

## Filing your taxes

### Handout 2-4

#### Government benefits

The Canada Workers Benefit (Formerly the Working Income Tax Benefit), Canada Child Benefit (CCB) and GST/HST credit are only some of the benefits you can only get once you have filed a tax return. There may be even more benefits you can get in your province if you file a tax return, such as deductions for the rent you pay or for your medical expenses.

#### Where do I get the tax forms?

Between February and May each year, you can get your income tax package at the post office, from a Service Canada location, or online from the Canada Revenue Agency or you can call 1-800-959-2221 to get a printed copy sent to you.

More and more people use software that allows them to do the forms on their computers. The CRA keeps an up-to-date list on NETFile certified products.

#### How do I get help with doing my taxes?

If you are on a low income, you can get free help with doing your taxes at a community tax clinic.

To find a Community Volunteer Tax Preparation program near you, visit

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/community-volunteer-income-tax-program/tax-preparation-clinics.html>

If you have problems with your taxes, it is best to call the Canada Revenue Agency.

There are tax professionals who can help you with your taxes for a fee. Some tax preparation services charge very high fees, even on a simple tax return.

You are responsible for your tax return even if someone has prepared it for you.

Never sign a blank tax return.

#### Deductions and credits

Your tax return includes a range of deductions from your gross income. These are amounts that will lower the amount of income you must pay tax on. Deductions include things like child care expenses and transit passes and you must keep your receipts in order to claim these.

The tax return form also has credits. This is an amount you can deduct from the tax you owe. For example, if your employer has been taking taxes out of your pay all year, those taxes are a credit on your tax return.

When you subtract your tax credits and deductions from your gross income, you find out if you owe taxes or if you will receive a refund.

#### Activity: Tax deductions and tax credits

1. Break participants into two groups.
2. Give each participant a handout.



## Filing your taxes

Handout 2-4 (continued)

There are two main categories to consider at tax time:

1. Tax deductions
2. Tax credits

### Tax deductions

Tax deductions are like special personalized ‘coupons’ since the value of deductions differs based on the amount of tax paid by individuals. The amount is deducted from your gross income.

Tax deductions include:

- **RRSP contributions**
- **Child care expenses** – deducted by the adult with the lowest income if working or in school; child must be under 18
- **Moving expenses for work/school** – if you had to move within 40 km of work or full-time school, includes storage, meals, hotel, moving company, transportation costs
- **Financial carrying charges** – money spent to earn income from investments, such as investment counselling fees, safety deposit box, loan for a non-tax sheltered account
- **Annual professional or union dues** – if required by your employer and they are deducted off your wages or paid in full by invoice and not reimbursed by your employer
- **Employment expenses** – if you purchased something you needed for work and did not get reimbursed.

For more details on what you can deduct, visit the CRA site:

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/menu-eng.html>

**FOR John Doe**  
**Redeemable for a DEDUCTION in your income\***  
 (\*not transferable)

**income coupon**

**Government of Canada**

DEDUCTIONS FROM INCOME	AMOUNT DEDUCTIBLE FROM INCOME
Child Care	Depends on Expenses
RRSPs	Depends on amount contributed based on income tax statement
TFSA	No deduction – income inside TFSA not subject to tax
RESPs	No deduction – income inside RESP not subject to tax but attracts Canada Learning Bond & Canada Education Savings Grants as a matching contribution

Credit: the original concept design of the coupons was created by John Stapleton and Pat Dumas-Hudecki

Credit and benefit amounts are current as of May 2018.

## Filing your taxes

Handout 2-4 (continued)

**Tax credits are divided into two types: Non-refundable and refundable.**

### Non-refundable tax credits

Non-refundable tax credits, are a general 'coupon' since the value of a credit of equal value is the same for everyone who pays tax and worthless for those who don't.

How non-refundable tax credits work:

- If you owe money at tax time, non-refundable tax credits can help reduce the amount that you owe to the government
- They include basic personal amount, medical expenses, charitable donations, disability amount and the caregiver amount
- If these credits add up to more than the amount you owe, you will not receive a refund for the difference. (e.g. you owe \$200 but you have \$300 in non-refundable tax credits. You will no longer owe any taxes, but you will not receive a refund of \$100).

Non-refundable tax credits include:

- **Family Tax Credits such as:** Caregiver Amount
- **Education Tax Credits such as:** Interest paid on Student Loans, Tuition Tax Credit
- **Housing Tax Credits such as:** First Time Home Buyers Tax Credit, Healthy Homes Renovation Tax Credit, Home Accessibility Expenses Tax Credit
- **Personal Tax Credits such as:** Medical Tax Credit, Charitable Donations Tax Credit, Political Party Donations Tax Credit, Canada Employment Amount, moving expenses.



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### Handout 2-4 (continued)

#### Refundable tax credits

Refundable tax credits are like a 'gift card' redeemable for anything in the store – in this case, Canadian money.

How refundable tax credits work:

- The government will pay you the refundable tax credits you qualify for, whether you owe tax or not. To claim them, you must file a tax return. Examples: Canada Child Benefit, GST/HST credits, the Canada Workers Benefit (Formerly the Working Income Tax Benefit)

For more details on tax credits available in your province or territory, visit the CRA site:

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/prvncl/menu-eng.html>

**Government of Canada**  
**Gift card**  
Redeemable for **MONEY**

**Tax free Refundable tax credits (Gift Card) payable regardless of tax paid**

GST/HST Credits	The GST/HST Tax credit is a tax-free quarterly payment
Trillium Benefit (Ontario Property & Energy Tax + sales tax credit)	A payment for low income people who own or rent a principal residence in Ontario.
Canada Workers Benefit	A payment to eligible working low income individuals and families
Canada Child Benefit (CCB)	Payments for children living with their parents

#### Steps to tax filing

##### When do I have to file my taxes?

In most cases, you have to file your personal tax return – the T1 Income Tax and Benefit Return – by April 30 of the year following the tax year. You can send your return by mail or file it online. You must pay any amounts owing by April 30. If you file your tax return late, you may have to pay interest and a late filing penalty.

**Tax tip!** Even if you cannot pay the full amount of your balance owing on or before May 1, you can avoid the late-filing penalty by filing your return on time.

##### What is the Notice of Assessment?

After you file your taxes, you will receive a Notice of Assessment from the CRA in the mail. The notice:

1. Confirms your tax amounts.
2. Explains any changes the government made to your return.
3. If you paid taxes, the Notice of Assessment will show the amount paid.
4. If you are still owing, it will show your balance.
5. If you are receiving a refund, the amount will be on the Notice of Assessment.  
You can have your refund go directly into your bank account by direct deposit.

If you have questions about this notice, you can call the CRA at 1-800-959-8281.

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