

## SUPPORT FOR LOW-INCOME CANADIANS

Canada's Economic Action Plan (EAP) is the Government of Canada's plan to stimulate the economy, to protect Canadians during the global recession and to invest in long-term growth. In these tough economic times, the Government of Canada is committed to supporting low-income Canadians with tax and transfer measures that will assist them now and help them build a better future for themselves and their families. These measures include:

- enhancing the Working Income Tax Benefit;
- enhancing benefits for families with children;
- providing targeted tax relief for seniors; and
- increasing the basic personal amount.

### Enhancing the Working Income Tax Benefit

- Through Canada's EAP, the Government of Canada aims to further supplement the earnings of low-income workers through the Working Income Tax Benefit (WITB). Consultations with provinces and territories on the design of an enhanced WITB have been completed. The enhanced WITB will further reduce the welfare wall by helping ensure that more low-income Canadians are financially better off as a result of getting a job.
- In Budget 2007, the Government of Canada introduced the WITB as a refundable tax credit that helps make work more rewarding and attractive for low-income Canadians. The WITB also includes a supplement for low-income working Canadians with disabilities, as these individuals generally face even greater barriers to workforce participation. Close to 1 million Canadians benefited from the WITB in 2007.
- The EAP enhances the tax relief provided by the WITB by \$580 million for the 2009 and subsequent taxation years, effectively doubling the total tax relief provided by the WITB.
- It is expected that more than 1.5 million individuals and families will benefit from the WITB for the 2009 taxation year.

#### ***Vignettes: examples of an enhanced Working Income Tax Benefit***

*Terry lives in Ontario. He is single and earns \$9,000. He would see his WITB increase from \$510 for 2008 to an estimated \$925 for 2009.*

*Marc and Marianne are a married couple living in Saskatchewan with earnings of \$14,000. They would see their WITB increase from \$1,019 for 2008 to an estimated \$1,680 for 2009.*

### Enhancing benefits for families with children

- Through Canada's EAP, the Government of Canada is raising the income levels at which the National Child Benefit supplement (NCBs) for low-income families and the base benefit under the Canada Child Tax Benefit (CCTB) are phased out. The CCTB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under age 18. The NCBs provides additional benefits to low-income families with children.
- Starting with the 2009-2010 benefit year, families with children will be able to earn an additional \$1,894 before their NCBs is fully phased out, or before their base benefit under the CCTB begins to be phased out. Increased child benefits started to flow in July, providing up to \$436 per year for a low-income family with two children, and up to \$76 per year for a middle-income family with two children, making raising children more affordable. These increases will provide additional benefits for 2.4 million low- and middle-income Canadian families with children.

### Providing targeted tax relief for seniors

- Through Canada's EAP, the Government of Canada is providing additional tax relief for low- and middle-income seniors. This relief is being made available through an increase to the Age Credit, a federal income tax credit for Canadians 65 years of age and older.
- The Age Credit amount has been increased by \$1,000 for 2009 and subsequent taxation years. For 2009, the Age Credit amount is \$6,408, providing tax relief of up to \$961 for eligible seniors. The Age Credit is income-tested, with eligibility fully phased out for seniors with incomes over \$75,032 in 2009. The increase in the Age Credit amount will provide tax relief to about 2.2 million low- and middle-income seniors who will pay personal income taxes for 2009.

### Increasing the basic personal amount

- Through Canada's EAP, the Government of Canada is providing significant new personal income tax relief, particularly for low- and middle-income Canadians. Tax reductions are an essential part of the Government of Canada's effort to stimulate the economy. Permanent tax reductions also help create a solid foundation for future economic growth, more jobs and higher living standards for Canadians.
- The basic personal amount has been increased to \$10,320 in 2009 from \$9,600 in 2008, allowing individuals to earn more income before paying federal income tax.

### How to Find Out More

For more information on these measures to support low-income Canadians, visit:

Canada's Economic Action Plan Web site at: <http://www.actionplan.gc.ca> or contact Service Canada:

**Call:** 1 800 O-Canada (1 800 622-6232) (TTY: 1-800-926-9105)

**On-line:** <http://www.servicecanada.gc.ca>

**Visit:** Your local Service Canada Centre