

Enhancing the Working Income Tax Benefit

Improving the Financial Security of Low-Income Working Canadians

The Working Income Tax Benefit (WITB) is a refundable tax credit that supports low-income workers. This measure provides important income support to low-income Canadians to improve the return from working. In 2016, the WITB provided more than \$1.1 billion in benefits to over 1.4 million Canadians.

The Government believes that the WITB can do more to improve the financial security of low-income working Canadians. To this end, in the 2017 *Fall Economic Statement*, the Government is announcing its intention to further enhance the WITB by \$500 million annually starting in 2019. This enhancement will be in addition to the increase of about \$250 million annually that will come into effect in that year as part of the enhancement of the Canada Pension Plan. These two actions will boost the total amount the Government spends on the WITB by about 65 per cent in 2019, increasing benefits to current recipients and expanding the number of Canadians receiving support. Whether this extra money is used for things such as helping to cover the family grocery bill, or buying warm clothes for winter, the improved benefit will help low-income working Canadians make ends meet.

The Government will provide further details on the design of this new incremental enhancement in Budget 2018. In recognition of the important role played by provinces and territories in providing basic income support, the Government of Canada has allowed them to make province-specific changes to the design of the Benefit to better harmonize with their own programs. As such, the Government of Canada will be consulting with provinces and territories before the enhanced WITB takes effect in 2019.

What is Currently the Maximum Amount of the WITB?

For single individuals without children, the maximum amount of WITB for 2017 is \$1,043, which is paid if working income is between \$7,171 and \$11,838 for 2017. The WITB payment is gradually reduced when net income is more than \$11,838 and ends when net income exceeds \$18,792 in 2017. These amounts differ for residents of Alberta, Quebec, Nunavut and British Columbia, as these jurisdictions have signed agreements to better align the WITB with their own programs.

For families, the maximum amount of WITB for 2017 is \$1,894, which is paid if the family's working income is between \$10,576 and \$16,348 for 2017. The WITB payment is gradually reduced when family net income is more than \$16,348 in 2017. The WITB payment is reduced to zero once family net income exceeds \$28,975 in 2017. These amounts also differ for residents of Alberta, Quebec, Nunavut and British Columbia.



A WITB disability supplement of up to \$521 for 2017 is available for individuals eligible for the Disability Tax Credit.

Increased WITB as Part of the Canada Pension Plan Enhancement

As part of the agreement to enhance the Canada Pension Plan, the Government increased benefits under the WITB, beginning in 2019, to roughly offset incremental employee contributions from low-income workers to the Plan. Under that enhancement, as of 2019, the WITB will provide a refundable tax credit of 26 per cent of each dollar of earned income in excess of \$3,000, reaching a maximum benefit of \$2,165 or \$1,192 for families and individuals respectively. The benefit is reduced at a rate of 14 per cent of each additional dollar above the phase-out threshold (projected to be \$16,925 and \$12,256 for families and individuals respectively in 2019 after indexation with inflation).

Individuals who are eligible for the Disability Tax Credit may also receive a WITB disability supplement, with a projected value of up to \$540 in 2019.

