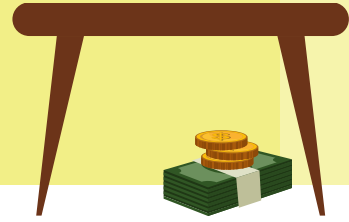




## Q: Do I need to do my taxes if I work for cash 'under the table'?



**Many websites say you MUST file a tax return, but that's not true!**

**If ....**

- You want to get cash benefits from refundable tax credits,
- You took money out of an RRSP to buy a home and didn't put it back,
- You have a spouse who needs benefits that require you to file your taxes,
- You paid tuition fees you want to get a tax credit for in a future year,
- You owe money to the Canada Pension Plan or Employment Insurance,
- You sold taxable property or the home you lived in,
- Want payments from government programs that require you to file, or
- You think you owe tax money,

**... then you should file your taxes.**

## **The government likely owes you money!**

Most of the time, if you are low-income, the CRA owes you money and not the other way around. Make sure you're not missing out on the cash refunds and benefits that might be available to you.

Check out our tip sheet on the **benefits of filing** to learn more.

**A: You could be leaving money ON the table if you miss out on refunds and credits.**

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## Q: Will I unleash a debt monster if I do my taxes?



RAWRRRR.  
STUDENT LOANS.  
CAR PAYMENTS.  
BAD DEBTS!

### Many people worry about the Canada Revenue Agency because:

- They never paid previous taxes they owed,
- They made money and didn't pay taxes on it, or
- They have other debts or are getting collection calls

#### PRIVATE DEBTS

The CRA **does not** collect private debts like:

- credit cards
- bank loans
- cell phone bills

Filing your taxes will not trigger private debt collectors to come after you.

#### GOVERNMENT DEBTS

The CRA **does** collect government debts like:

- tax amounts,
- student loans
- child support
- overpayment of benefits like ODSP
- an unpaid sponsorship agreement
- government fees

#### IF YOU ARE LOW-INCOME, THE CRA LIKELY OWES YOU

Most low-income people get about \$1,000 a year in refundable tax credits. These credits are used to pay down your debt and are still available to you once you file your taxes. All the years of not filing may have paid off some or all your debts.

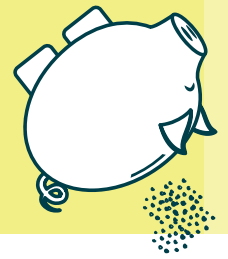
A: It might not be as bad as you think. There's no harm in finding out. We don't bite.

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## Q: How much can I earn before I have to start paying income tax?



**You can legally make about \$15,000 in Ontario without paying any tax as a single person with no dependants.**

**For some people, this number can be higher. For example, if:**

- You have children or dependants,
- You have a disability or,
- You are over the age of 65

**If you earn less than \$15,000, the CRA very likely owes you money.**

No matter what your situation, it's almost always a good idea to file your taxes. This will let you receive government benefits for low income people. Check out our tip sheet on the **benefits of filing** to learn more.

**If you work for cash, claiming expenses can reduce your taxable income.**

For example: Shelley does hair from home. She earned \$16,000 cash this year.

Shelley also spent \$1,000 on hair products and tools. She can also deduct a portion of her rent and other expenses to reduce her tax owing to zero and access other benefits.



**A: Most low-income people get money back!  
Find out if you can too.**

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## Q: What are the benefits of filing my taxes?



**If you do not earn enough to owe income tax, or if you earn a low income working under the table, filing a tax return will benefit you.**

**Some benefits are like free money from the government, including:**

- GST/HST credit worth up to \$886 annually
- Canada Child Benefit worth up to \$8,226 annually per child
- Ontario Trillium Benefit worth up to \$1,398 annually
- Canada Worker Benefit worth up to \$1,355 annually
- Guaranteed Income Supplement worth up to \$916 per month\*

\*You must be over 64 and may need to complete an additional application

**Some benefits can help you in other ways, such as:**

- Keep unused tuition, education and textbook credits
- Save for retirement with the Canada Pension Plan
- Save in case you need to take time off with Employment Insurance, such as for:
  - Maternity leave
  - Sick leave
  - Compassionate care leave
- Have proof of income when applying for a mortgage



**A: Most low-income people get money back! Find out if you can too.**

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## Q: What income do I need to report on my taxes?



### You don't need to report ...

- Lottery, bingo or racetrack winnings
- A loan repayment from a friend
- Infrequent payments of less than \$500 (like a garage sale)
- Most gifts and inheritances
- A windfall, like a personal injury settlement

### You must report, but don't need to pay tax on ...

- Ontario Works
- Other social assistance, such as ODSP (if over \$500 in a calendar year)
- Money from selling the home you live in

### You must report, and if your income is high enough, pay tax on...

- Money you made, such as from an odd job, that is more than \$500
- Tips you receive as part of your job
- Foreign income you earned through an internet business
- Your pension, OAS, CPP, RRSP cash out, contracting and other forms of income (even if they are less than \$500)



**A: It depends. But no matter what you report, you are likely to come out ahead.**

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## Q: What does the CRA really do?



The CRA is not just a tax collection agency. **It is also the only way to access many government benefits.** Filing your taxes, if you are low-income, is how you apply for benefits.

If you look at a tax form, you will see that it is called an "Income Tax and **Benefit** Return"



The federal government started to collect income tax in 1917. In 1978, they also started to pay benefits to people even if they did not owe taxes.

People who are low-income have several refundable credits owed to them every single year. Filing taxes is the same thing as applying for those benefits.

Recently, the CRA has also become a **collection agency for government debts.** These include:

- Income Tax
- Corporate Tax
- Spousal or child support debts
- Student loans
- Apprenticeship loans
- Benefits overpayment

Remember that **the CRA can't collect on any private debts**, like credit cards or car loans. They can only collect what you might owe to the government.

## A: The CRA isn't scary. It might even owe you money!

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## Q: How can you get money back for doing your taxes?



When talking about taxes, you've probably heard people throw around terms like:

- Refundable tax credit
- Non-refundable tax credit
- Benefits
- Deductions

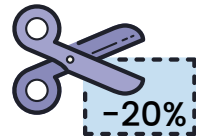
### **Refundable tax credits and benefits are like gift cards**

They are real cash that the government gives you. The value of the gift card will first be used to reduce or eliminate any tax you owe. It will then be used for you to save for retirement in CPP and in case of unemployment in EI.



### **Non-refundable tax credits and deductions are like coupons**

A discount coupon gives you a percentage off a purchase, like 20% off a \$10 laundry detergent. We know that this has a value of \$2, but you can only use those \$2 to reduce the cost of laundry detergent.



**A deduction** is like a variable coupon worth more to people who pay more taxes, less for those who pay less and worthless to those who don't pay taxes.

Non-refundable tax credits and deductions are like discount coupons issued by the government. They can only be used to reduce, or eliminate, the cost of taxes.

### **What refunds, credits and deductions can I get?**

There are dozens of different federal and provincial credits and benefits that you can only get if you file your taxes. The credits and benefits you receive depend on factors like your age, the number of dependants you have, if you have a disability and how much money you made.

**A: By filing your taxes! Most low-income people get money back.**

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## What is the informal economy?

The informal economy includes workers who do not have a traditional job or paycheck, like **babysitters, ride-share drivers, bicycle couriers, musicians, and people who do odd jobs for cash.** This work is called "under the table" if workers and employers don't report it at tax time.

## What is West Neighbourhood House?

We give low-income people **free** one-one advice about taxes and money. We're here to listen and give advice. We don't push any products or share your information without your permission. At West Neighbourhood House, you have the right to make decisions about your money.

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