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BLOC QUÉBÉCOIS PROPOSES REFUNDABLE TAX CREDIT INSTEAD OF TAXABLE ALLOWANCE

Ottawa, Wednesday, April 12, 2006 – In an effort to ensure that Quebec parents receive as much assistance as possible from the federal government, the Leader of the Bloc Québécois, **Gilles Duceppe**, accompanied by Intergovernmental Affairs critic and MP for Trois-Rivières, **Paule Brunelle**, today proposed changing the taxable allowance of \$1,200 per child promised by the Stephen Harper government to a refundable tax credit that would be more of a benefit for low- and middle-income families.

“In its current form, the taxable allowance promised by the Conservatives provides little benefit for Quebec families and is another intrusion by the federal government into Quebec’s jurisdiction over family policy. The Bloc Québécois’s refundable tax credit, on the other hand, would enable Quebec parents to reap the full benefit of the financial assistance being offered and would reduce the intrusion,” said **Duceppe**.

The Bloc Québécois Leader pointed out that the Conservatives’ \$1,200 allowance would be added to family income and would be taxable. “This means that parents will get only a fraction of the amount paid, because the allowance will increase their family income and could lead to a decrease in the Canada Child Tax Benefit, the GST rebate or the Quebec Child Support Program,” **Duceppe** added.

Fairer tax credit

Paule Brunelle, Bloc Québécois Intergovernmental Affairs critic and MP for Trois-Rivières, noted that the refundable tax credit proposed by the Bloc Québécois has no impact on any of the financial assistance paid to families by Quebec City or Ottawa.

“Moreover, this credit, which is based on family income, is fairer; it allows for better distribution of wealth among Canadians. Currently, the Conservative allowance is added to the income of the lower-paid spouse. That formula, which does not take total family income into account, produces disturbing results,” **Brunelle** added.

The following are telling examples based on the assumption that Quebec will also apply the Conservative allowance:

- A single parent with two children and an income of \$28,000 would get only \$729 of the Conservatives’ \$2,400 taxable allowance. However, the family would be entitled to 100% of the Bloc Québécois’s refundable tax credit, or \$2,400.
- A family with two children and a total income of \$60,000 (\$28,000 + \$32,000) would get \$1,436 of the Conservatives’ \$2,400 taxable allowance, compared with 83% of the Bloc Québécois’s refundable tax credit, or \$1,992.

The unfairness is such that, in the case of a family with two children in which one of the parents earns \$200,000 a year and the other earns only \$5,000, the Conservatives’ allowance could be added to the income of the spouse earning only \$5,000 and boost the family income by the full \$2,400. Under the formula proposed by the Bloc Québécois, the same couple could receive a refundable tax credit equivalent to the general minimum of \$700 per child, or \$1,400 for the two children.

These examples speak for themselves. As the *Coalition québécoise pour la consolidation des services de garde et des services aux familles* said on March 29 of this year, “real financial support for families should be in the form of a refundable tax credit. Such a measure would have considerably more impact for families that need help the most, that is, families with low incomes. A refundable tax credit would have fewer negative effects, would foster greater solidarity and would be fairer.”

“If they were to change their taxable allowance to a refundable tax credit, the Conservatives would not only fulfil their promises to provide more help to families, but would also fully respect Quebec’s areas of jurisdiction, which include family financial assistance policy,” said **Brunelle**.

Child care agreement: \$807-million shortfall

The Bloc Québécois Leader stated in closing that by terminating the Canada-Quebec agreement on child care, the Conservative government created an \$807-million shortfall for Quebec.

“The Conservatives made a commitment during the election campaign to correct the fiscal imbalance, but did the exact opposite by terminating the child care agreement,” **Duceppe** said. “The Conservative government now has to make up that \$807-million shortfall for the Government of Quebec. Stephen Harper has three options: honour the current agreement with Quebec, sign a special agreement with Quebec to recover all of the funds, or include the \$807 million for child care services in the overall settlement of the fiscal imbalance. Either way, Quebec should not be on the losing end. Steps will have to be taken to ensure that these funds can be identified at the end of the settlement process; they must not be drowned in a sea of numbers.”

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