

This publication is provided as a guide only. It is not intended as a substitute for the *Taxation Act, 2007*, *Income Tax Act* (Ontario) and the *Community Small Business Investment Funds Act* and Regulations.

## Important changes

### Effective for the 2004 and subsequent tax years:

- property tax credit amount for seniors (65 or older) increased by \$125, from the previous \$500 to \$625
- combined maximum amount of property and sales tax credits that a senior can receive for any one year increased from \$1,000 to \$1,125
- the new apprenticeship training tax credit was added to encourage hiring apprentices in certain skilled trades

### Effective for the 2005 and subsequent tax years:

As of January 1, 2005 the following tax credits are no longer available:

- Ontario Graduate Transitions Tax Credit
- Ontario Educational Technology Tax Credit
- Ontario Workplace Accessibility Tax Credit
- Ontario Workplace Child Care Tax Credit

## Purpose

### Purpose

The Ontario tax credits system provides tax relief by reducing or eliminating the total tax payable, and assists Ontario residents with low to moderate incomes through a variety of refundable and non-refundable tax credits.

### Administration of the credits

Ontario tax credits are funded by the province, and administered for Ontario by the Canada Revenue Agency (CRA) through the federal income tax system. The federal income tax and benefit package for residents of Ontario provides additional tax credit and deduction information.

## Who can claim tax credits

<b>Only one spouse can claim certain tax credits</b>	If you have a spouse or common-law partner, and you lived with your spouse or common-law partner on December 31, only one of you can claim the property and sales tax credits for both of you.
<b>One spouse aged 65 or older</b>	If one spouse or common-law partner is 65 or older, that spouse or common-law partner must claim the property and sales tax credits for both of you, regardless of who pays the property tax or rent, or who owns the residence.
<b>Contributions cannot be divided between spouses</b>	You or your spouse or common-law partner may claim the political contribution tax credit, but a contribution cannot be divided between the two of you if only one official receipt was issued.

## Ontario refundable tax credits

<b>General information</b>	Ontario refundable tax credits can be received even if you pay no income tax. If your tax credits total more than your taxes owing, the CRA issues a refund based on the difference. Ontario residents may be eligible to claim some of the following tax credits.
<b>Property tax credit</b>	Provides a tax reduction for low to moderate income individuals who own or rent a principal residence in Ontario.
<b>Sales tax credit</b>	Provides provincial sales tax assistance for people with low to moderate incomes.
<b>Political contribution tax credit</b>	Encourages greater participation in the political process.
<b>Co-operative education tax credit</b>	Encourages Ontario businesses to create employment opportunities by hiring postsecondary education students.
<b>Apprenticeship training tax credit</b>	Encourages employers to hire and train apprentices in certain skilled trades.
<b>Focused flow-through share tax credit</b>	Encourages mineral exploration in Ontario and improves access to capital when individuals purchase shares from a small mining exploration corporation.

## Ontario non-refundable tax credits

### General information

Ontario non-refundable tax credits are provincially indexed tax credits that reduce the amount of Ontario tax owing. These credits are provided to recognize personal circumstances such as: being a senior, having a dependent spouse or common-law partner, having a disability, paying tuition and education fees, paying medical expenses, and so forth. In addition, Ontario residents may be eligible to claim some of the following tax credits.

### Ontario investment and employee ownership tax credits

These credits provide Ontario businesses with greater access to capital when individuals and qualifying trusts invest in eligible small and medium-sized businesses through the purchase of shares in Labour Sponsored Investment Funds (LSIFs) and Employee Ownership (EO) corporations.

Investors who purchase shares in LSIFs can claim a tax credit. For investors who purchase shares in LSIFs that qualify as Research-Oriented Investment Funds, an additional tax credit is available.

The Community Small Business Investment Fund (CSBIF) program complements the LSIF program and provides small local businesses with greater access to capital when eligible investors purchase shares of a registered CSBIF.

## Other income tax deductions and credits

### Ontario tax reduction

This eliminates or reduces Ontario personal income tax for lower income taxpayers. The program also provides additional tax relief for eligible individuals with dependent children 18 years of age or under, or with disabled or infirm dependants of any age.

### Ontario research employee stock credit

If you have employee stock option benefits and/or taxable capital gains arising from the sale of shares relating to employee stock options, and you are an eligible research employee resident in Ontario, you may be eligible for a tax credit for Ontario income tax purposes. If you think you may be eligible, contact the Ontario Ministry of Revenue to find out how to apply.

**NOTE:** You must apply to the Ministry of Revenue to claim this credit after filing your income tax return.

## Other general information

### Moving to and from Ontario

If you moved to Ontario during the taxation year, you may claim Ontario tax credits provided you:

- lived in Ontario on December 31 or were considered a 'factual' resident of Ontario (as defined federally), and
- filed your income tax return for that year as a resident of Ontario.

If you moved out of Ontario during the taxation year, you are not eligible for Ontario tax credits unless you moved back to Ontario on or before December 31 of the same year and filed your income tax return as an Ontario resident. However, if you are temporarily out of Ontario on December 31 (e.g., vacation), you are still eligible for Ontario tax credits if you file your income tax return for the taxation year as an Ontario resident.

**Requests for prior year tax credits**

If you are requesting a prior year Ontario tax credit or amending a previously claimed tax credit for any taxation year after 1984, follow the instructions provided in the federal income tax and benefit package or call your nearest Canada Revenue Agency office for assistance.

The March 2004 federal budget included an amendment to the fairness provisions of the *Income Tax Act* (Canada). Under this amendment taxpayers had until December 31, 2004 to amend tax credits for the 1985 to 1994 taxation years.

Beginning January 1, 2005, taxpayers are limited to requests for a taxation year ending in the ten previous calendar years. For example, a request made in 2005 will only be accepted for 1995 and subsequent taxation years.

**Receipts**

When claiming Ontario tax credits, follow the instructions included with the federal income tax and benefit package to determine if you should keep your receipts, or include them with your return, or show them to your EFILE service provider.

**Audits**

When claiming Ontario tax credits, follow the instructions included with the federal income tax and benefit package to determine if you should keep your receipts, or include them with your return, or show them to your EFILE service provider.

**More information****Municipal property tax enquiries**

Questions about your municipal tax bills should be directed to your local municipal office. You can find telephone listings for municipal offices in the Municipal Government blue page section of your telephone book.

To obtain the most current version of this publication, or additional information, visit our website at [ontario.ca/revenue](http://ontario.ca/revenue) and enter 584 in the find page field at the bottom of the webpage or contact the Ministry of Revenue at:

1 866 ONT-TAXS (1 866 668-8297)

1 800 263-7776 teletypewriter (TTY)

*Cette publication est disponible en français sous le titre « Système des crédits d'impôt de l'Ontario ».  
Vous pouvez en obtenir un exemplaire en appelant le 1 866 ONT-TAXS (1 866 668-8297) ou en visitant [ontario.ca/revenu](http://ontario.ca/revenu).*

© Queen's Printer for Ontario, 2006  
ISBN 0-7794-8605-6 (Print)  
ISBN 0-7794-8607-2 (PDF)  
ISBN 0-7794-8606-4 (HTML)  
Dist #6302E

