

Canada Revenue Agency

News Release

Revenue Agency tells monthly public transit pass holders: Keep your pass!

19 June 2006, Ottawa - The Canada Revenue Agency is advising transit users to keep their monthly transit passes and receipts if they plan to claim a proposed new tax credit for public transit use on their 2006 income tax return.

If a transit pass displays the following information, the pass itself will be sufficient to support a claim for the tax credit:

- an indication that it is a monthly (or longer duration) pass;
- the date or period for which the pass is valid;
- the name of the transit authority or organization issuing the pass;
- the amount paid for the pass; and,
- the identity of the rider, either by name or unique identifier.

If a transit user's pass does not contain **all** of this information, the Agency advises that transit users also obtain a dated receipt, or retain cancelled cheques or credit card statements, to support the claim. The credit will be available for the portion of the pass that is used on or after July 1st, even if the pass is purchased before that date.

Additional information on how to claim the proposed tax credit for public transit passes will be posted soon on the Canada Revenue Agency Web site at www.cra.gc.ca <<http://www.cra.gc.ca>>.

The transit pass credit, announced as part of the May 2006 federal budget, will allow individuals to claim the cost of passes for commuting on buses, streetcars, subways, commuter trains and ferries. In addition to claiming his or her own cost of transit passes, an individual can make a claim on behalf of a spouse or common-law partner, and the individual's children under the age of 19, to the extent that they have not already been claimed by them.

Questions and Answers Tax Credit for Public Transit Passes

Q.1 What is the tax credit for public transit passes?

A.1 The tax credit for public transit passes is a non-refundable tax credit for the cost of buying a monthly (or longer duration) pass for commuting on buses, streetcars, subways, commuter trains and ferries.

Q.2 How do I claim the tax credit for public transit passes?

A.2 You will be able to claim the tax credit for public transit passes on your 2006 income tax return for the amounts you have paid for travel that occurs after June 30, 2006.

Q.3 What will I need to support my claim?

A.3 At a minimum, you will need to keep your expired monthly transit passes for months after June 2006 to support your claim.

If your transit pass displays **all** of the following information, the pass itself will be sufficient to support a claim for the tax credit:

- an indication that it is a monthly (or longer duration) pass;
- the date or period for which the pass is valid;
- the name of the transit authority or organization issuing the pass;
- the amount paid for the pass; and,
- the identity of the rider, either by name or unique identifier.

If the pass does not have all of this information, you will also need to keep receipts, cancelled cheques or credit card statements, along with your pass(es), to support your claim. The credit will be available for the portion of the pass that is used on or after July 1st, even if the pass is purchased before that date.

You will not need to submit any documentation when you file your return, but you must keep it in case the Canada Revenue Agency (CRA) asks for it in verifying your claim.

Q.4 How much can I claim?

A.4 You can claim the full amount paid for a public transit pass, or for the cost of passes for multiple transit systems (see question 5 below). The tax credit is a non-refundable tax credit, which means that the amount you claim is multiplied by the lowest personal income tax rate for the year (15.25 per cent in 2006) and is then deducted from your tax otherwise payable.

Q.5 I use more than one method of public transit to commute. Can I claim more than one type of pass?

A.5 Yes, you can claim the full amount of any combination of transit passes.

Q.6 Can I claim the credit on behalf of my family?

A.6 Yes, you can claim the tax credit for public transit passes on behalf of your spouse, common law partner, and your children under the age of 19, to the extent that these amounts have not already been claimed.

Q.7 In my area, passes for July are on sale starting mid-June. If I buy my July pass in June, does it mean that I cannot claim it?

A.7 No, as long as you keep your receipt and your pass, you can claim amounts you have paid for travel that occurs after June 30, 2006, as would be the case of your July pass, no matter when you purchased it.

Q.8 Where can I get more information about this tax credit?

A.8 Additional information on how to claim the tax credit for public transit passes will be posted soon on the Canada Revenue Agency Web site at www.cra.gc.ca.