

What are tax credits and benefits

Tax credits and benefits are financial supports provided by the government to help you with living costs. They can reduce the tax that you owe or add to your income. Read more about the two types of tax credits (non-refundable and refundable) and tax benefits below.

Non-refundable tax credits

Non-refundable tax credits are like coupons that reduce the amount of tax that you have to pay. Non-refundable tax credits can reduce your taxes to zero, but you do not get money back if these credits add up to more than the tax you owe.

If you do not owe any taxes, non-refundable tax credits might not have much value for you. Even so, it is still important to file your taxes and establish your income so that you can open access to other financial supports.

Some examples of non-refundable tax credits include:

- Canada caregiver credit
 - Disability tax credit
 - Medical expense tax credit
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Refundable tax credits and benefits

Refundable tax credits not only reduce the amount of tax that you owe but will pay you money back if your credits add up to more than the tax that you owe. **Benefits** are paid directly to you to help with living expenses. You need to file your taxes in order to claim these credits and benefits and any money you get back will come as a tax refund or as payments made to you several times throughout the year.

Some examples of refundable tax credits and benefits include:

- Canada child benefit
 - Canada workers benefit
 - Climate action incentive
 - GST/HST credit
 - Refundable Medical expense supplement
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