



Information for residents of Prince Edward Island

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New for Prince Edward Island in 2019

The **basic personal amount** has changed.

The **spouse or common-law partner amount** and the **amount for an eligible dependant** have changed.

The dividend tax credit rate for other than eligible dividends has decreased to 2.74%.

Prince Edward Island benefits for individuals and families

Prince Edward Island sales tax credit

The Prince Edward Island sales tax credit (PEISTC) is a non-taxable amount paid to help offset the increase in sales tax for households with low and modest incomes. This amount is combined with the quarterly federal GST/HST credit payment.

You do not need to apply for the GST/HST credit or the PEISTC. The Canada Revenue Agency (CRA) will use the information from your return to determine if you are entitled to receive these credits.

File your return

To make sure you get your payments on time, you (and your spouse or common-law partner) need to file your 2019 income tax and benefit return(s) by April 30, 2020. The CRA will use the information from your return(s) to calculate the payments you are entitled to get from these programs.

The PEISTC is fully funded by the Province of Prince Edward Island. For more information about this program, go to canada.ca/en/revenue-agency/services/child-family-benefits/provincial-territorial-programs/province-prince-edward-island or call the CRA at 1-800-387-1193.

Completing your Prince Edward Island form

All the information you need to complete Form PE428, Prince Edward Island tax and credits, is in this package. Complete one copy of Form PE428 and attach it to your return.

This form and those referenced in this guide are available at canada.ca/cra-forms.

Definitions

Spouse refers to a person you are legally married to.

Common-law partner refers to a person who is not your spouse but with whom you are in a conjugal relationship, and **at least one** of the following conditions applies:

- This person has been living with you in a conjugal relationship for at least 12 continuous months (including any period of time where you were separated for less than 90 days because of a breakdown in the relationship).
- This person is the parent of your child by birth or adoption.
- This person has custody and control of your child (or had custody and control immediately before the child turned 19 years of age) and your child is wholly dependent on them for support.

End of the year means **any** of the three following dates:

- December 31, 2019
- the date you left Canada if you emigrated in 2019
- the date of death for a person who died in 2019

Form PE428, Prince Edward Island Tax and Credits

Complete Form PE428 if **one** of the following applies:

- You were a resident of Prince Edward Island at the end of the year.
- You were a non-resident of Canada in 2019, and **any** of the following applies:
 - You earned income from employment in Prince Edward Island.
 - You received income from a business with a permanent establishment **only** in Prince Edward Island.

When to complete Form T2203, Provincial and Territorial Taxes for 2019 – Multiple Jurisdictions

Complete Form T2203, Provincial and Territorial Taxes for 2019 – Multiple Jurisdictions, **instead of Form PE428, if both** of the following apply:

- You resided in Prince Edward Island on December 31, 2019 (or the date you left Canada if you emigrated in 2019).
- All or part of your 2019 business income (including income received as a retired, inactive, or limited partner) was earned and can be allocated to a permanent establishment **outside** Prince Edward Island.

You also must complete Form T2203 if **both** of the following apply:

- You were a non-resident of Canada throughout 2019.
- You were carrying on business in more than one province or territory in Canada or receiving income from an office or employment that can reasonably be attributed to duties performed in more than one province or territory in Canada.

Part A – Prince Edward Island non-refundable tax credits

The eligibility criteria and rules for claiming most Prince Edward Island non-refundable tax credits are the same as those 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.

Newcomers to Canada and emigrants

If you reduced your claim for the amounts on lines 30000 to 30450, 31600, 31800, 32400, and 32600 of your return, you need to reduce the corresponding amounts on lines 58040 to 58200, 58230, 58400, 58440, 58480, 58600, and 58640 of your Form PE428 in the same manner.

Line 58120 – Spouse or common-law partner amount

You can claim this amount if the rules are met for claiming the amount on line 30300 of your return and your spouse's or common-law partner's net income from line 23600 of their return (or the amount that it would be if they filed a return) is **less than \$8,558**.

Note

Enter your marital status and your spouse's or common-law partner's information (including their net income, even if it is zero) in the "Identification and other information" section on page 1 of your return.

Line 58160 – Amount for an eligible dependant

You can claim this amount if the rules are met for claiming the amount on line 30400 of your return and your dependant's net income from line 23600 of their return (or the amount that it would be if they filed a return) is **less than \$8,558**.

Note

If you were a single parent on December 31, 2019, and you chose to include all of the universal child care benefit (UCCB) lump-sum payment you received in 2019 in your dependant's income, include this amount when calculating their net income.

Line 58200 – Amount for infirm dependants age 18 or older

You can claim up to \$2,446 for each of your (or your spouse's or common-law partner's) dependent children or grandchildren who had an impairment in physical or mental functions and were born in 2001 or earlier.

You can also claim an amount for each person who meets **all** of the following conditions:

- They were your (or your spouse's or common-law partner's) parent, grandparent, brother, sister, aunt, uncle, niece, or nephew.
- They were 18 years of age or older.
- They were dependent on you (or on you and others) because of an impairment in physical or mental functions.
- They were a resident of Canada at any time in the year.

Notes

You **cannot** claim this amount for a person who was only visiting you.

A **parent** includes someone you were completely dependent upon and who had custody and control of you when you were under 19 years of age.

A **child** can include someone who has become completely dependent upon you for support and whom you have custody and control of even if they are older than you.

You can only claim an amount if the dependant's net income from line 23600 of their return (or the amount it would be if they filed a return) is **less than \$7,412**.

If you had to make support payments for a child, you cannot claim an amount on line 58200 for that child unless **all** of the following apply:

- You were separated from your spouse or common-law partner for only part of 2019 because of a breakdown in your relationship.
- You did not claim any support amounts paid to your spouse or common-law partner on line 22000 of your return.

If all of these conditions are met, you can claim an amount on line 58200 **or** an amount on line 22000 of your return, whichever is better for you.

How to claim this amount

Complete the calculation for line 58200 using Worksheet PE428. If you are claiming this amount for more than one dependant, enter the total amount on line 58200.

Note

The CRA may ask for a signed statement from a medical practitioner showing the type of impairment, when it began, how long it is expected to last, and whether that person is, and will continue to be, dependent on others because of this impairment in physical or mental functions.

Claim made by more than one person

If you and another person support the same dependant, you can split the claim for that dependant. However, the total amount of your claim and the other person's claim cannot be more than the maximum amount allowed for that dependant.

Line 58230 – 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 who was less than six years of age.

You can claim \$100 per month for each child if **all** of the following conditions are met for each month you are claiming:

- 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.
- No one else claimed this amount for the child for the month.
- No one has received a special allowance under the Children's Special Allowances Act for the child for any of the months.

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 who will claim this amount.

How to claim this amount

Complete the chart "Details of amount for young children" on your Form PE428. Give details for each child you are claiming including the number of months you are claiming for that child.

Enter the **total** number of months you are claiming for **all** children on line 58229 of your Form PE428. Claim \$100 for each month, and enter the total amount on line 58230.

The maximum amount you can claim for 2019 is \$1,200 for each dependent child.

Line 58360 – Pension income amount

The amount you can claim on line 58360 is the amount on line 31400 of your return **or** \$1,000, **whichever is less**.

Note

Only residents of Prince Edward Island are eligible for this amount. If you were not a resident of Prince Edward Island at the end of the year, you cannot claim this credit when calculating your Prince Edward Island tax even if you may have received income from a source in Prince Edward Island in 2019.

Line 58400 – Caregiver amount

If, at any time in 2019, you (alone or with another person) kept a dwelling where you and one or more of your dependants lived, you may be able to claim up to \$2,446 for each dependant.

Each dependant must have been **one** of the following:

- your (or your spouse's or common-law partner's) child or grandchild
- your (or your spouse's or common-law partner's) brother, sister, niece, nephew, aunt, uncle, parent, or grandparent who was resident in Canada

Note

You **cannot** claim this amount for a person who was only visiting you.

Also, each dependant must meet **all** of the following conditions:

- They were 18 years of age or older when they lived with you.
- Their net income in 2019 from line 23600 of their return (or the amount that it would be if they filed a return) was **less than \$14,399**.
- They were dependent on you because of an impairment in physical or mental functions, or they were your (or your spouse's or common-law partner's) parent or grandparent born in 1954 or earlier.

If you had to make support payments for a child, you cannot claim an amount on line 58400 for that child. However, you may be able to claim an amount for that child on line 58400 (in addition to any allowable amounts on lines 58160 and 58480) if **all** of the following apply:

- You were separated from your spouse or common-law partner for only part of 2019 because of a breakdown in your relationship.
- You did not claim any support amounts paid to your spouse or common-law partner on line 22000 of your return.

If all of these conditions are met, you can claim an amount line 58400 **or** an amount on line 22000 of your return, whichever is better for you.

How to claim this amount

Complete the calculation for line 58400 using Worksheet PE428. If you are claiming this amount for more than one dependant, enter the total amount on line 58400 of your Form PE428.

Claim made by more than one person

If you and another person support the same dependant, you can split the claim for that dependant. However, the total of your claim and the other person's claim cannot be more than the maximum amount allowed for that dependant.

If anyone (including you) claims an amount for a dependant, no one can claim an amount on line 58200 for that dependant.

If anyone other than you claims an amount on line 58160 for a dependant, you cannot claim an amount on line 58400 for that dependant.

Line 58440 – Disability amount (for self)

You can claim this amount if the rules are met for claiming the amount on line 31600 of your return.

If you were 18 years of age or older at the end of the year, enter \$6,890 on line 58440.

If you were under 18 years of age at the end of the year, complete the calculation for line 58440 using Worksheet PE428.

Line 58480 – Disability amount transferred from a dependant

You can claim this amount if the rules are met for claiming the amount on line 31800 of your return.

Note

If you and your dependant were not residents of the same province or territory at the end of the year, special rules may apply. Contact the CRA to find out how much you can claim.

Line 58500 – Teacher school supply amount

You can claim an amount for expenses incurred to buy eligible school supplies if you meet **all** of the following conditions:

- You were a teacher or member of the program staff of an early learning and child care centre.
- You resided in Prince Edward Island at the end of the year.
- You bought the supplies with your own money.

Eligible school supplies are listed in the guidelines available from your principal or child care facility operator.

How to claim this amount

List the supplies that you bought on the approval form included with the guidelines.

You can claim up to \$500 of the eligible expenses incurred in 2019.

Supporting documents

If you are filing electronically or filing a paper return, do not send any documents. Keep all your documents in case we ask to see them later.

Line 58560 – Your tuition and education amounts

Complete Schedule PE(S11), Provincial Tuition and Education Amounts.

Transferring amounts

If you do not need to use all of your 2019 tuition and education amounts to reduce your provincial income tax to zero, you can transfer all or some of the unused part to **one** of the following individuals:

- your spouse or common-law partner (who would claim it on line 59090 of their Schedule PE(S2))
- your parent or grandparent (who would claim it on line 58600 of their Form PE428)
- your spouse's or common-law partner's parent or grandparent (who would claim it on line 58600 of their Form PE428)

Note

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 lines 58120 or 58640.

You must complete the "Transfer or carryforward of unused amount" section of Schedule PE(S11) to transfer an amount. You must also complete any of the following applicable forms to **designate** who can claim the transferred amount and to **specify** the provincial amount this person can claim:

- T2202, Tuition and Enrolment Certificate
- TL11A, Tuition and Enrolment Certificate – University Outside Canada
- TL11C, Tuition and Enrolment Certificate – Commuter to the United States

The transferred amount may be different than the amount calculated for the same person on your federal Schedule 11. Enter the provincial amount you are transferring on line 20 of your Schedule PE(S11).

Carrying forward amounts

Complete the "Transfer or carryforward of unused amounts" section of Schedule PE(S11) to calculate the amount you can carry forward to a future year. This amount is the part of your tuition and education amount that you do not need to use for the year and are not transferring to your spouse or common-law partner, your parent or grandparent or your spouse's or common-law partner's parent or grandparent.

Supporting documents

If you are filing electronically, keep all your documents in case we ask to see them later.

If you are filing a paper return, attach your completed Schedule PE(S11), but do not send your other documents. Keep all your documents in case we ask to see them later.

Line 58600 – Tuition and education amounts transferred from a child

You may be able to claim the transfer of all or part of the unused tuition and education amounts for 2019 from your child or grandchild or their spouse or common-law partner.

The maximum amount each student can transfer to you is \$5,000 **minus** the amount they use, even if there is an unclaimed part.

How to claim this amount

Enter on line 58600 the total of all provincial amounts that each student has transferred to you as shown on their Form T2202, TL11A, or TL11C.

Notes

The student must have entered this amount on line 20 of their Schedule PE(S11). They 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 you and the student were not residents of the same province or territory on December 31, 2019, special rules may apply. Contact the CRA to find out how much you can claim on line 58600.

Supporting documents

If you are filing electronically or filing a paper return, do not send any documents. Keep all your documents in case we ask to see them later.

Note

The student must attach Schedule PE(S11) to their paper return.

Line 58689 – Medical expenses for self, spouse or common-law partner, and your dependent children born in 2002 or later

The medical expenses you can claim on line 58689 are the same as those you can claim on line 33099 of your return. They have to cover the same 12-month period ending in 2019, and must be expenses that were not claimed for 2018.

The total expenses need to be more than 3% of your net income from line 23600 of your return or \$1,678, **whichever is less**.

Note

If the total medical expenses claimed are more than \$1,678 but less than \$2,352, enter the amount on line 58689 **and** line 33099 of your return.

Line 58729 – Allowable amount of medical expenses for other dependants

You can claim medical expenses for other dependants in addition to the medical expenses claimed on line 58689.

The medical expenses you can claim on line 58729 are the same as those you can claim on line 33199 of your return. They have to cover the same 12-month period ending in 2019, and must be expenses that were not claimed for 2018.

The total expenses for each dependant need to be **more than** either 3% of that dependant's net income from line 23600 of their return or \$1,678, **whichever is less**.

Part B – Prince Edward Island tax on taxable income

Enter your taxable income from line 26000 of your return on line 39 in Part B of your Form PE428.

Use the amount from line 39 to decide which column in Part B to complete.

Prince Edward Island tax rates for 2019

The following tax rates are used in the calculation of your Prince Edward Island tax on taxable income:

- 9.8% on the portion of your taxable income that is \$31,984 or less, **plus**
- 13.8% on the portion of your taxable income that is more than \$31,984 but not more than \$63,969, **plus**
- 16.7% on the portion of your taxable income that is more than \$63,969.

Part C – Prince Edward Island tax

Line 48 – Prince Edward Island tax on split income

If you are reporting an amount on line 40424 of your return for federal tax on split income, complete Part 3 of Form T1206, Tax on Split Income, to calculate the Prince Edward Island tax to enter on line 42800 of your return.

For more information on tax on split income, see the Federal income tax and benefit guide.

Line 57 – Prince Edward Island additional tax for minimum tax purposes

If you need to pay federal minimum tax as calculated on Form T691, Alternative Minimum Tax, complete the calculation on line 57 of your Form PE428 to determine your Prince Edward Island additional tax for minimum tax purposes.

For more information about minimum tax, see the Federal income tax and benefit guide.

Prince Edward Island low-income tax reduction

You can claim the Prince Edward Island low-income tax reduction if you were a resident of Prince Edward Island on December 31, 2019, and **any** of the following conditions applies to you:

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

If you had a spouse or common-law partner on December 31, 2019, you and your spouse or common-law partner need to decide who will claim the low-income tax reduction for your family. The other spouse or common-law partner can claim any unused amount on their Form PE428.

You **cannot** claim this tax reduction if, on December 31, 2019, you were confined to a prison or a similar institution for a total of more than six months during 2019.

You **cannot** claim the tax reduction for a person who died in 2019.

Line 61 – Unused low-income tax reduction from your spouse or common-law partner

If you had a spouse or common-law partner on December 31, 2019, and they did not need to use all of the low-income tax reduction to reduce their Prince Edward Island tax to zero, you can claim their unused amount from their Form PE428 on line 61 of your Form PE428.

Adjusted family income for the calculation of the Prince Edward Island low-income tax reduction

To calculate your **adjusted family income**, complete columns 1 and 2 (lines 63 to 68 of Form PE428) using the information from your and your spouse's or common-law partner's returns for the year.

Note

Enter your marital status and your spouse's or common-law partner's information (including their net income, even if it is zero) in the "Identification and other information" section on page 1 of your return.

Line 70 – Age reduction for self

Claim \$250 if you were 65 years old or older on December 31, 2019.

Line 71 – Reduction for your spouse or common-law partner

Claim \$350 if you had a spouse or common-law partner on December 31, 2019.

Line 72 – Age reduction for your spouse or common-law partner

Claim \$250 if your spouse or common-law partner was 65 years of age or older on December 31, 2019.

Line 73 – Reduction for an eligible dependant

Claim \$350 if you claimed the amount for an eligible dependant on line 58160 of Form PE428 and you did **not** claim an amount on line 71.

Line 74 – Reduction for dependent children born in 2001 or later

Enter on line 60999 the number of dependent children you have who were born in 2001 or later.

Claim \$300 for each child but do **not** include a child you already claimed the eligible dependant reduction for on line 73 of your Form PE428.

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

Who is a dependent child?

A dependent child is a child who, on December 31, 2019, met **all** of the following conditions:

- They were 18 years of age or younger.
- They did not have a spouse or common-law partner.
- They were not a parent.
- They lived with you or were 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, 2019, they can claim on their Form PE428 any amount of the low-income tax reduction that you do not need to use to reduce your Prince Edward Island tax to zero.

Complete the calculation at lines 95 to 97 on your Form PE428 to determine the unused amount that your spouse or common-law partner can claim on line 61 on their Form PE428.

Line 85 – 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 able to claim a provincial foreign tax credit.

How to claim this credit

Complete Form T2036, Provincial or Territorial Foreign Tax Credit.

Enter, on line 85 of your Form PE428, the tax credit calculated on your Form T2036.

Supporting documents

If you are filing electronically, keep all your documents in case we ask to see them at a later date.

If you are filing a paper return, attach your Form T2036.

Lines 87 and 88 – Prince Edward Island political contribution tax credit

You can claim a credit for the contributions you made in 2019 to a registered political party of Prince Edward Island or to a candidate seeking election to the Prince Edward Island Legislative Assembly.

How to claim this amount

Enter your total contributions on line 87 of your Form PE428 and calculate the amount to enter on line 88 as follows:

- For contributions of **\$1,150 or less**, complete the calculation for line 88 using Worksheet PE428.
- For contributions of **more than \$1,150**, enter \$500 on line 88 of your Form PE428.

Supporting documents

If you are filing electronically, keep all your documents in case we ask to see them later.

If you are filing a paper return, attach the official receipt (signed by an official of the recognized political party, or by the candidate's agent) for each contribution.

Line 90 – Equity tax credit

You can claim this credit for investments in eligible shares you acquired in 2019 (that you did not claim on your 2018 return) or in the first 60 days of 2020.

Enter, on line 90 of your Form PE428, the amount shown on Certificate PE-ETC.

The maximum amount you can claim is \$7,000.

Supporting documents

If you are filing electronically, keep all of your documents in case we ask to see them later.

If you are filing a paper return, attach your Certificate PE-ETC.

Unused equity tax credit

You can carry forward your unused credits for seven years or carry them back three years.

The maximum credit you can claim is \$7,000 per tax year, including any unused amounts from other years.

To claim an unused amount shown on your last notice of assessment or reassessment, enter the amount on line 91 of your Form PE428.

To claim a carry-back amount, you must ask the CRA to adjust your prior-year return. For more information, read "How to change a return" in the Federal income tax and benefit guide.

Line 94 – Prince Edward Island volunteer firefighter tax credit

You can claim this refundable tax credit if you met the rules for claiming the amount on line 31220 of your return. If you qualify for this credit, enter \$500 on line 94 of your Form PE428.

Note

Only residents of Prince Edward Island are eligible for this credit. If you are not a resident of Prince Edward Island, you cannot claim this credit when calculating your Prince Edward Island tax even if you may have received income from a source in Prince Edward Island in 2019.

If you are preparing a return for a person who died in 2019, you can claim this credit on their final return if they were a resident of Prince Edward Island on the date of death and met the rules for claiming the amount on line 31220 of their return.