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THE FAMILY TAX CUT

The Family Tax Cut

The Government is proposing a new Family Tax Cut, a federal non-refundable tax credit worth up to \$2,000 for couples with children under the age of 18.

The Family Tax Cut would allow a spouse to, in effect, transfer up to \$50,000 of taxable income to a spouse in a lower income tax bracket, providing tax relief up to a maximum of \$2,000. Tax relief is calculated on the basis of a difference in federal tax before and after the effective transfer of income.

The Family Tax Cut would take effect starting in the 2014 tax year. Couples would be able to claim the credit when they file their 2014 tax returns. To benefit from the credit, each spouse must file a tax return. Either spouse may claim the credit.

More than 1.7 million families are expected to benefit from the new Family Tax Cut.

Subject to parliamentary approval