

Critics slam tax on Tory child care benefit [CA] ^[1]

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Source: Winnipeg Sun

Format: Article

Publication Date: 21 Jan 2007

AVAILABILITY

See text below.

EXCERPTS

The Conservative government could face a bitter backlash from parents in coming weeks as the federal taxman demands his cut of the new \$100-a-month child care cheques.

Early next month, families who have been receiving the Universal Child Care Benefit will receive a statement of payments from the Canada Revenue Agency to be filed with their 2006 returns. The feds insist they've been up-front on the fact it's a taxable benefit, but critics say it was downplayed by Tories desperate to sell a flawed program.

Liberal MP Bonnie Brown predicts many Canadians will be taken by surprise by the tax bill, and said it will hit working poor and single parents the hardest.

...

Brown said a parent with three young children could owe close to \$400 for half the year's benefits in 2006. That could create real hardship for some families trying to make ends meet, she said.

Murray Gross, a spokesman for Human Resources and Social Development Canada, insisted the department has tried to get the message out from the start. A government website explains how the program works, and a notice with the first payment included a reminder that it's taxable.

"From the outset, the government has been clear that the UCCB would be treated as taxable income, and that it would be taxed in the hands of the lower-income spouse, ensuring the greatest possible benefit," he said.

But NDP MP Olivia Chow also believes it was deliberately low key and thinks some people will be "really mad."

"It's a sham. It's deceiving taxpayers and working families," she said. "People will feel they've been cheated."

...

UCCB payments totalled \$1.2 billion between July and December last year, and another \$200 million a month will be paid out this year. Last month, 1.44 million families with 1.923 million children received the benefit.

- reprinted from the Winnipeg Sun

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