



Adoption Advocacy- Adoption Tax Credit

The Government of Canada has provided Canadians with a number of attractive tax credits to stimulate spending and support Canadians in reducing the tally of taxes they must pay out each year, including home renovation, education credits etc.

An **Adoption Tax credit** is in place to help adoptive families recoup some of the expenses they incur in preparing for an adoption when they opt to pursue an international or private adoption placement. In Ontario, many families pay to have a Private adoption homestudy completed and attend a private Adoption Education program even when they are hoping to adopt through a Children's Aid Society. In this way they can become "adoptready" more quickly and become a resource for Children's Aid Societies that are often unable to meet the demand of families interested in adoption. The cost to families is close to \$5,000 for this initial preparation. Additional costs are incurred as private adoption professionals work with the family to support connection with a child in CAS care through the Adoption Databank (www.adoptontario.ca) and the Adoption Resource Exchange. Adoption workers communicate with CAS adoption workers on behalf of the family, sometime over the course of many hours. This leads to further expenses for the family that are not covered by the CAS even when the adoption is completed.

Further, when families in pursue an International or a private adoption placement final costs incurred can be as high as \$30,000 to \$60,000.

The Canadian government allows adoptive families to claim a maximum of \$10,643 of adoption expenses in the year that their adoption is completed.

While initially this might seem like a great benefit for adoptive families it is important to consider a number of factors.

- The tax benefit cannot be claimed until the year that the family completes the adoption process. For many, this can be several years after the initial outlay of a major amount of money to become "adoptready" and have laid out the initial costs..
- Many families must "put out" the initial amount of money (for homestudy and adoption training) when they have just completed costly fertility treatments.
- The amount of money allowed does not reflect reasonable compensation when adoptive parents have costs that are often so much higher.

Adoptive families are an important resource for our children in foster care and for children in orphanages in international countries. Supporting adoptive families through more equitable tax benefits would reflect a commitment to a belief that all children deserve to have a permanent family and that the Canadian government views children and families as a valued resource.





The answer is simple.

The federal government should clearly denote allowable adoption expenses and allow families to claim expenses within the year that they are incurred.

The total amount of tax benefits allowed in any given year should reflect the actual costs that adoptive families incur in preparing for and facilitating an adoption process.

For more information on what is currently eligible to be claimed please visit the website below and refer to section 313 of your Schedule 1, Federal Tax or the website listed below. <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/313/menu-eng.html>

