

**Chapter 3: Assessment of Income**  
**(iii) Partially Exempt Income/Exemptions**  
**(a) General**

<b>Intent:</b>	To provide direction on calculating deductible income for Income Support eligibility and how exemption amounts are applied to income.
<b>Act:</b> (if applicable)	N/A
<b>Regulations:</b>	<p>8(d) "partially exempt income" means income to which an exemption under section 12 applies and includes</p> <ul style="list-style-type: none"> <li>(i) salary and wages of the applicant or recipient, including income obtained from self-employment,</li> <li>(ii) winnings from games of chance or a lottery,</li> <li>(iii) board and lodging income assessed based on 20% of the receipts of board and lodging income from a boarder who is not a relative and that receipt shall not be less than an amount contemplated by subsection 14 (1), or paragraph 15 (2)(b),</li> <li>(iv) income tax refunds for the year 2009 or earlier,</li> <li>(v) [Rep. by 52/23 s6]</li> <li>(vi) incentive allowances as approved by the minister in the month that the income, or payment is received.</li> </ul> <p><b>Exemptions</b></p> <p><b>12.</b> The following exemptions shall be applied to partially exempt income in the month it is received:</p> <ul style="list-style-type: none"> <li>(a) for the sum of income described in subparagraphs 8(d)(i), (ii) and (iii) <ul style="list-style-type: none"> <li>(i) for a single adult, 100% of income up to \$75 plus 20% of income in excess of \$75,</li> <li>(ii) for 2 or more persons, 100% of income up to \$150 plus 20% of income in excess of \$150,</li> <li>(iii) for a person requiring supportive services, 100% of income up to \$150, plus 20% of income in excess of \$150, and</li> <li>(iv) for 2 or more persons where at least one person is a person requiring supportive services, 100% of income up to \$250, plus 20% of income in excess of \$250;</li> </ul> </li> </ul>

	<p>(b) for income described in subparagraph 8 (d)(iv), for a recipient, up to \$500 a year;</p> <p>(c) [Rep. by 52/23 s9]</p> <p>(d) for income described in subparagraph 8 (d)(vi), in the case of applicant or recipient, up to \$175 a month.</p>
<p><b>Overview:</b> (if applicable)</p>	<p>N/A</p>
<p><b>Policy:</b></p>	<ul style="list-style-type: none"> <li>• Partially exempt income is net income from which an exemption is deducted before eligibility for Income Support benefits is calculated.             <ul style="list-style-type: none"> <li>○ Regulation 8 (d) identifies the types of partially exempt income and Regulation 12 identifies the applicable exemptions which can be applied to this income.</li> </ul> </li> </ul> <p><b>(100) Calculating Net Income from Salary &amp; Wages or Winnings from Games of Chance or Lotteries</b></p> <ul style="list-style-type: none"> <li>• <b>Deductions:</b> For the purposes of determining eligibility for Income Support, net earnings are calculated after mandatory deductions from the gross earnings/income as follows:             <ul style="list-style-type: none"> <li>○ Employment Insurance contributions</li> <li>○ Canada Pension Plan contributions</li> <li>○ Union dues</li> <li>○ Income Tax</li> <li>○ Garnishments for child and/or spousal support payments only for an interim period until the support order can be varied</li> <li>○ Additional deductions which in the opinion of the Client Services Manager are reasonable and were deducted from the income (i.e. mandatory deductions for pensions, RRSPs in lieu of pension, attachments and medical insurance premiums).</li> <li>○ Voluntary deductions (i.e. RRSP, loan payment, optional insurance) cannot be considered as a deduction.</li> </ul> </li> <li>• <b>Expenses:</b> The following expenses can be considered as legitimate and used to reduce a recipient’s net income:             <ul style="list-style-type: none"> <li>○ Transportation expenses incurred in order to earn income by the most economical means available (this may include the normal operating expenses of a motor vehicle consistent with the actual mileage in traveling to and from</li> </ul> </li> </ul>

work, bus passes, car pool expenses or even relocation expenses)

- Purchase price or rental of equipment or clothing necessary to perform work, i.e. uniforms, safety boots, helmets, and goggles. In the case of woodsmen, deductions may be made for installment payments on power saws and operating expenses. Equipment and clothing for fisher persons are not included, as this is included in the overall 25% allowed to this group.
  - For fisher persons, a standard 25% of total fishery earnings will be considered as expenses. Crew members who do not share the expenses of the fishery enterprise are not permitted this exemption.
  - Private child care is included as a requirement for recipients. For further information, please see policy on Private Child Care. Please note: the only exception to using this expense solely as a requirement is when calculating the 'Date of Eligibility' where private child care costs are to be considered as a working expense and deducted from earned income prior to the income being assessed, to calculate the eligibility date.  
Receipts must be provided which indicate the actual amount paid for the service. This is the only incidence when child care is used as an income deduction.
  - Additional expenses, which in the opinion of the CSM, are reasonable and were incurred while earning the income.
  - Staff may allow a full overlap of Income Support benefits for 30 days from the day the recipient begins work. Client Services Officers should be cognizant of the overlap already provided for rent/mortgage. After the 30 day overlap, income from the previous month will be used to project the recipient's income into the next 30 days. However, this overlap is only applicable to individuals who are receiving earnings to which the Departments' earnings exemptions apply. Job Creation Partnership (JCP) participants are also eligible to receive this overlap.
  - Unless there are extraordinary circumstances, inclusion of private child care or transportation only becomes applicable when staff begin assessing earnings after the 30 day overlap.
- Exemptions vary depending on the type of partially exempt income being considered. Exemptions normally apply to
-

monthly income. The following outlines the types of income and the exemptions that would apply:

**(200) Income of Earnings, Business Income, Winnings, Honorariums, Stipends and Boarder Income:**

- The salary and wages of an applicant/recipient and/or spouse including: self-employment income, winnings from games of chance, honorariums, stipends and board & lodging income from a non-relative, are all types of partially exempt income which is subject to the following employment exemptions:
  - Initially, expenses incurred in working (i.e. transportation, purchase of uniforms etc.) are deducted from the recipient's income. Only then are the exemptions applied.
  - For a single adult, the first \$75 income per month is exempt (maximum exemption is \$75 per month). In addition, the enhanced earnings exemption is calculated at 20% of the balance of the income after the expenses and basic exemptions are deducted.
  - For a family of two or more persons, the first \$150 income per month is exempt (maximum exemption is \$150 per month). Also, the enhanced earnings exemption is calculated at 20% of the balance of the income after expenses and basic exemptions are deducted.
- Income as defined above relating to an individual requiring a supportive service is subject to the following exemptions:
  - For a single adult, the first \$150 income per month is exempt. In addition, the enhanced earnings exemption is calculated at 20% of the balance of the earnings after expenses and basic exemptions are deducted.
  - For a family of two or more persons, the first \$250 income per month is exempt. Also, the enhanced earnings exemption is calculated at 20% of the balance of the earnings after expenses and basic exemptions are deducted.
- In addition to the above, single parents are eligible for an Earned Income Supplement.

**(300) Income from Incentive Allowances**

---

- For a case with one or more persons receiving an allowance approved by the Minister as an incentive allowance, the first \$175 per month is exempt.

**(400) Income from Income Tax Returns Prior to 2009**

- Income tax refunds for taxation year 2009 and earlier are considered partially exempt income. For taxation years 2009 and earlier:
  - For a single adult or a family in receipt of an income tax refund, \$500 total for the case per year (2009 and earlier) can be deducted.
  - Fees incurred by the recipient to have their IncomeTax return completed can also be deducted.
- **NOTE: Income tax refunds for taxation years 2010 and onward must be assessed as exempt income and will not affect eligibility for Income Support benefits.**

**(500) Income from Rental of Property**

- Where Income Support recipients own property for which they are receiving rental income, the deductible portion of rental income is calculated at 50% of the monthly rent being charged. If the property being rented is not the primary residence of the recipient (i.e. a separate dwelling as opposed to a basement apartment in the same dwelling as the recipient), the monthly amount of municipal taxes for that property can be deducted from the rental amount prior to the 50% calculation.

**(600) Earned Income as Identified on a Canada Revenue Agency (C.R.A.) Interface Report**

- The CRA Report provides gross earnings for a calendar year but does not specify the actual covering periods that a recipient had worked.
  - Recipients should be contacted for the specifics of net income and time frames worked. When recipients provide this verification of earnings and duration of work relating to the CRA interface, income should be assessed as in Section 100: Calculating Net Income from Salary and Wages. Where an overlap exists, overpayments should be set up.
  - When recipients do not provide the necessary documentation including verification of earnings and employment covering periods;
-

	<ul style="list-style-type: none"> <li>○ the income is to be assessed as is, with no exemptions or expenses to reduce income permitted, and an overpayment set up.</li> <li>○ If at a later time the recipient does provide the required documentation, the thirty day overlap, job start benefit, and the deduction of expenses, basic and enhanced earnings exemptions apply. The overpayment should be adjusted accordingly to reflect the applied benefits and exemptions.</li> </ul>
<b>Procedure:</b>	<p><b>Client Services Officers must:</b></p> <ul style="list-style-type: none"> <li>● Record all partially-exempt incomes and record all expenses when reporting partially exempt income in CAPS</li> <li>● Obtain and retain verifications for all deductions in the official record.</li> <li>● KIV cases where verification is being requested for 30 days and advise the recipient that failure to provide the requested verifications will affect eligibility for Income Support.</li> <li>● Advise recipients who have their income attached to pursue having the attachment lifted while in receipt of Income Support benefits.</li> <li>● Discuss alternatives with the recipient if transportation costs are high – possible assistance for relocation closer to the area of employment could be considered.</li> <li>● Calculate transportation costs based on the days worked.</li> <li>● Ensure the total of the working deductions being requested are reasonable and do not exceed the reported earned income.</li> <li>● Calculate the proper exemption based on the following:</li> </ul> <p><b>Earnings and Business Income</b></p> <ul style="list-style-type: none"> <li>○ When a recipient starts work, the CSO can allow a 30 day overlap of Income Support benefits from the day the recipient begins work, being cognizant of any rental/mortgage overlap that may have already been provided. After the 30 day overlap, income from the previous month will be used to project the recipient’s income into the next 30 days. The recipient may also be eligible for a Job Start Benefit. For further information, please see Job Start Policy.</li> <li>○ When Income Support recipients declare earnings to the Department, an assessment is completed to determine if there is eligibility for a supplement. Expenses incurred while working are deducted prior to the earnings</li> </ul>

exemptions. Once the total net monthly income is determined, the earnings exemption is applied to reduce the deductible income amount; \$75 for a single adult; \$150 for a family; \$150 for a single adult requiring supportive services; or \$250 for a family requiring supportive services.

- Once the applicable deductions, employment expenses and basic employment exemption are applied, then the 20% enhanced earnings exemption is applied. The CSO will calculate 20% of the remaining income and deduct that amount to determine the recipient's deductible income.
- Using the net income, the CSO will deduct this amount from the recipient's overall entitlement. Where the income is less than the requirements, recipients are eligible for a supplement to their earnings. Where the income exceeds the requirements, there is no further entitlement to a supplement and the case is suspended. In these cases, the individual/family is eligible for an extended drug card for twelve months.

#### **Stipends and Honorariums**

- When individuals declare income from honorariums and stipends, the basic and enhanced employment exemption amounts can be applied. There is no eligibility for the 30 day overlap, the Job Start benefit, or the extended drug card.

#### **Winnings from Games of Chance**

- When individuals win money from games of chance, the basic and enhanced employment exemption amounts can be applied. If the net winnings exceed the amount of Income Support eligibility, the allowance should be suspended and a future eligibility date determined. Please see Assessment of Income-Lump Sum Payments.

#### **Board and Lodging Income from Non-Relatives**

- Individuals who are in receipt of Income Support benefits sometimes have non-relative boarders in their homes. In these cases, the boarder income must be assessed. To determine the amount to be deducted from the Income Support entitlement, the CSO
-



calculates 20% of the actual amount paid to the home owner for board – in no case should the board amount be less than the maximum board and lodging nonrelative rate that the Department issues on behalf of a recipient who is boarding. The applicable employment exemptions are then applied (i.e. family has a single adult residing with them who pays them \$450/month. The maximum basic board and lodging rate for a single adult (over 30) is \$534 (2014 rate) and 20% of \$534 is \$107. The family is eligible for the \$150 basic exemption so that the \$107 is reduced to \$0 and there would be no deduction for boarder income in this case.

**Income from Incentive Allowances**

- This income should be declared and included as a requirement on the recipient's Income Support file. The maximum exemption is \$175 per month, but only applies to allowances which have been deemed an incentive allowance by the Minister.

**Income from Rental of Property**

- The following exemptions are applied to rental income:
  - 50% of gross receipts from rental of rooms if the property is used as a residence by the Income Support recipient and/or family- i.e. basement apartment in the family's primary residence. In this case, municipal taxes on the property will be paid each quarter as the family's residence, and will include the apartment.
  - 50% after deductions for municipal taxes and fees of gross receipts from rental of property that is not used by the Income Support recipients and/or family- i.e. separate property. In these cases, the pro-rated cost of municipal taxes will be deducted from the gross rental income prior to the 50% exemption being applied.

**Income as Identified on a Canada Revenue Agency (C.R.A.) Interface Report**

- When it has been determined, through this interface, that an individual had income that was previously undeclared, verification of income and the duration of work must be provided.
-



	<ul style="list-style-type: none"> <li>○ Contact should be made with the recipient to obtain the verification. When this is provided, the income should be assessed in the same fashion as regular income; factoring in the 30 day overlap, job start benefit, deduction of expenses and basic and enhanced earnings exemptions.</li> <li>○ If verification is not provided:             <ul style="list-style-type: none"> <li>▪ Where the individual is still an active recipient, consideration should be given to holding (or redirecting to a district office) the recipient's Income Support cheque in an effort to retrieve the required information.</li> <li>▪ If the net income information is not obtained and the overlap of Income Support and earnings is for the same calendar year, no employment exemptions or expenses should be applied, and an overpayment must be established for the lesser of the two amounts received over the year (i.e. Income Support or gross income).</li> <li>▪ If the recipient provides verification of income and duration of work at a later time, the overpayment should be adjusted accordingly, applying the thirty day overlap, job start, deduction for work expenses and basic and enhanced earnings exemptions. If the recipient provides an ROE, it can be used to confirm some information and adjustments can be made to the receive the benefit of full deductions as an ROE only provides information on gross pay and not net overpayment with this document. However recipients will not receive the benefit of full deductions as an ROE only provides information on gross pay and not net.</li> </ul> </li> <li>○ Depending on the frequency of unreported income and/or the amount of the overpayment, the CSO should consult with a CSM and assess the criteria for prosecution and/or referring the recipient for a fraud investigation.</li> </ul>
<p><b>Authority Level:</b></p>	<p>Client Services Officer</p> <ul style="list-style-type: none"> <li>• Incentive allowances approved by the Minister as exempt income, up to \$175/month</li> </ul> <p>Client Services Manager</p> <ul style="list-style-type: none"> <li>• All additional expenses/deductions from earned income that were incurred by the applicant/recipient</li> </ul>

**Date revised:** June 20, 2023

---