

Teaching personal income taxes and ownership: Grocery and Retail store analogies

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Index of five analogies

- Refundable credits and gift cards
- Non-refundable credits and store coupons
- Deductions and specialty personal coupons
- Exemptions and a 'no-report' card
- Entitlements and deeds or certificates of possession

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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.

Working Income Tax Ben- efit

- A payment to eligible working low income individuals and families

Child Benefits (UCCB, CCTB, NCBS, OCB & CDB)

- Payments for children living with their parents

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tax coupon

Redeemable for

MONEY OFF

your taxes



Non-Refundable Tax Credits (Coupon) can only be used to reduce taxes paid

Child fitness tax credit	<ul style="list-style-type: none">• A credit to reduce taxes on eligible child fitness expenses up to \$500 per child by parents to register a child in a prescribed program.
Medical Expense tax credit	<ul style="list-style-type: none">• A credit to reduce taxes above a threshold based on allowable medical expenses.
Education Tax Credit	<ul style="list-style-type: none">• A tax credit for full time post-secondary students
Transit Pass Tax Credit	<ul style="list-style-type: none">• For a transit pass costing \$100, the amount you can claim would be \$1,200, resulting in a tax credit (coupon) of \$180.00
Charity (Donations) tax credit	<ul style="list-style-type: none">• 5% Credit for under \$200 in donations
Disability Tax Credit	<ul style="list-style-type: none">• Depends on expense paid out
Spousal Tax Credit	<ul style="list-style-type: none">• For an adult with a low income spouse under 11,038
Caregiver Tax Credit	<ul style="list-style-type: none">• Up to \$2,040

FOR *John Doe*

*Redeemable for a
DEDUCTION
in your income**

(*not transferable)

**income
coupon**

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Deductions and Tax Free Amounts

DEDUCTIONS FROM INCOME

AMOUNT DEDUCTIBLE FROM INCOME

Child Care

- Depends on Expenses

RRSPs

- Depends on amount contributed based on income tax statement

TFSAs

- 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.

forgetaboutit



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EXEMPTION

NO-NEED-to REPORT:

e.g.:

- racetrack winnings
- sale of a principal residence
- sale of your car
- garage sale proceeds
- reimbursed expenses



CERTIFICATE OF POSSESSION

**Documentary evidence
of ownership/eligibility
(ENTITLEMENT CARD)**

CERTIFICATE OF POSSESSION

Documentary evidence of ownership/eligibility
(ENTITLEMENT CARD)

Examples	Entitlement Programs	More Entitlements	Rules
Vehicle Ownership	Old Age Security	Canada Learning Bond	<ul style="list-style-type: none">• One must apply• Meet ongoing eligibility requirements• File tax returns• Show documentation• Update documentation
Deed/Lease	Guaranteed Income Supplement	Canada Education Savings Grants	
Bank Statement	EI/CPP	RDSP Disability bond	
Receipt	CPP	Disability grants	
Proof of Purchase card	Assistive Devices	Seniors Drug Card	