



# Prince Edward Island Information Guide

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## New for Prince Edward Island in 2020

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The **basic personal amount** has changed.

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

The adjusted income threshold for the **Prince Edward Island low-income tax reduction** calculation has increased.

Beginning in 2020, the **Prince Edward Island tuition and education amounts** will be reduced by any Canada training credit claimed for the year.

## Prince Edward Island benefits for individuals and families

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### 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 2020 Income Tax and Benefit Return(s) by April 30, 2021. 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/cra-benefits-prov-terr](https://canada.ca/cra-benefits-prov-terr) or call the CRA at 1-800-387-1193.

## Completing your Prince Edward Island form

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

Form PE428 and those mentioned in this guide are available at [canada.ca/cra-forms](https://canada.ca/cra-forms).

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

- December 31, 2020
- the date you left Canada if you emigrated in 2020
- the date of death for a person who died in 2020

### 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

# 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 2020 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 Multiple Jurisdictions

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

- You resided in Prince Edward Island on December 31, 2020 (or the date you left Canada if you emigrated in 2020)
- All or part of your 2020 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 2020
- You were carrying on business in **more than one** province or territory in Canada or were 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 tax on taxable income

### Prince Edward Island tax rates for 2020

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 B – Prince Edward Island non-refundable tax credits

The eligibility conditions 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 amount and calculation of most Prince Edward Island non-refundable tax credits are different from the corresponding federal credits.

### Newcomers to Canada and emigrants

As a newcomer or an emigrant, you may be limited in the amount you can claim for certain provincial non-refundable tax credits.

If you reduced your claim for any of the following federal amounts, you also need to reduce your claim for the corresponding provincial amount in the same manner.

Federal amount on your return	Corresponding provincial amount on Form PE428
line 30000	line 58040
line 30100	line 58080
line 30300	line 58120
line 30400	line 58160
line 30425	line 58200
line 30450	line 58400
line 31600	line 58440
line 31800	line 58480
line 32400	line 58600
line 32600	line 58640

#### Note

You may also need to reduce your claim for line 58230 of your Form PE428 if you were a newcomer to Canada or an emigrant in 2020.

For examples on how to calculate these amounts, see Guide T4055, Newcomers to Canada.

### 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 \$9,342**.

### 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 \$9,342**.

## 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 born in 2002 or earlier who has an impairment in physical or mental functions.

You can also claim this amount for more than one person if each one meets **all** of the following conditions:

- They are 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** includes someone who is completely dependent upon you for support and whom you have custody and control of, even if they are older than you.

You can claim this amount only if the 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 \$7,412**.

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

- You were separated from your spouse or common-law partner for only part of 2020 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 **both** of these conditions are met, you can claim whichever of the following amounts is better for you:

- line 58200 of your Form PE428
- line 22000 of your return

### 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 of your Form PE428.

### Note

The CRA may ask for a signed statement from a medical practitioner showing when the impairment began and how long it is expected to last. You do **not** need a signed statement from a medical practitioner if the CRA already has an approved Form T2201, Disability Tax Credit Certificate, for a specified period. The notice of determination will show which years you are eligible for.

## 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.

Enter the details for each child you are claiming including the number of eligible months you are claiming for that child.

Enter the **total** number of eligible months you are claiming for **all** children on line 58229 of your Form PE428. Multiply the number of eligible months by \$100 and enter the total amount on line 58230.

The maximum amount you can claim for 2020 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 2020.

## Line 58400 – Caregiver amount

If, at any time in 2020, 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 be **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 a 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 2020 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 upon 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 1955 or earlier

If you had to make support payments for a child, you cannot claim an amount on line 58400 for that child unless **both** of the following conditions apply:

- You were separated from your spouse or common-law partner for only part of 2020 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 **both** of these conditions are met, you can claim whichever of the following amounts is better for you:

- line 58400 of your Form PE428
- line 22000 of your return

### 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 amount of your claim and the other person's claim cannot be more than the maximum amount allowed for that dependant.

### Notes

If you or someone else is claiming the caregiver amount (line 58400) for a dependant, you cannot claim the amount

for infirm dependants age 18 or older (line 58200) for that dependant.

If someone other than you is claiming the amount for an eligible dependant (line 58160), you cannot claim the caregiver amount 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 of your Form PE428.

If you were under 18 years of age at the end of the year, use Worksheet PE428 to calculate the amount to enter on line 58440.

## 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. For more information, call the CRA at 1-800-959-8281.

## Line 58500 – Teacher school supply amount

You can claim up to \$500 for expenses incurred in 2020 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 using the approval form included with the guidelines.

### Supporting documents

If you are filing a paper return, do not send any supporting documents. Keep all your documents in case you are asked to provide them later.

## Line 58560 – Your tuition and education amounts

Complete Schedule PE(S11), Prince Edward Island Tuition and Education Amounts.

### Note

If you claimed the Canada Training Credit (CTC) on line 45350 of your return, the amount you enter on line 59140 of your Schedule PE(S11) is already reduced by the CTC claimed.

## Transferring amounts

If you do not use all of your 2020 tuition and education amounts to reduce your provincial income tax to zero, you can transfer all or part of the unused amount to **one** of the following designated 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

If your spouse or common law partner is claiming an amount for you on line 58120 or line 58640 of their Form PE428, you cannot transfer your unused current-year amount to your (or your spouse's or common-law partner's) parent or grandparent.

To **designate** who can claim the transferred amount and to **specify** the provincial amount they can claim, complete any of the following designated forms that you received as a student:

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

Complete the "Transfer or carryforward of unused amounts" section of Schedule PE(S11) to transfer an amount.

## 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 amounts that you are not claiming for the current year and are not transferring to a designated individual.

## Supporting documents

If you are filing a paper return, attach your completed Schedule PE(S11). Keep your supporting documents in case you are asked to provide 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 2020 tuition and education amounts 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 that they claimed.

## How to claim this amount

Enter, on line 58600, the total of all tuition and education amounts transferred to you from each student as shown on their forms T2202, TL11A, or TL11C.

### Notes

The student must enter this amount on line 59200 of their Schedule PE(S11). They may choose 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 previous years.

If you and the student were not residents of the same province or territory on December 31, 2020, special rules may apply. For more information, call the CRA at 1-800-959-8281.

## Line 58689 – Medical expenses for self, spouse or common-law partner, and your dependent children born in 2003 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 also have to cover the same 12-month period ending in 2020 and must be expenses that were not claimed for 2019.

## Line 58729 – Allowable amount of medical expenses for other dependants

You can claim medical expenses for other dependants in addition to the medical expenses for self, spouse or common-law partner, and your dependent children born in 2003 or later 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 also have to cover the same 12-month period ending in 2020 and must be expenses that were not claimed for 2019.

## Part C – Prince Edward Island tax

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### Line 52 – Prince Edward Island tax on split income

If you are reporting federal tax on split income on line 40424 of your return, 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.

### Line 60 – 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 60 of your Form PE428 to determine your Prince Edward Island additional tax for minimum tax purposes.

## 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, 2020, 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, 2020, you and your spouse or common-law partner need to decide who will claim this 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, 2020, you were confined to a prison or a similar institution for a total of more than six months during 2020.

You **cannot** claim the tax reduction for a person who died in 2020.

## Line 64 – Unused low-income tax reduction from your spouse or common-law partner

If you had a spouse or common-law partner on December 31, 2020, 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 64 of your Form PE428.

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

To calculate your **adjusted family income**, complete lines 66 to 71 of your Form PE428 using the information from your and your spouse's or common-law partner's returns for the year.

## Line 77 – Reduction for an eligible dependant

Claim \$350 if you claimed an amount for an eligible dependant on line 58160 of your Form PE428 and you did **not** claim an amount on line 75.

## Line 78 – Reduction for dependent children born in 2002 or later

Enter on line 60999 the number of dependent children you are claiming who were born in 2002 or later.

Claim \$300 for each dependant.

### Notes

You **cannot** claim this reduction for a child you claimed on line 77 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, 2020, 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 your spouse or common-law partner can claim

If you had a spouse or common-law partner on December 31, 2020, 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 lines 97 to 99 of your Form PE428 to calculate the unused amount that your spouse or common-law partner can claim on line 64 of their Form PE428.

## Line 87 – 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.

### Supporting documents

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

## Line 90 – Prince Edward Island political contribution tax credit

You can claim this credit if, in 2020, you contributed 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 credit

Enter your total political contributions made in 2020 on line 63420 of your Form PE428. Then calculate and enter your credit on line 90 as follows:

- For contributions of **more than \$1,150**, enter \$500 on line 90 of your Form PE428
- For contributions of **\$1,150 or less**, complete the calculation for line 90 using Worksheet PE428

### Supporting documents

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 92 – Equity tax credit**

You can claim this credit for investments in eligible shares you acquired in 2020 (that you did not claim on your 2019 return) or in the first 60 days of 2021.

Enter, on line 92 of your Form PE428, the amount shown on Certificate PE-ETC.

### **Supporting documents**

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

### **Unused equity tax credit**

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

You can claim up to \$7,000 per tax year, including any unused amounts from other years.

Enter, on line 93 of your Form PE428, the unused amount shown on your last notice of assessment or reassessment.

To claim a carry-back, 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 96 – 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.

To claim this credit, enter \$500 on line 96 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 2020.

If you are preparing a return for a person who died in 2020, 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.