

The Sub-Committee recommends that:

B11 the Federal Government, in conjunction with the Provincial and Territorial Governments, develop a program by the year 2000 which would:

- a) recognize adult Canadians equally through personal, married and equivalent-to-married non-refundable tax credits which would have an identical value of \$5,500 (1991); increase the value of the age credit by the amount of the decrease in the personal tax credit; and, re-allocate all tax revenues generated through these changes to increase the value of the refundable Child Tax Credit;
- b) increase the value of the refundable Child Tax Credit through the re-allocation of existing Family Allowance funds to this credit;
- c) increase the value of the refundable Child Tax Credit through the removal of the supplement for young children under the credit and the re-allocation of the tax revenues generated by this measure to the credit;
- d) increase the value of the refundable Child Tax Credit through the removal of the non-refundable child tax credit and the re-allocation of the tax revenues generated by this measure to the credit.
- e) the Sub-Committee forwards three simulations (Table 20) for the consideration of the Minister of National Health and Welfare;
- f) convert the existing Child Care Expense Deduction to a refundable Child Care Expense Tax Credit, for families not in receipt of subsidized child care, of 50% of child care expenses, to a maximum of \$3,000 for children aged up to 7 years or of any age if infirm, and \$1,500 for children aged 7 to 14 years; families with a net income less than or equal to the income threshold for the refundable Child Tax Credit and the Goods and Services Tax Credit, would receive the full value of the credit while those families with net income in excess of the threshold would have the credit's value reduced by \$0.10 for every \$1.00 of net family income above this threshold. A system for advance payment of the credit should be established.

B12 the enhanced refundable Child Tax Credit be delivered monthly, at mid-month, and universally, as is currently the case with the Family Allowance benefit. A system for advance payment of the credit should be established. Refundable Child Tax Credit benefits could be recovered from higher-income individuals in a manner similar to the current social benefit reduction tax.

B13 the value of the enhanced refundable Child Tax Credit be increased annually in accordance with the rate of increase in average family income.

The Sub-Committee notes that these proposed changes would result in greater tax revenues for the provincial/territorial governments as some Canadian households would have their tax burden increased. The Sub-Committee believes that the federal government should meet with the provincial/territorial governments to negotiate a means of returning the additional provincial/territorial tax revenues to Canadian families.