection (1) applies to the 2015 and subsequent taxation years.**

#### INCOME TAX REGULATIONS

**7. (1) The definition "qualifying child" in subsection 9400(1) of the *Income Tax Regulations* is replaced by the following:**

"qualifying child" has the meaning assigned by subsection 122.8(1) of the Act. ("*enfant admissible*")

**(2) The portion of subsection 9400(2) of the Regulations before paragraph (a) is replaced by the following:**

(2) For the purpose of the definition "eligible fitness expense" in subsection 122.8(1) of the Act, a prescribed program of physical activity is

**(3) The portion of subsection 9400(3) of the Regulations before paragraph (a) is replaced by the following:**

(3) For the purpose of the definition "eligible fitness expense" in subsection 122.8(1) of the Act, a prescribed program of physical activity is that portion of a program, which program does not meet the requirements of paragraph (2)(c) and is not part of a school's curriculum,

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of a duration of eight or more consecutive weeks, offered to children by an organization in circumstances where a participant in the program may select amongst a variety of activities

**(4) Subsection 9400(4) of the Regulations is replaced by the following:**

(4) For the purpose of the definition “eligible fitness expense” in subsection 122.8(1) of the Act, a prescribed program of physical activity is that portion of a membership in an organization, which membership does not meet the requirements of paragraph (2)(d) and is not part of a school’s curriculum, of a duration of eight or more consecutive weeks that is the percentage of all the activities offered to children by the organization that are activities that include a significant amount of physical activity.

**(5) Subsections (1) to (4) apply to the 2015 and subsequent taxation years.**