

# Income Tax

BRITISH COLUMBIA EDITION



**NICE**

National Initiative for the Care of the Elderly  
Initiative nationale pour le soin des personnes âgées

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*Ensemble pour le bien-être des aînés*

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## *What Is Income Tax?*

- Income tax is money that you pay to the government from your earnings. Your employer deducts income tax from your pay and gives it to the government.
- The rate of tax you pay depends on how much money you make. The less income you make, the less income tax you pay the government.

## *Is All Income Taxed?*

- Most income such as your employment earnings and pensions, investments (including RRSPs), Canada Pension Plan (CPP), Old Age Security (OAS) and Foreign Pension Plans are taxed when you receive them.
- *Not all* money you receive is taxed. Government benefits such as the Harmonized Sales Tax (HST) Credit, gifts, Worker's Compensation, and Social Assistance (SA) are not taxed.

## *Who Pays Income Taxes?*

- Under the Canadian income tax system, individuals with Canadian residency pay income taxes.
- Newcomers to Canada gain residency for income tax purposes once they establish **residential ties** with Canada.

*Who Pays Income Taxes? (continued)*

- Some examples of residential ties include:
  - a. Having a home in Canada;
  - b. Having a spouse or common-law partner or dependants move to Canada to live with you;
  - c. Owning personal property in Canada, such as a car or furniture; **and**
  - d. Having social ties in Canada, such as membership in a Canadian recreational or religious group.
- Newcomers to Canada who have established residential ties with Canada may be:
  - a. Protected persons (refugees);
  - b. People who have received permanent resident status from Citizenship and Immigration Canada (CIC);
  - c. People who have applied to CIC to be permanent residents; **or**
  - d. People who have approval-in-principle from CIC to stay in Canada.

**Note:** Many factors can be used to determine a person's residency status in Canada. For more information, contact the **Canada Revenue Agency (CRA)** at 1-800-267-5177 (toll-free in Canada and the United States). From other regions, please call 613-952-3741 (English) or 613-954-1368 (French). You can also refer to the *Income Tax Interpretation Bulletin, IT-221R3, Determination of an Individual's Residence Status*, available at: <http://www.cra-arc.gc.ca/E/pub/tp/it221r3-consolid/it221r3-consolid-e.html>

*Why You Should File An In Income Tax Return*

- If you owe tax, you must file a return.
- If you do not owe tax or you have no income, you should **still** file a return because you may receive government benefits or money back.
- If you paid too much tax, you will get a refund.
- You may get a GST/HST Credit for low and modest income individuals.
- You may get tax credits and family benefits from the province or territory where you live (see the *Accessing and Optimizing Pensions and Public Benefits* pocket tool).

For help preparing your income tax return: Canada Revenue Agency offers **free Volunteer Tax Preparation Clinics** in British Columbia at various community agencies between February and April. For a list of clinics in your area visit: [www.cra-arc.gc.ca/tx/ndvdl/vlntr/clncs/bc-eng.html](http://www.cra-arc.gc.ca/tx/ndvdl/vlntr/clncs/bc-eng.html) or call 1-800-959-8281.

This is one of the series of Financial Literacy for Older Adults pocket tools. For more information about NICE tools or related training events, please visit [www.nicenet.ca](http://www.nicenet.ca)

### Disclaimer

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