



LIBERAL
PRINCE EDWARD ISLAND

Tax Fairness



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Tax Credits

Islanders filing personal income tax returns are entitled to claim certain credits: a basic credit of \$250, a spouse/equivalent to spouse credit of \$250 and a child credit of \$200.

Under the measures announced today, each of these credits will be increased by \$50.

A new senior credit in the amount of \$250 will also be established.

Tax Credit Thresholds

Islanders filing personal income tax returns are currently required to pay tax if their taxable income exceeds \$15,000. Credits begin to phase out as their income increases. Under the measures announced today, this threshold for Islanders to keep their full, enhanced credits will be increased to \$17,000.

Impact and Cost

These changes in tax credit amounts and the income tax threshold will impact approximately 12,000 taxpayers, almost 2,300 of whom will no longer be required to pay provincial income tax. These measures will cost a total of \$1.7 million.

Examples

Some practical examples of the impact of these changes are set out below.

Example 1 – Single Person With No Children

A single person with no children earning \$17,000 a year would see their personal income tax reduced from \$814 to \$514, a savings of \$300.

Example 2 – Single Person With Two Children

A single person with two children earning \$22,000 a year would see their personal income tax reduced from \$654 to \$54, a savings of \$600.

Example 3 – Married Couple With Two Children

A single-earner family with two children and \$25,000 in annual income would see their personal income tax reduced from \$903 to \$203, a savings of \$700.

Example 4 – Single Senior With No Dependents

A single senior with income of \$17,000 in annual income would see their personal income tax reduced from \$542 to \$0.