

Completing your Prince Edward Island form

The following information will help you complete Form PE428, *Prince Edward Island Tax and Credits*.

The terms **spouse** and **common-law partner** are defined in the *General Income Tax and Benefit Guide*.

The term **end of the year** means December 31, 2009, the date you left Canada if you emigrated in 2009, or the date of death for a person who died in 2009.

Tax Tip

A number of Prince Edward Island tax measures are distinct from corresponding federal measures. However, many rules for calculating Prince Edward Island tax are still based on the federal *Income Tax Act*. As a result, you may find it easier to calculate your federal tax first. Your total taxes payable will be the same, no matter which tax you calculate first.

Form PE428, *Prince Edward Island Tax and Credits*

Complete Form PE428 if you were a resident of Prince Edward Island at the end of the year.

If you had income from a business with a permanent establishment outside Prince Edward Island, complete Form T2203, *Provincial and Territorial Taxes for 2009 – Multiple Jurisdictions*, **instead of** completing Form PE428.

You also have to complete Form PE428 if you were a non-resident of Canada in 2009 and you earned income from employment in Prince Edward Island or received income from a business with a permanent establishment only in Prince Edward Island.

Step 1 – Prince Edward Island non-refundable tax credits

The eligibility criteria and rules for claiming the Prince Edward Island non-refundable tax credits are the same as for the federal non-refundable tax credits. However, **the value and calculation of most Prince Edward Island non-refundable tax credits are different from the corresponding federal credits.**

To calculate some of the non-refundable credits, you will need to use the *Provincial Worksheet* in this book.

Newcomers to Canada and emigrants

If you prorated any of the amounts you claimed on lines 300 to 306, 315, 316, 318, 324, and 326 of your federal Schedule 1, you have to prorate the corresponding provincial amounts at lines 5804 to 5820, 5840, 5844, 5848, 5860, and 5864.

Line 5804 – Basic personal amount

Claim the basic personal amount of \$7,708.

Line 5808 – Age amount

You can claim this amount if you were 65 years of age or older on December 31, 2009, and your net income (line 236 of your return) is less than \$53,112.

If your net income is:

- \$28,019 or less, enter \$3,764 on line 5808; or
- more than \$28,019 but less than \$53,112, complete the calculation for line 5808 on the *Provincial Worksheet* in this book to determine your claim.

Note

You may be able to transfer all or part of your age amount to your spouse or common-law partner or to claim all or part of his or her age amount. See line 5864 for details.

Line 5812 – Spouse or common-law partner amount

You can claim this amount if the rules are met for claiming the amount on line 303 of federal Schedule 1 and your spouse's or common-law partner's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$7,201.

If your spouse's or common-law partner's net income is:

- \$655 or less, enter \$6,546 on line 5812; or
- more than \$655 but less than \$7,201, complete the calculation on Form PE428 to determine your claim, and enter the amount on line 5812.

Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the Identification area on page 1 of your return.

Line 5816 – Amount for an eligible dependant

You can claim this amount if the rules are met for claiming the amount on line 305 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$6,923.

If your dependant's net income is:

- \$629 or less, enter \$6,294 on line 5816; or
- more than \$629 but less than \$6,923, complete the calculation for line 5816 on the *Provincial Worksheet* in this book to determine your claim.

If you have not already completed federal Schedule 5, complete and attach it to your return.

Line 5820 – Amount for infirm dependants 18 years of age or older

You can claim this amount if the rules are met for claiming the amount on line 306 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$7,412.

Complete the calculation for line 5820 on the *Provincial Worksheet* in this book to determine your claim.

Line 5823 – Amount for young children

You can claim this amount if you were a resident of Prince Edward Island at the end of the year and you had a dependent child less than six years of age.

You can claim \$100 per month for each child less than six years of age, if **all** of the following conditions are met:

- the child was living with you on the first day of the month;
- the child was less than six years of age on the first day of the month; and
- no one else claimed this amount for the child for the month.

You cannot claim this amount for any month a special allowance under the *Children's Special Allowance Act* was received by anyone for that child.

If you had a spouse or common-law partner at the end of the year, only the person with the **lower net income** (including zero income) can claim this amount.

If you and your spouse or common-law partner have **equal net incomes**, you have to decide which **one** of you will claim this amount.

Complete the "Details of amount for young children" chart on Form PE428. It is important that you provide the details for each child you are claiming, including the number of months you are claiming for that child.

To determine your claim, enter the **total** number of months you are claiming for **all** children beside **box 6372**. Claim \$100 for each month, and enter the total amount on line 5823. The maximum amount you can claim for 2009 is \$1,200 for each dependent child.

Line 5824 – Canada Pension Plan or Quebec Pension Plan contributions through employment

Enter on this line the amount you claimed on line 308 of federal Schedule 1.

Line 5828 – Canada Pension Plan or Quebec Pension Plan contributions on self-employment and other earnings

Enter on this line the amount you claimed on line 310 of federal Schedule 1.

Line 5832 – Employment Insurance premiums

Enter on this line the amount you claimed on line 312 of federal Schedule 1.

Line 5836 – Pension income amount

You can claim this amount if you met the rules for claiming an amount on line 314 of federal Schedule 1.

The amount you can claim on line 5836 is the amount from line 314 of federal Schedule 1 or \$1,000, whichever is **less**.

Note

Only residents of Prince Edward Island are eligible for this amount. If you are not a resident of Prince Edward Island, you cannot claim this tax credit in calculating your Prince Edward Island tax even though you may have received income from a source inside Prince Edward Island in 2009.

Line 5840 – Caregiver amount

You can claim this amount if the rules are met for claiming the amount on line 315 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$14,399.

Complete the calculation for line 5840 on the *Provincial Worksheet* in this book to determine your claim.

Line 5844 – Disability amount

You can claim this amount if you met the rules for claiming the amount on line 316 of federal Schedule 1.

- If you were **18 years of age or older** at the end of the year, enter \$6,890 on line 5844.
- If you were **under 18 years of age** at the end of the year, you may be eligible to claim a supplement up to a maximum of \$4,019 in addition to the disability amount of \$6,890. Complete the calculation for line 5844 on the *Provincial Worksheet* in this book to determine your claim.

Line 5848 – Disability amount transferred from a dependant (other than your spouse or common-law partner)

You can claim this amount if the rules are met for claiming the amount on line 318 of federal Schedule 1.

Complete the calculation for line 5848 on the *Provincial Worksheet* in this book to determine your claim.

Line 5850 – Teacher school supply amount

If you are a teacher, a child care facility supervisor, or program staff and you resided in Prince Edward Island at the end of the year, you can claim an amount for expenses incurred in purchasing eligible school supplies with your own money. Eligible school supplies are listed in the guidelines available from your principal or child care facility operator. Document the supplies you purchased on the approval form included with the guidelines. You can claim up to \$500 of eligible expenses incurred in 2009.

Receipts – Whether you are filing a paper return or electronically, keep all of your receipts in case we ask to see them.

Line 5852 – Interest paid on your student loans

Enter on this line the amount you claimed on line 319 of federal Schedule 1.

Line 5856 – Your tuition and education amounts

Complete Schedule PE(S11), *Prince Edward Island Tuition and Education Amounts*, to calculate your claim.

Receipts – If you are filing a paper return, **attach the completed Schedule PE(S11)**. Whether you are filing a paper return or electronically, keep all of your forms and official tuition receipts in case we ask to see them.

Transferring and carrying forward amounts

You may not need all of your 2009 tuition and education amounts to reduce your provincial income tax to zero. In this case, you can **transfer** all or some of the unused part to **one** person, either your spouse or common-law partner (who would claim it on line 5864), your parent or grandparent, or your spouse's or common-law partner's parent or grandparent (who would claim it on line 5860).

You can only transfer an amount to your parent or grandparent, or your spouse's or common-law partner's parent or grandparent, if your spouse or common-law partner does not claim an amount for you on line 5812 or 5864.

Complete the "Transfer/Carryforward of unused amount" section of Schedule PE(S11) to calculate the provincial amount available to transfer, as well as Form T2202, *Education and Textbook Amounts Certificate*, T2202A, *Tuition, Education, and Textbook Amounts Certificate*, TL11A, *Tuition, Education, and Textbook Amounts Certificate – University Outside Canada*, TL11B, *Tuition, Education and Textbook Amounts Certificate – Flying School or Club*, or TL11C, *Tuition, Education, and Textbook Amounts Certificate – Commuter to the United States*, to designate who can claim it and the amount the person can claim.

This amount may be different from the amount calculated for the same person on your federal Schedule 11. You must enter the provincial amount you are transferring on line 20 of your Schedule PE(S11).

Tax Tip

If you are transferring an amount to a designated person, only transfer the amount this person can use. That way, you can carry forward as much as possible to use in a future year.

Complete the "Transfer/Carryforward of unused amount" section of Schedule PE(S11) to calculate the amount you can **carry forward** to a future year. This amount corresponds to the part of your tuition and education amounts you do not need to use (and do not transfer) for the year.

Line 5860 – Tuition and education amounts transferred from a child

You can claim these amounts if the rules are met for claiming an amount on line 324 of federal Schedule 1.

Enter on line 5860 the total of all provincial amounts transferred to you that each student designated on his or her Form T2202, T2202A, TL11A, TL11B, or TL11C.

Notes

The student **must have entered this amount on line 20** of his or her Schedule PE(S11). He or she may have chosen to transfer an amount that is less than the available provincial amount. The student cannot transfer to you any unused tuition and education amounts carried forward from a previous year.

If the student was a resident of another province or territory on December 31, 2009, special rules may apply. Call the Canada Revenue Agency (CRA) to determine the amount you can claim on line 5860.

Other rules may apply if the student has a spouse or a common-law partner. See line 324 in the *General Income Tax and Benefit Guide*.

Receipts – If you are filing a paper return, **do not include the student's Schedule PE(S11)**, forms, or official tuition fee receipts. Whether you are filing a paper return or electronically, keep all of your documents in case we ask to see them.

Line 5864 – Amounts transferred from your spouse or common-law partner

You can claim these amounts if the rules are met for claiming the amount on line 326 of federal Schedule 1.

Complete Schedule PE(S2), *Provincial Amounts Transferred From Your Spouse or Common-Law Partner*, to calculate your claim. Attach this schedule to your return.

Line 5868 – Medical expenses

The medical expenses you can claim on line 5868 are the same as those you can claim line 330 of your federal Schedule 1. They have to cover the **same 12-month period** ending in 2009 and must not have been claimed on a 2008 return. Your total expenses have to be more than either 3% of your net income (line 236 of your return) or \$1,678, whichever is less.

Note

If the total medical expenses claimed are more than \$1,678 but less than \$2,011, it is important that you enter the amount on line 5868 **and** on line 330 of your federal Schedule 1.

Line 5872 – Allowable amount of medical expenses for other dependants

In addition to the medical expenses claimed on line 5868, you can claim medical expenses for other dependants.

The medical expenses you use to calculate your claim on line 5872 are the same as those used to calculate your federal claim on line 331. They have to cover the **same 12-month period** ending in 2009 and must not have been claimed on a 2008 return.

The total expenses for each dependant have to be more than either 3% of that dependant's net income (line 236 of his or her return) or \$1,678, whichever is less. The maximum amount you can claim is \$10,000 for each dependant.

Complete the calculation for line 5872 on the *Provincial Worksheet* in this book to determine your claim.

Line 5896 – Donations and gifts

To calculate your claim for line 5896, enter the amounts from lines 345 and 347 of federal Schedule 9 and multiply them by the rates at lines 27 and 28 of Form PE428.

Step 2 – Prince Edward Island tax on taxable income

Enter on line 31 your taxable income from line 260 of your return. Use this amount to determine which **one** of the three columns you have to complete. Enter this amount on line 32 of the applicable column and complete the calculation.

Step 3 – Prince Edward Island tax

Line 40 – Prince Edward Island tax on split income

If you have to pay federal tax on split income on line 424 of your federal Schedule 1, complete Part 2 of Form T1206, *Tax on Split Income*, to calculate the provincial tax that applies to this income. Form T1206 also contains a special rule that applies to the amount you enter on line 428 of your return. You can find more information on tax on split income in the *General Income Tax and Benefit Guide*.

Line 48 – Prince Edward Island additional tax for minimum tax purposes

If you have to pay federal minimum tax as calculated on Form T691, *Alternative Minimum Tax*, you will also have to determine your Prince Edward Island additional tax for minimum tax purposes.

To do this, complete the calculation on line 48 of Form PE428. You can find more information about minimum tax in the *General Income Tax and Benefit Guide*.

Prince Edward Island low-income tax reduction

You **can** claim this tax reduction if you were a resident of Prince Edward Island on December 31, 2009, and any of the following conditions applied to you:

- you were 19 years of age or older;
- you had a spouse or common-law partner; or
- you were a parent.

If you had a spouse or common-law partner on December 31, 2009, you and your spouse or common-law partner have to decide which one of you will claim this low-income tax reduction for your family. Any unused amount can be claimed by the other spouse or common-law partner on their Form PE428.

You **cannot claim** this tax reduction if, on December 31, 2009, you were confined to a prison or a similar institution and were there for a total of more than six months during 2009.

Also, you **cannot claim** the tax reduction for a person who died in 2009.

Line 52 – Unused low-income tax reduction available from your spouse or common-law partner

If you had a spouse or common-law partner on December 31, 2009, and he or she did not need all of the low-income tax reduction to reduce his or her Prince Edward Island tax to zero, you can claim, on line 52, the unused amount calculated on his or her Form PE428.

Adjusted family income

When you calculate your **adjusted family income** (lines 54 to 59 of Form PE428), complete columns 1 and 2 using the information from your and your spouse's or common-law partner's returns for the year.

Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the Identification area on page 1 of your return.

Line 61 – Basic reduction

Claim \$250 for yourself.

Line 62 – Reduction for spouse or common-law partner

Claim \$250 if you had a spouse or common-law partner on December 31, 2009.

Line 63 – Reduction for an eligible dependant

Claim \$250 if you claimed the amount for an eligible dependant on line 5816 of Form PE428 and you **did not** claim an amount on line 62.

Line 64 – Reduction for dependent children born in 1991 or later

Enter beside box 6099 the number of dependent children you have who were born in 1991 or later.

Claim \$200 for each child.

Do not include a child for whom you claimed the reduction for an eligible dependant on line 63 of Form PE428.

Only one person can claim the tax reduction for a child.

Who is a dependent child?

A dependent child is a person who, on December 31, 2009:

- was 18 years of age or younger;
- did not have a spouse or common-law partner;
- was not a parent; **and**
- either lived with you or was claimed as a dependant only by you or your spouse or common-law partner.

Unused low-income tax reduction that can be claimed by your spouse or common-law partner

If you had a spouse or common-law partner on December 31, 2009, your spouse or common-law partner can claim, on his or her 2009 Form PE428, any amount of the low-income tax reduction that you do not need to reduce your Prince Edward Island tax to zero.

Complete the calculation on your Form PE428 to determine the unused amount that your spouse or common-law partner can claim on his or her Form PE428.

Line 73 – Provincial foreign tax credit

If your federal foreign tax credit on non-business income is less than the related tax you paid to a foreign country, you may be eligible to claim a provincial foreign tax credit.

To claim the credit, get Form T2036, *Provincial or Territorial Foreign Tax Credit*, from the CRA's Web site or by contacting us (see the section called "For more information" at the beginning of this book).

Enter, on line 73 of Form PE428, the tax credit calculated on line 5 of Form T2036.

Receipts – Attach Form T2036 to your paper return. If you are filing electronically, keep all of your documents in case we ask to see them.

Lines 75 and 76 – Prince Edward Island political contribution tax credit

You can claim a credit for the contributions you made in 2009 to a recognized political party of Prince Edward Island or to a candidate seeking election to the Prince Edward Island Legislative Assembly.

How to claim

Enter your total contributions on line 75 of Form PE428. Determine the amount to enter on line 76, as follows:

- For contributions of **\$1,150 or less**, complete the calculation for line 76 on the *Provincial Worksheet* in this book.
- For contributions of **more than \$1,150**, enter \$500 on line 76 of Form PE428.

Receipts – For each contribution, attach to your paper return the official receipt signed by an official of the recognized political party, or the candidate's agent. If you are filing electronically, keep your receipts in case we ask to see them.