

Minister of Finance



Ministre des Finances

Ottawa, Canada K1A 0G5

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Mr. Blair Corkum
Blair Corkum Financial Planning Inc.
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Dear Mr. Corkum:

Thank you for your correspondence of January 2, 2019 and for your continued interest in issues regarding the eligibility provisions of the Eligible Dependant Credit (EDC) that generally affect parents in shared-custody arrangements. I appreciate you making myself and my Parliamentary Secretary aware of your concerns.

You have suggested that the current interpretation of subsections 118(5) and 118(5.1) of the *Income Tax Act* leads to uneven results in terms of who may be eligible to claim the EDC, depending on whether shared custody parents, who are required to pay child support, agree to a set-off amount and under which legal document this set-off amount is agreed to.

Our Government continues to examine the tax system to ensure that it is fair and effective. That said, changes to rules in this area would need to be carefully considered in terms of the impacts on different groups and implications for the tax system as a whole.

I would like to take this opportunity to clarify some information regarding the Canada Child Benefit (CCB) in shared-custody situations. In your correspondence, you indicate that in a 60/40 percent shared-custody scenario only one parent would be eligible to receive the CCB.

The current tax rules allow two eligible individuals to receive amounts under the CCB in a particular month, provided the recipients meet the requirements under the Canada Revenue Agency's (CRA) shared-eligibility policy. This policy applies when a child lives more or less equally with two individuals who live separately (generally interpreted by the CRA to be where a child lives 40 percent to 60 percent of the time with each parent).

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In these specific situations, the CCB payments will be equivalent to each eligible individual receiving one-half of the annual entitlement that they would receive if they were the sole eligible individual, paid in monthly installments over the year.

Although our Government continues to monitor the issues you have raised, we are not prepared to recommend any changes at this time.

Thank you for writing.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Bill Morneau", followed by a period.

The Honourable Bill Morneau, P.C., M.P