

Important Changes for Tax Refunds

If you have a low income – from work or from OW or ODSP – you may have had your taxes done by a tax company early in the past to get a tax refund before Christmas. The company would do your taxes, estimate how much your refund was going to be, and give you that amount – minus their fee.

You no longer get these tax credits as a lump-sum refund at the end of the year. This means these companies will no longer give you any money up-front when they do your taxes.

Starting in July 2012, the tax credit money will be sent out every month. This will be called the Ontario Trillium Benefit. Every month, you will either get a cheque or the money will be direct deposited into your bank account.

All of this means that there are no more lump-sum refunds for these tax credits and no up-front money for a company to give you now.

If you are thinking about getting your taxes done this way be aware that:

Some of these companies are telling people that even though they can't get a lump-sum refund, the company will still do their taxes for them. But people have to agree to:

- pay a fee for the company to prepare and file their taxes;
- open a “bank account” – which in this instance is owned by a cheque cashing company. There is a \$2 monthly fee for this “bank account”
- change their direct deposit with the Canada Revenue Agency so that future tax credits and tax-delivered benefits go into this “bank account”;
- sign up for a prepaid debit card that you can use to get the money that will go into the “bank account”. You will be charged a \$2 fee every time you use it or check how much money is left on the card;
- agree to pay the company's fee, and another fee for the debit card, by letting the company take out money from this “bank account” once the tax credits start going in.

All your future tax credits and tax-delivered benefits will be deposited into the “bank account” and the company that did your taxes will be paid their fee first.

You don't have to agree to this in order to get your taxes done. There are free tax clinics. Ask your MPP, local community agency or OW/ODSP caseworker where you can get them done for free.

*For more information contact the Income Security Advocacy Centre
1-866-245-4072.*