



Children's Fitness Tax Credit

Information for organizations providing prescribed programs of physical activity

Although the Canada Revenue Agency (CRA) administers the children's fitness tax credit, organizations are in the best position to determine if the programs they offer qualify as prescribed programs of physical activity for the purposes of the credit. This page contains information that will help you determine whether the programs you offer meet the requirements for the tax credit, and will also help you calculate the amount of eligible fitness expenses.

Note

A receipt does not guarantee the eligibility of a program.

Prescribed programs of physical activity

An eligible fitness expense must be for the cost of registration or membership of an eligible child in a prescribed program of physical activity. Generally, such a program must:

- be ongoing (either a minimum of eight weeks long or, for children's camps, five consecutive days long);
- be supervised;
- be suitable for children; and
- include a significant amount of **physical activity** that contributes to cardio-respiratory endurance, plus one or more of: muscular strength, muscular endurance, flexibility, or balance.

Under the *Income Tax Regulations*, physical activity includes:

- horseback riding; and
- **if the child is eligible for the disability tax credit**, activities that result in movement and in an observable expenditure of energy in a recreational context.

If a child rides on, or in, a motorized vehicle as an essential part of an activity, that activity does not qualify as a physical activity for the children's fitness tax credit.

The [Children's Fitness Tax Credit Eligibility Checklist](#) contains additional information about the types of activities that constitute "physical activity" for purposes of the credit. Reviewing this information and answering the questions in the checklist will help you determine whether a particular program qualifies for the credit. For more information about the criteria for prescribed programs of physical activity, see the [Regulations](#).

Calculating the amount of eligible fitness expenses

To be eligible for the children's fitness tax credit, expenses must be for a child who, at the beginning of the year in which the expenses are paid, is under 16, or is under 18 and is eligible for the disability tax credit. The expenses must be for the cost of the child's registration or membership in a prescribed program of physical activity.

Note

It is not an organization's responsibility to determine whether a child is eligible for the disability tax credit. If a parent tells an organization that a child is eligible for the disability tax credit, this should be accepted.

In determining the eligible fees for such a child, an organization needs to recognize that physical activity includes activities that result in movement and in an observable expenditure of energy in a recreational context.

Registration and membership fees include the costs of administration, instruction, and the rental of facilities. If part of the fees paid by parents is for accommodation, travel, food, or beverages (e.g., room and board at a fitness camp), then this part must be subtracted from the total registration and membership fee paid to the organization.

Example

You operate an away-from-home hockey camp for children. Parents pay an all-inclusive registration fee of \$700 for the one-week camp. The camp provides hockey pucks and jerseys, which are shared during the camp but kept by the organization at week's end. Children must bring all other necessary equipment with them and parents are responsible for transporting the children to and from the camp. The \$700 fee includes \$200 for accommodation and \$150 for meals.

The part of the fee that is eligible for the children's fitness tax credit is \$350 (\$700 - \$200 - \$150).

Is the cost of uniforms eligible for the children's fitness tax credit?

Part of a registration or membership fee may be for the cost of equipment or uniforms (e.g., hats, shirts, or shorts) that are provided for participants to use in the program. At the end of the program, the equipment or the uniforms normally have little or no resale value, in which case the part of the registration or membership fee for their cost is included in the eligible fees for this credit.

In other situations, in addition to paying registration or membership fees, parents will buy uniforms or equipment from third-party suppliers or through the organization offering the program. In these situations, the purchase price for the uniforms or equipment is not an eligible fitness expense.

Mixed-use facilities or programs

Providing that all other requirements are met (i.e., program is ongoing, supervised, and suitable for children as described under "Prescribed programs of physical activity" above), the **full cost of a child's membership** in an organization (including a club, association, or similar organization) will be eligible for the credit if **more than 50%** of the activities offered to children by the organization include a significant amount of physical activity.

If the 50% test is not met, a receipt can be issued for a **prorated amount**, which will represent the percentage of activities offered to children by the organization that include a significant amount of physical activity.

Note

If your organization provides family memberships, the part of the cost that is for the child's participation in a prescribed program of physical activity may be eligible for the tax credit.

In circumstances where the participant in the program can select from among various activities, the **full cost of a child's registration in a program** offered by a club, association, or similar organization will be eligible for the credit if (in addition to being ongoing, supervised, and suitable for children):

- **more than 50% of the activities** offered to children include a significant amount of physical activity; **or**
- **more than 50% of the available program time** is devoted to activities that include a significant amount of physical activity.

If neither of these 50% tests is met, a receipt can be issued for a **prorated amount**, which will represent the percentage of activities offered to children by the organization that include a significant amount of physical activity, **or** the percentage of program time that is devoted to such activities.

Example 1 – Membership

A child's annual membership at a local health club entitles the child to participate in various activities. If more than 50% of these activities include a significant amount of physical activity, a receipt can be issued for the membership fee. If this 50% test is not met, a receipt can be issued for a prorated amount, based on the percentage of the activities offered to children that include a significant amount of physical activity.

Example 2 – Program registration

Registration in a program offered by a local boys and girls club entitles a child to participate in a wide range of activities, some of which include a significant amount of physical activity (e.g., biking club, weekend hip hop dances, open swim or gym, ski club) and some of which do not (e.g., career planning, board games, reading club). A receipt for the full amount of the program registration cost can be issued if more than 50% of the available activities include a significant amount of physical activity, **or** if more than half of the club's scheduled time (i.e., total program hours) is devoted to activities that include a significant amount of physical activity.

If neither of these 50% tests is met, a receipt can be issued for a prorated amount. That amount can be based on either the percentage of the activities offered to children by the organization that include a significant amount of physical activity, **or** on the percentage of the time spent on activities that include a significant amount of physical activity. For example, if 20% of the activities that are offered include a significant amount of physical activity, but 30% of the available program time is devoted to these activities, a receipt can be issued for 30% of the program registration cost.

Issuing receipts

You should issue a receipt for income tax purposes representing the amount of eligible fitness expenses **paid in the calendar year**. A receipt for amounts paid in 2007 should be issued for 2007 even if the activity takes place in 2008. A receipt should contain the following information:

- organization's name and address
- name of the eligible program or activity
- amount received, date received, amount that is eligible for the children's fitness tax credit (eligible fees)
- full name of the payer
- full name of the child, and the child's year of birth
- authorized signature

Note

An authorized signature is not required for electronically generated receipts.

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