

INFORMATION BULLETIN:

The way some Ontario tax credits are being paid is changing

The province of Ontario is changing the way that three refundable tax credits are paid. This means that the amount of money you will get from the Ontario government each month will change, which will affect your budgeting. It will also have an impact on the tax refund you get when you file your taxes at the end of the year.

The provincial government gives a number of tax credits to people in Ontario. Three of these are refundable tax credits that people with low incomes can be eligible for.

- The Ontario Energy and Property Tax Credit
- The Ontario Sales Tax Credit
- The Northern Ontario Energy Credit

Eligibility for these tax credits is explained on page 3.

In the past, you got the money for these tax credits once every year in a lump-sum refund after you filed your tax return. The lump-sum may have also included money for other tax credits, like credits from the federal government. And it may also have included a refund of income taxes you paid if you worked sometime during the year.

Starting in July 2010, the money for two of these tax credits started to be paid to you in cheques issued throughout the year. As of July 2011, the third of these tax credits also started to be paid in regular cheques. See the table below for more information.

	2009	2010	2011
Ontario Energy and Property Tax Credit	paid as refund after taxes filed	paid as refund after taxes filed	paid in July & Dec
Ontario Sales Tax Credit	paid as refund after taxes filed	paid in Aug & Nov	paid in Feb, May, Aug, & Nov
Northern Ontario Energy Credit	did not exist	paid in Nov	paid in Feb, July, & Dec

Because you have been getting this money throughout the year, as of this year you will no longer get these tax credits in a lump-sum refund. You may still get a refund for other tax credits or for income taxes you paid if you worked during the year. But these three provincial tax credits will not be part of that amount. This may mean that you will not get a refund at all – but this will depend on your individual situation.

In 2012, you'll get paid the money for these three tax credits separately for the first half of the year. But starting in July 2012, the money for all three of these tax credits will be bundled together and called the "Ontario Trillium Benefit". The total amount of the tax credits for which you qualify will be paid to you spread out over the entire year. So every month you will get an Ontario Trillium Benefit cheque, or it will be direct deposited into your bank account.

	Jan to June 2012	July 2012 forward
Ontario Energy and Property Tax Credit	paid in Mar and June	} Ontario Trillium Benefit paid every month
Ontario Sales Tax Credit	paid in Feb and May	
Northern Ontario Energy Credit	paid in Mar and June	

Remember, the Ontario Trillium Benefit is not new money. It is the Ontario Energy and Property Tax Credit, the Ontario Sales Tax Credit, and the Northern Ontario Energy Credit bundled together and paid to you every month. It replaces the money that used to be paid as a lump-sum tax refund after you filed your taxes, or that you got in regular payments in 2010 and 2011.

What is a "refundable tax credit"?

A "tax credit" is an amount of money that the government lets you deduct from any income tax that you might owe. Tax credits can come from the provincial government or the federal government.

A "refundable tax credit" is paid to you directly, even if you don't pay any income tax. Usually, refundable tax credits are paid in a lump-sum refund after you file your taxes. A refundable credit is different from a "non-refundable tax credit", which is an amount of money that you can claim on your income tax return to help lower the taxes you owe.

Why is the government changing the way these tax credits are paid?

The goal of this change is to give people with low incomes a more stable and steady source of income throughout the year. People who have low incomes – like people on Ontario Works (OW) and the Ontario Disability Support Program (ODSP) – will benefit from having more money every month.

This year, however, many people didn't know about this change. Many people with low incomes, like people on OW and ODSP, were counting on getting the money in a lump-sum tax refund to pay for things like Christmas presents or bigger items that cost more, like furniture or winter coats and boots.

Next year, people will have to save up throughout the year – which is hard when OW and ODSP incomes are so low. Often, any extra money that people get is spent on regular costs of daily living, like rent and food.

How do I qualify for these tax credits? Am I eligible?

To get these credits between now and the end of June 2012, you have to meet certain eligibility criteria:

- **To qualify for the Ontario Energy and Property Tax Credit:** you must be 18 years or older, live in Ontario, and pay rent or property taxes for the place you live in.

You could get up to \$917 for 2011 from this tax credit. If you are a senior, you could get up to \$1,044 for 2011. The actual amount that you get depends on your income and the amount of rent or property tax you paid in 2010.

If you live on reserve, are over 18, and pay home energy costs, you could qualify for the energy portion of this credit. If you live in a public long-term care home, you could also qualify for the energy portion of this credit.

- **To qualify for the Ontario Sales Tax Credit:** you must live in Ontario and be 19 years or older. If you are under 19, you might qualify if you have or had a spouse or common-law partner, or if you are or were a parent and live or lived with your child.

You could get up to \$265 for 2011 for each adult and child in your family. The actual amount that you will get depends on your income and the size of your family.

- **To qualify for the Northern Ontario Energy Credit:** you must live in the north (in the regions of Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay, or Timiskaming) and pay property taxes or rent for the place that you live in.

If you live on reserve, you have to pay energy costs, like electricity or heating fuel, for the place you are living in order to be eligible. If you live in a public long-term care home in the north, you have to pay accommodation costs to be eligible.

Families can get up to \$204. Single people can get up to \$132.

Eligibility for these three credits that will become part of the Ontario Trillium Benefit (when it starts in July 2012) will remain the same. The difference is that you will get the money monthly.

How much money will I get?

Use the government's online tax credit calculator to determine how much your tax credits will be: <http://www.rev.gov.on.ca/en/taxcredits/CalculatorQuestions.asp>

Do I have to apply for these credits?

You don't have to apply, but you do have to file your taxes – even if you don't have any income to report. Remember to check the boxes on the part of the provincial tax credit form that asks if you want the income tax credits.

If you don't file your tax return every year, you won't be able to get the money for these tax credits or the Ontario Trillium Benefit.

How do I file my taxes?

Many people rely on tax preparation companies. They charge a fee and may want you to sign up for a bank account and debit card that charges a lot of extra fees when you use it.

See ISAC's Information Bulletin called "Tax Filing, Tax Credits, and Tax Refunds" at <http://www.incomesecurity.org/documents/TaxRefunds2011.doc> for more information.

There are ways to get your taxes done that won't cost you anything:

- Contact your provincial MPP or a local community agency, or ask your OW or ODSP caseworker where you can get your taxes done for free.
- Contact your federal MP to find out about the Canada Revenue Agency's Community Volunteer Income Tax Program.
- Check this website for the location of a free tax clinic near you: <http://www.cra-arc.gc.ca/tx/ndvdls/vlntr/nd-eng.html>. Tax clinics run from February to April.
- You have to file your taxes by April 30 of every year to get your taxes done for the previous year and get your money without delay.

How do I contact my provincial MPP?

- To find out who your MPP is and get their contact information:
 - Type in your postal code at this website http://fyed.elections.on.ca/fyed/en/form_page_en.jsp.
 - When it takes you to a new page, look for the name of your Electoral District. It might be hard to see – you might have to click on the map to see the name.
 - On that page, click on "Information on your Member of Provincial Parliament".
 - You will be sent to a long list of all the MPPs in the Ontario Legislature. Look down the list for the name of the person beside the name of your Electoral District – that's your MPP. Click on their name to get their contact information.

How do I contact my federal MP?

- Find your federal MP at this website: <http://canada.gc.ca/directories-repertoires/direct-eng.html#mp>.

While you're talking to your MPP or MP, push for more free tax clinics:

- Tell them you want more free tax clinics for people on low incomes, and that you want government to announce funding for them in 2012's provincial / federal budgets.
- Tell them the government should take more responsibility for helping people get their taxes done. The more government distributes money to people through the tax system, the more important it will be that people file their taxes – and get help to do so.

For more information about Ontario tax credits, visit the Ministry of Finance website at: <http://www.rev.gov.on.ca/en/credit/>.