

Self-employment out-of-province income tax credit

Enter the out-of-province portion of business, professional and commission income from lines 135, 137 and 139 of your return. (maximum \$25,000)

Enter your **total income** from line 150 of your return.

Line 84 divided by line 85

Multiply line 86 by line 83

Enter the result on **line 428** of your return.

84

÷ 85

= 86

= 87

Prince Edward Island tax 88

PEI Self-Employment, Out-of-Province Income, Tax Credit

Private Members Bill - MLA Brad Trivers

Why? Improve PEI Economy

- ▶ Narrow trade deficit
 - ▶ Create entrepreneurs
 - ▶ Increase Working Population
 - ▶ Re-patriate Islanders
 - ▶ Keep people on PEI
 - ▶ Attract new Islanders (from Canada and abroad)
 - ▶ Target new sectors
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Must be PEI Residents

- ▶ To qualify, a person must:
 - ▶ Be a permanent PEI resident;
 - ▶ File personal taxes (i.e. T-1) using PEI address
 - ▶ Earn income while residing in PEI
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Must be Self-Employed

- ▶ Applies only to Self-employment income reported on T-1 General form issued by Canada Revenue Agency:
 - ▶ “business income” - Line 135
 - ▶ “professional income” – Line 137
 - ▶ “commision income” – Line 139
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Must be Off-Island Income

- ▶ Applies only income from off-Island work
 - ▶ Income earned from the sales of goods and services outside of PEI

Tax Credit

- ▶ Sole proprietor must be paying taxes in order to get tax credit
 - ▶ Not a grant
 - ▶ Eliminates trying to “pick winners”
 - ▶ No loss of gov’t revenue on new exports
 - ▶ Applied to income after deductions
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Re-Patriation / Immigration

- ▶ Declining off-Island economy
 - ▶ Relatively low cost of PEI real estate
 - ▶ Desire for Island lifestyle
 - ▶ “Eastsizing” ([CBC article](#))
 - ▶ Cape Breton free land ([CBC article](#))
 - ▶ Attractive for Families
 - ▶ New/returning people employ themselves
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Good for All Islanders

- ▶ **Self-employed Islanders buy services**
 - ▶ Housing
 - ▶ Food
 - ▶ Transportation
 - ▶ **Spin-off job creation**
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Impact on Tax Revenue

- ▶ Existing self-employed Islanders
 - ▶ Current off-Island revenue
 - ▶ Revenue Cap
 - ▶ Limit on how long can claim?
 - ▶ # years? (returns)
 - ▶ total lifetime amount?
 - ▶ Loopholes?
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2013 PEI Tax Return Statistics

- ▶ [Canada Revenue Agency Statistics](#)
 - ▶ No way to identify “Off-Island” income
 - ▶ Total Returns = 8340
 - ▶ Total Income = \$108 million
 - ▶ Total Est. Tax Revenue = \$12 million
 - ▶ % Off-island Income = ???
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