

September 25, 2003

**Subject: Personal Income Tax Credits and Multi-jurisdictional Filers**

The Government of Manitoba has tabled Bill 3, *The Budget Implementation and Tax Statutes Amendment Act, 2003*, in the Legislature. The Bill will amend *The Income Tax Act* to address the discrepancy in the way different provinces allow non-refundable tax credits to be claimed by MJ filers. We anticipate that the Bill will be approved by the Legislature by October 1.

The pre-existing situation is that each province calculates tax on an MJ filer's total income, and then takes a prorated share, based on the percentage of income earned in that province. Most provinces prorate MJ filer tax credits as well. However, Ontario and Alberta only provide tax credits to their own residents. Furthermore, they provide full (not prorated) credits. As a result, MJ filers who live in Ontario or Alberta receive full tax credits from their own province, plus a prorated tax credit from each of the other provinces where they earn income. Conversely, MJ filers who live in the other provinces, including Manitoba, receive only prorated tax credits from these provinces, and no credit from Alberta or Ontario.

Manitoba is now bringing its practice into line with that of Alberta and Ontario. For returns filed after September 24, 2003 for the 2003 and subsequent tax years, only Manitoba residents are eligible to claim the non-refundable tax credits in respect of dividend income, overseas employment income and pension income. Manitoba resident MJ filers are eligible for the full amount of the calculated credits. These provisions will be in Sections 4.6(10), 4.7(1) and 4.8 of *The Income Tax Act* as amended by Bill 3.

Further information on tax credits and multi-jurisdictional tax filers may be obtained from Manitoba Finance – Tax Assistance Office.

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