

Universal Child Care Benefit: What you need to know about these new payments ^[1]

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EXCERPTS

Starting Monday, Canadian families with children under 18 can expect a hefty cheque to arrive in their mailboxes or bank accounts.

It's all thanks to the government's Universal Child Care Benefit (UCCB), which you may have read about in the media or seen in a government advertisement. But here's everything you need to know about the measure -- and the politics behind it.

What is the UCCB?

The UCCB is a taxable benefit "designed to help Canadian families, as they try to balance work and family life, by supporting their child care choices through direct financial support," according to the Government of Canada's website.

The benefit was created by the Conservative government out of the old child-benefit system, after the Tories cancelled daycare agreements with the provinces in 2006 when Prime Minister Stephen Harper took office.

Until now, the UCCB provided Canadian parents with \$100 a month for every child under six. But now the benefit will see a boost and expansion-- part of new measures outlined in the federal budget earlier this year.

Who is applicable for it?

Families with children aged five and under will now receive an additional \$60 per child, bringing their monthly government cheques to \$160 per child. And the benefit will be expanded to include children aged 6-17, providing parents with \$60 per child per month for that age range. The old UCCB did not provide anything for parents with children aged 6-17.

All payments are retroactive to Jan., 1, 2015, so parents could see some big cheques rolling in this week.

The benefit applies to all Canadian parents with children, regardless of income or whether that family uses daycare services.

How do I access it?

If a Canadian parent has already been receiving UCCB cheques, they should receive the boosted cheques automatically on Monday, because they are already in the government's system.

Otherwise, parents have to register their children on the Canada Revenue Agency's website or send the application form into a local tax centre with the required documentation.

How and when can I expect payments?

The first payments will be made on July 20, and will include the retroactive payments covering January to June of this year. Subsequent payments will continue on the 20th of each month.

If you did not register for your UCCB payment before May 15, you can expect to hear back about your application within 80 days of it being received by the agency. Your payments will begin on the 20th of the month following approval of your application, retroactive to Jan. 1.

That means, for instance, that if you register for the UCCB this week, you should hear back from the CRA in time to receive your first payment on Sep. 20. That first payment would also include retroactive payments going back to the beginning of the year.

The CRA is reminding parents of children age 14-17, in particular, to sign them up for the program. Those children would have been too old to be registered under the original UCCB when it was introduced in 2006, so they will not be in the CRA system.

The Government of Canada is moving to direct-deposit payments so many parents will see the cheque go right into their bank account. Some families will still receive their cheques in the mail.

Is the UCCB taxable?

Yes, the benefit is taxable. So parents should be prepared to eventually report it in their income tax and benefit return. By the end of each February, the CRA will issue families a UCCB statement for tax purposes.

The UCCB is not included as a part of a family's net income when calculating the Canada child tax benefit or HST/GST. However, it is included as a part of a family's adjusted net income.

What are the politics behind the UCCB?

The benefit was touted by the Conservative government for months leading up to the budget – and they're still touting it today. Employment and Social Development Minister Pierre Poilievre has led the charge on this front, holding press conferences on the measure, pumping it on social media and even using taxpayer dollars to fund so-called "vanity videos" promoting the benefit.

It should also be noted that the cheques will start arriving in Canadians' mailboxes and bank accounts just a few months ahead of the federal election this fall, tentatively scheduled for Oct. 19.

Timing aside, the government has faced criticism for the policy behind the measure. For instance, Canada's Parliament Budget Officer recently released a report finding that just over half of the families set to receive cheques don't actually have daycare costs.

Jean-Denis Frechette said that in 2015-16, families with young children in daycare will receive 49 per cent of the overall benefits, while families with older kids and who don't have daycare costs will receive 51 per cent.

But the government says that's the point – to give parents the option to use their cheque as they see best – not just on daycare.

"Our government trusts parents to spend their money on what's best for their children," Kerry-Lynne Findlay, Minister of National Revenue, said at a news conference on Friday. "We believe mom and dad are the real child-care experts."

Findlay also attacked the Liberals and NDP, accusing both parties of proposing "risky spending schemes that they can only finance by hiking taxes." She also warned that the UCCB lump-sum payments would end if the Liberals or NDP win the next election.

Justin Trudeau's Liberals are campaigning on a proposed tax-free, monthly child benefit that would give families up to \$6,400 annually for every child under six, and up to \$5,400 annually for children between the ages of 6-17. The benefit would vary based on family income.

Tom Mulcair and the NDP are proposing a child care-focused plan that would create 1 million new child care spaces, while introducing a national \$15-a-day child care program.

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