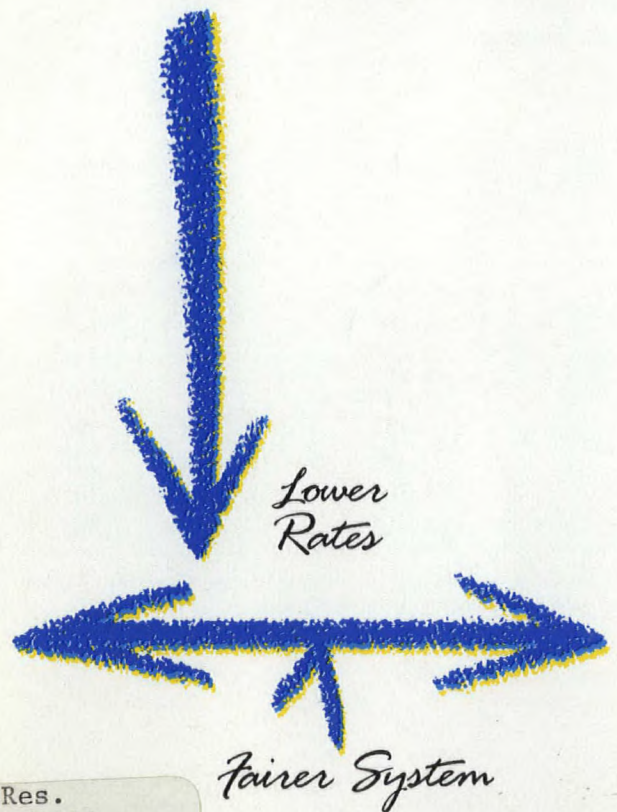
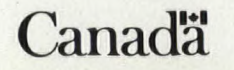


How  
Tax Reform  
Benefits  
Single Persons  
Under 65



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Highlights for Single Persons

The vast majority of single taxpayers will pay less tax.

The New System

**Lower Rates:** Personal income tax rates will be lowered. The present 10 tax brackets, with federal tax rates rising as high as 34 per cent, will be reduced to three brackets for tax year 1988:

Taxable income	Tax rate*	Proportion of taxpayers
Up to \$27,500	17%	66%
\$27,501 – \$55,000	26%	29%
\$55,001 and over	29%	5%

\* These rates apply to the portion of a taxpayer's income that falls within the ranges shown.

**Fairer System:** A number of exemptions and deductions will be replaced by tax credits. Exemptions, which reduce taxable income, are worth more to taxpayers in the higher income brackets than in the lower. The new federal tax credits are fairer. They directly reduce tax and provide the same tax reduction for all taxpayers.

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New tax credits – 1988	Federal tax* value for all taxpayers	Federal tax value of current exemptions with new rates	
		0 – \$27,500 of taxable income	Over \$55,000 of taxable income
Basic personal	\$1,020	\$725	\$1,240
Married or equivalent	850	635	1,085
Age (65 and over)	550	455	775
Disability	550	495	845
Dependant under 18**	65	65	115
Infirm dependant (over 18)	250	250	425

\* The value of the federal credit is about two-thirds of its total value in all provinces except Quebec since Quebec levies its own personal income tax. For example, the basic personal credit of \$1,020 on federal tax will reduce provincial taxes by an average of about \$560 for a total value of \$1,580.

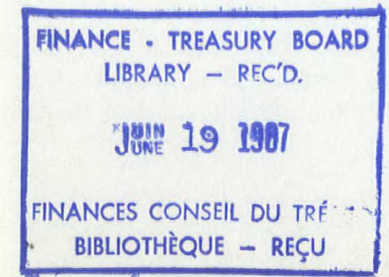
\*\* Under present law, the child tax exemption is scheduled to equal the value of the family allowance by 1989. The new credit has been set at a level equal to 17 per cent of the estimated family allowance payable in 1988.

Many other deductions will be converted into federal tax credits at 17 per cent of their value. These include employees' Canada and Quebec pension plan contributions and unemployment insurance premiums, tuition fees and education deductions (transferable up to \$600), eligible medical expenses above 3 per cent of net income, the first \$1,000 of private pension income, and charitable donations (17 per cent for the first \$250 and 29 per cent for further donations).

Tax advantages now accorded for capital gains will be reduced in the interest of fairness. The dividend tax credit will be reduced to reflect lower corporate tax rates. There will be tighter rules on deducting business expenses and new rules against artificial tax avoidance.

Benefits for Single Persons

- Large numbers of single Canadians are young people entering the work force. They will benefit from the new combination of lower tax rates and credits designed to give greatest tax relief to persons at lower income levels.
- Single persons under age 65 will not start paying personal income tax until they earn \$6,220, up from \$4,940 at present. About 315,000 additional single Canadians will no longer pay any federal income tax.
- Lower-income single Canadians will benefit from the higher refundable sales tax credit in 1988 – to \$70 from \$50 for adults.
- Single Canadians who are students will benefit from changes in the treatment of tuition fees and other education expenses. The current education expense deduction of \$50 per month will become a tax credit of \$10 per month. In addition, deductions for tuition fees will be replaced by tax credits at the rate of 17 per cent. The unused portion of these credits, up to \$600, can be transferred to a supporting parent or grandparent.



How Taxes Will Change

The table below shows how taxes will decline for most single people with primarily wage and salary income and with standard exemptions and deductions. Some single people claiming special tax deductions or exemptions, with substantial investment income or self-employment earnings, will be subject to stricter rules and therefore may experience tax increases. The increase in the sales tax credit is not included in the table.

Personal Income Tax Changes in 1988 for Single Wage-Earners Under 65 Claiming Standard Deductions and Exemptions

(Federal-provincial taxes combined)

Income level	Old tax	New tax	Tax cut*
\$10,000	\$ 1,050	\$ 975	\$ 75
15,000	2,430	2,260	170
20,000	3,880	3,540	340
25,000	5,415	4,825	590
30,000	7,180	6,485	695
40,000	11,130	10,595	535
50,000	15,605	14,700	905
75,000	27,770	25,915	1,855

\* The federal tax reduction is about two-thirds of the total reduction shown. The federal-provincial calculation approximates the average tax cut in the nine provinces party to personal income tax collection agreements.