

* * * FAMILY ALLOWANCES * * *

This paper cancels T.C.S./O.I.59-16 dated 7 May 59

1. Officers with children under 16 years of age will be interested in the action they should take when in Canada on home leave and tour with respect to applying for family allowances and how their position with regard to income tax exemption might be affected thereby. It is to every officer's advantage to apply for family allowances each time his children under 16 come to Canada. (Matters dealing with family allowances and income tax returns are the responsibility of each individual officer. The following information is given without any responsibility on the part of this Department).

2. With respect to family allowances, provided the usual requirements are met, the mere fact of setting foot in Canada establishes the eligibility of an under-sixteen child of an Officer to receive family allowances. The under-sixteen child visiting Canada with its parents who are on home leave and/or tour is eligible to receive family allowances. From this it will be readily apparent that an Officer's child attending school in Canada while under 16 years of age is eligible to receive family allowances. Payments made for a child whose parents are not in Canada can only be made to a named individual in Canada who has custody of the child.

3. Application forms for family allowances are available at any Canadian post office and when completed should be mailed to the Regional Director of Family Allowances in the capital city of the province in which the child is residing. If there is any doubt as to the appropriate province, the application should be forwarded to the Family Allowances and Old Age Security Division, Department of National Health and Welfare, Ottawa.

4. With respect to income tax, the situation is very simple in that, with one exception, any child eligible to receive family allowances may be claimed as a \$500 deduction if not resident in Canada on the 31st December of the tax year. Whether or not the family allowances have been applied for and/or received is of no concern to the income tax authorities.

The one exception referred to is the case of an Officer returning to Canada with a child who has not previously been eligible for family allowances (e.g. born abroad). In this case, even though the child is resident in Canada on the 31st of December, the officer may elect either:

- (a) to claim the child as a \$500 exemption, in which case the family allowance payments for which the child has been eligible (whether received or not) must be added to the officer's income tax, or
- (b) to claim the child as a \$250 exemption.

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