

## **The New Child Fitness Credit (2007)**

Starting in 2007, a new non-refundable tax credit is available for eligible amounts paid by parents who register a child in an eligible program of physical activity.

### **Amount of the Credit**

The proposed children's fitness tax (FIT) credit will allow parents to claim a maximum of \$500 per year for eligible fees paid in respect of eligible activities for each child under 16 *at any time* during the year. The non-refundable FIT credit is calculated by multiplying the eligible amount by the lowest marginal tax rate. Thus, the maximum federal FIT credit per child per year in 2007 is approximately \$78.

### **Eligible Activities**

In order to qualify for the FIT credit, a program of physical activity must be:

- Ongoing (either a minimum of eight weeks in duration with a minimum of one session per week or, in the case of children's camps, five consecutive days);
- Supervised;
- Suitable for children; and
- Substantially all of the activities must include a significant amount of physical activity that contributes to cardio-respiratory endurance plus one or more of: muscular strength, muscular endurance, flexibility, or balance. This definition will cover many sports and other children's recreational programs that also involve significant physical activity, such as dance lessons.

### **Eligible Fees**

Eligible fees must be paid for a child who is under 16 at any time in the year and must relate to the cost of registration or membership in an eligible program of physical activity. Registration and membership costs include the costs of administration, instruction, and the rental of facilities. However, any part of the fees relating to accommodation, travel, food, or beverages (for example, room and board at a camp) does not qualify for the credit. The organizations providing these programs are responsible for determining the portion of the fees that qualifies for the FIT credit.

### **Children with Disabilities**

The age limit for the FIT credit is raised to under 18 years for children eligible for the disability tax credit. In addition, there is a separate \$500 non-refundable credit for these children subject to spending a minimum of \$100 for an eligible program. This additional credit recognizes the extra costs that children with disabilities encounter in becoming involved in programs of physical activity.

### **Claiming the Credit on Your 2007 Return**

Starting in 2007, you should obtain a receipt from organizations providing eligible programs in which your children are enrolled. Although you will not need to submit receipts when you file your tax return, you must keep them in case CRA asks that you verify your claim.

A receipt should contain the following information:

- Organization's name and address;
- Name of the eligible program or activity;
- Total amount received, date received, and the amount that is eligible for the FIT credit;
- Full name of the payer;
- Name of the child and child's year of birth; and
- Authorized signature.

**The year in which the tax credit can be claimed is determined by the date the fees are paid, not when the activity takes place (e.g., amounts paid in 2006 do not qualify even if all or part of the activity takes place in 2007).**