

2011 Federal Budget

“Art/Arts/Artistic”

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Supporting Families and Communities so that all Canadians enjoy a high standard of living and our communities stay vibrant and safe. Budget 2011 invests in these goals by:

...

Introducing a Family Caregiver Tax Credit and Children’s Arts Tax Credit to support Canadian families.

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The Next Phase of Canada’s Economic Action Plan provides support for Canadians and their families, with new budget measures including:

...

Introducing a new 15-per-cent Children’s Arts Tax Credit, provided on up to \$500 of eligible expenses for programs associated with children’s artistic, cultural, recreational and developmental activities.

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Since 2006, the Government has taken action to support families and help meet the needs of all Canadians, including: ...

- Support for the creative economy, including a \$335-million investment in culture and the arts through the Economic Action Plan.

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Supporting Our Families

Families are the cornerstone of our great country. Helping families care for their loved ones and save for the future helps reinforce our bonds as a society and ensures that the next generation is able to thrive. Budget 2011 builds on the Government’s record by proposing new measures for families, including tax support for caregivers and the Children’s Arts Tax Credit.

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Introducing a New Children’s Arts Tax Credit

To promote physical fitness among children, Budget 2006 introduced the Children’s Fitness Tax Credit, which became effective January 1, 2007. Like physical fitness, participation in artistic, cultural, recreational and developmental activities can positively contribute to a child’s development.

At the same time, the costs of these activities can make them difficult for many parents to afford.

To better recognize the costs associated with children’s artistic, cultural, recreational and developmental activities, Budget 2011 builds on the Government’s record of helping families by proposing to introduce a 15-per-cent non-refundable Children’s Arts Tax Credit.

The credit will be available for a wide range of activities that contribute to a child’s development, and that are not eligible for the Children’s Fitness Tax Credit. The credit will be provided on up to \$500 of eligible fees per child in respect of qualifying children’s programs, and will otherwise be based on eligibility conditions for the Children’s Fitness Tax Credit. In this regard, the credit will be available for

children under the age of 16 years for registration costs associated with participation in qualifying supervised activities. In respect of children eligible for the Disability Tax Credit, the age limit will be raised by two years and an additional \$500 non-refundable amount will be provided.

This measure will apply to eligible expenses paid starting in the 2011 taxation year. It is estimated to reduce federal revenues by \$25 million in 2010–11, and by \$100 million in each of 2011–12 and 2012–13.

Children’s Arts Tax Credit—Example

Rick and Andrea have two young children, Adam and Chloe. Every year, Adam plays in a minor hockey league and attends a week-long music camp in the summer, while Chloe plays competitive soccer and takes art lessons. With the introduction of the Children’s Arts Tax Credit, Rick and Andrea may claim between them up to \$500 for Adam’s music camp and up to \$500 for Chloe’s art lessons—this is in addition to eligible expenses of up to \$500 they may claim for Adam’s hockey and up to \$500 for Chloe’s soccer under the Children’s Fitness Tax Credit. As a result, in 2011, Rick and Andrea may claim a credit on up to \$2,000 in expenses for their children’s activities

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Supporting Canada’s Cultural Sector

...

The Royal Conservatory of Music

The Royal Conservatory of Music is a not-for-profit organization that has provided music and arts education for almost 125 years, having reached millions of Canadians. In recognition of its role in providing musical education, Budget 2011 provides the Conservatory with a one-time investment of \$7.5 million to launch a national examination system in partnership with Carnegie Hall.

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Table 4.2.1 : Supporting Families and Communities

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Table A3.1

Cost of Proposed Tax and Tariff Measures

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Annex 3

Personal Income Tax Measures

Children’s Arts Tax Credit

Budget 2011 proposes to introduce a Children’s Arts Tax Credit. This will allow parents to claim a 15-per-cent non-refundable tax credit based on an amount of up to \$500 in eligible expenses per child paid in a year. The credit will be available for the enrolment of a child, who is under 16 years of age at the beginning of the year, in an eligible program of artistic, cultural, recreational or developmental activities. For a child who is under 18 years of age at the beginning of the year and is eligible for the Disability Tax Credit, the 15-per-cent non-refundable tax credit may be claimed on an additional \$500 disability supplement amount when a minimum of \$100 is paid in eligible expenses.

Other than the definition of eligible activities, the parameters of the Children’s Arts Tax Credit will be based on those of the Children’s Fitness Tax Credit.

Eligible Expense

An eligible expense will be a fee paid in the taxation year to a qualifying entity to the extent that the fee is for the registration or membership of a child in an eligible program of artistic, cultural, recreational or developmental activities. Fees for registration or membership may be paid in respect of expenses for the operation and administration of the program, instruction, renting facilities, equipment used in common, and incidental supplies.

Registration or membership fees will not be eligible to the extent that they are paid for the purchase or rental of equipment for exclusive personal use (e.g., musical instruments), travel, meals and accommodation. Expenses eligible for purposes of the child care expenses deduction, or the Children's Fitness Tax Credit, will also be ineligible.

Qualifying Entity

A qualifying entity will be a person or partnership, other than an individual who is under 18 years of age, that offers one or more eligible programs of artistic, cultural, recreational or developmental activities. A qualifying entity will not include the spouse or common-law partner of a person who is claiming the credit in respect of his or her child.

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An eligible activity will be a supervised activity suitable for children that:

- contributes to the development of creative skills or expertise in an artistic or cultural activity:
 - creative skills or expertise involve a child's ability to improve dexterity or co-ordination, or acquire and apply knowledge in the pursuit of artistic or cultural activities, and
 - artistic and cultural activities include the literary arts, visual arts, performing arts, music, media, languages, customs and heritage;
- provides a substantial focus on wilderness and the natural environment;
- helps children develop and use particular intellectual skills;
- includes structured interaction among children where supervisors teach or help children develop interpersonal skills; or
- provides enrichment or tutoring in academic subjects.

An eligible activity will also include similar activities that have been adapted to accommodate the needs and abilities of a child who is eligible for the Disability Tax Credit.

Eligible Program

An eligible program must include a significant amount of eligible activities and must be ongoing in nature. In this regard, an eligible program will be either:

- a weekly program lasting a minimum of eight consecutive weeks; or
- in the case of children's camps, a program lasting a minimum of five consecutive days. Provided that all other requirements are met (i.e., the program is ongoing, supervised, and suitable for children), the full cost of a child's membership in an organization (including a club, association or similar organization) will be eligible for the credit if more than 50 per cent of the activities offered to children by the organization include a significant amount of eligible activities.

270**Enhance the Regulatory Regime for Qualified Donees**

The *Income Tax Act* grants the privilege of issuing official donation receipts to certain types of organizations referred to as “qualified donees”. Registered charities are the most common type of qualified donee.⁴

⁴ Registered national arts service organizations are deemed to be “registered charities” for specific purposes of the *Income Tax Act* including the definition of qualified donee.

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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* to provide among other things:

Children’s Arts Tax Credit

“CULTURE/CULTURAL”

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By focusing on sustainable investments in Canada’s long-term prosperity, the Government will seek to increase the well-being of all Canadians, while preserving the public services and culture that define us as a nation.

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Investments made through Canada’s Economic Action Plan have provided significant support to jobs and growth and have helped promote economic stability for Canadians during the worst of the global recession. These investments include:

...

- \$13.2 billion to support industries and communities. This funding has supported adjustment and has provided job opportunities in parts of Canada that have been hit hard by the global economic downturn. It has provided assistance for affected sectors, including the auto sector, forestry, agriculture, small business, tourism, shipbuilding and **culture**.

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Canada’s Economic Action Plan:

Delivering Results

In cities and rural communities across Canada, funding from the Economic Action Plan has put hundreds of thousands of Canadians to work and has delivered a sustained boost to incomes during the worst of the global recession.

Based on the latest reporting from our partners, over 28,500 Economic Action Plan projects have been completed or are underway across Canada. These include:

...

- 140 cultural infrastructure projects.

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Supporting Vibrant Communities

The Next Phase of Canada’s Economic Action Plan announces additional support for culture and communities with new budget measures, including support for Aboriginal people, such as:

...

- ☑ Improving the regulatory framework of the charitable sector to give confidence to Canadians who make donations.

- ☑ Providing \$20 million over two years to renew the Eastern Ontario Development Program.

- ☑ Providing \$25 million over five years to renew funding for the Harbourfront Centre.

- ☑ Marking the 100th anniversary of the Grey Cup and the Calgary Stampede with \$5 million toward each of the anniversary celebrations.

- ☑ Providing \$60 million to the CBC/Radio-Canada in 2011–12 to be used in the production of high-quality Canadian programming.

- ☑ Providing \$15 million per year to the Canada Periodical Fund to support a broad range of publications and ensure a diversity of Canadian content.

☐ Investing \$22 million over two years to help First Nations ensure that the fuel tanks that power their essential community services meet environmental safety standards.

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Since 2006, the Government has taken action to support families and help meet the needs of all Canadians, including:

...

- Support for the creative economy, including a \$335-million investment in **culture and the arts** through the Economic Action Plan.

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The Next Phase of Canada's Economic Action Plan continues to focus on support for families, seniors and communities. The Government will take additional steps to eliminate barriers to participation for Aboriginal people and other groups that have difficulties integrating into the labour market, and will work to address the challenges facing these groups. It will support our communities, our heritage and our **culture**.

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Enhancing the New Horizons for Seniors Program

The New Horizons for Seniors Program provides funding to organizations that help ensure seniors can benefit from, and contribute to, the quality of life in their communities through active living and participation in social activities.

The program supports projects led or inspired by seniors that promote volunteerism, mentorship and the social participation of seniors. For example, the Literacy Program for Seniors: Preserving the French Language offers francophone seniors living in Yellowknife reading and writing activities in French to prevent erosion of language, **culture** and heritage.

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Supporting Vibrant Communities

The health, vibrancy and diversity of Canada's communities are central to Canada's strength. Supporting urban and rural communities and celebrating our **culture** will help keep Canada one of the best places in the world to live. Budget 2011 introduces additional support for communities, including support for Aboriginal people.

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Renewing the Harbourfront Centre Funding Program

Harbourfront Centre is a not-for-profit organization that provides cultural and recreational programming and plays an important role in supporting the Government's commitment toward the revitalization of the Toronto waterfront.

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Supporting Canada's Cultural Sector

Canada Periodical Fund

The Canada Periodical Fund provides financial support to print magazines, non-daily newspapers such as ethnic papers, and digital periodicals to ensure that a diversity of Canadian content is available to citizens. Budget 2011 proposes to provide \$15 million in ongoing funding to the Fund to continue to

support the distribution of publications to Canadians, while providing long-term, stable program funding.

The Royal Conservatory of Music

The Royal Conservatory of Music is a not-for-profit organization that has provided music and arts education for almost 125 years, having reached millions of Canadians. In recognition of its role in providing musical education, Budget 2011 provides the Conservatory with a one-time investment of \$7.5 million to launch a national examination system in partnership with Carnegie Hall.

Canada's Audiovisual Industry

In addition, the Government continues to help Canada's audiovisual industry modernize and make itself more globally competitive. Budget 2011 provides \$100 million per year to the Canada Media Fund, created by the Government and Canada's cable and satellite distributors, to produce and create Canadian content for the digital era. This investment is also announced under the Digital Economy Strategy (see Chapter 4.3). In addition, Budget 2011 provides \$60 million to the CBC/Radio-Canada in 2011–12.

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Table 4.2.1 : Supporting Families and Communities

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