

# Legislative Proposals Relating to the Income Tax Act

## SUBDIVISION A.3

### Climate Action Incentive

**1 (1) The definitions *eligible individual*, *qualified dependant* and *qualified relation* in subsection 122.8(1) of the *Income Tax Act* are replaced by the following:**

***eligible individual***, in relation to a month specified for a taxation year, means an individual (other than a trust) who

- (a) has, before the specified month, attained the age of 19 years; or
- (b) was, at any time before the specified month,
  - (i) a parent who resided with their child, or
  - (ii) married or in a common-law partnership. (*particulier admissible*)

***qualified dependant***, of an individual in relation to a month specified for a taxation year, means a person who at the beginning of the specified month

- (a) is the individual's child or is dependent for support on the individual or on the individual's cohabiting spouse or common-law partner;
- (b) resides with the individual;
- (c) is under the age of 19 years;
- (d) is not an eligible individual in relation to the specified month; and
- (e) is not a qualified relation of any individual in relation to the specified month. (*personne à charge admissible*)

***qualified relation***, of an individual in relation to a month specified for a taxation year, means the person, if any, who, at the beginning of the specified month, is the individual's cohabiting spouse or common-law partner. (*proche admissible*)

**(2) Subsection 122.8(2) of the Act is replaced by the following:**

#### **Persons not eligible or qualified**

**(2)** Notwithstanding subsection (1), a person is not an eligible individual, is not a qualified relation and is not a qualified dependant, in relation to a month specified for a taxation year, if the person

- (a) died before the specified month;
- (b) is confined to a prison or similar institution for a period of at least 90 days that includes the first day of the specified month;
- (c) is at the beginning of the specified month a non-resident person, other than a non-resident person who
  - (i) is at that time the cohabiting spouse or common-law partner of a person who is deemed under subsection 250(1) to be resident in Canada throughout the taxation year that includes the first day of the specified month, and
  - (ii) was resident in Canada at any time before the specified month;

(d) is at the beginning of the specified month a person described in paragraph 149(1)(a) or (b); or

(e) is a person in respect of whom a special allowance under the *Children's Special Allowances Act* is payable for the specified month.

**(3) Subsections 122.8(4) to (8) of the Act are replaced by the following:**

**Deemed payment on account of tax**

(4) An eligible individual in relation to a month specified for a taxation year who files a return of income for the taxation year is deemed to have paid, during the specified month, on account of their tax payable under this Part for the taxation year, an amount equal to the amount, if any, determined by the formula

$$(A + B + C \times D) \times E$$

where

A is the amount specified by the Minister of Finance for an eligible individual in relation to the specified month for the province (in this subsection and subsection (6) referred to as the “relevant province”) in which the eligible individual resides at the beginning of the specified month;

B is

(a) the amount specified by the Minister of Finance for a qualified relation in relation to the specified month for the relevant province, if

(i) the eligible individual has a qualified relation at the beginning of the specified month, or

(ii) subparagraph (i) does not apply and the eligible individual has a qualified dependant at the beginning of the specified month, and

(b) in any other case, nil;

C is the amount specified by the Minister of Finance for a qualified dependant in relation to the specified month for the relevant province;

D is the number of qualified dependants of the eligible individual at the beginning of the specified month, other than a qualified dependant in respect of whom an amount is included because of subparagraph (a)(ii) of the description of B in relation to the specified month; and

E is

(a) 1.1, if there is a census metropolitan area, as determined in the last census published by Statistics Canada before the taxation year, in the relevant province and the individual does not reside in a census metropolitan area at the beginning of the specified month, and

(b) 1, in any other case.

**Shared-custody parent**

(4.1) Notwithstanding subsection (4), if an eligible individual is a shared-custody parent (within the meaning assigned by section 122.6, but the definition *qualified dependent* in that section having the meaning assigned by subsection (1)) in respect of one or more qualified dependants at the beginning of a month, the amount deemed by subsection (4) to have been paid during a specified month is equal to the amount determined by the formula:

$$0.5(A + B)$$

where

A is the amount determined by the formula in subsection (4), calculated without reference to this subsection, and

B is the amount determined by the formula in subsection (4), calculated without reference to this subsection and subparagraph (b)(ii) of the definition *eligible individual* in section 122.6.

### Months specified

**(4.2)** For the purposes of this section, the months specified for a taxation year are April, July and October of the immediately following taxation year and January of the second immediately following taxation year.

### Authority to specify amounts

**(5)** The Minister of Finance may specify amounts for a province in relation to a month specified for a taxation year for the purposes of this section. If the Minister of Finance does not specify a particular amount that is relevant for the purposes of this section, that particular amount is deemed to be nil for the purpose of applying this section.

### Deemed rebate in respect of fuel charges

**(6)** The amount deemed by this section to have been paid during a specified month on account of tax payable for a taxation year is deemed to have been paid during the specified month as a rebate in respect of charges levied under Part 1 of the *Greenhouse Gas Pollution Pricing Act* in respect of the relevant province.

### Only one eligible individual

**(7)** If an individual is a qualified relation of another individual in relation to a month specified for a taxation year and both those individuals would be, but for this subsection, eligible individuals in relation to the specified month, only the individual that the Minister designates is the eligible individual in relation to the specified month.

### Exception — qualified dependant

**(8)** If a person would, if this Act were read without reference to this subsection, be the qualified dependant of two or more individuals, in relation to a month specified for a taxation year,

(a) the person is deemed to be a qualified dependant, in relation to that month, of the one of those individuals on whom those individuals agree;

(b) in the absence of an agreement referred to in paragraph (a), the person is deemed to be, in relation to that month, a qualified dependant of the individuals, if any, who are, at the beginning of that month, eligible individuals (within the meaning assigned by section 122.6, but the definition *qualified dependant* in that section having the meaning assigned by subsection (1)) in respect of that person; and

(c) in any other case, the person is deemed to be, in relation to that month, a qualified dependant only of the individual that the Minister designates.

### Notification to Minister

**(8.1)** An individual shall notify the Minister of the occurrence of any of the following events before the end of the month following the month in which the event occurs:

(a) the individual ceases to be an eligible individual;

(b) a person becomes or ceases to be the individual's qualified relation; and

(c) a person ceases to be a qualified dependant of the individual, otherwise than because of attaining the age of 19 years.

### Application

**(4)** Subsections (1) to (3) apply to payments made after June 2022 in respect of the 2021 and subsequent taxation years.