



## **Taxation and social benefits FAQ (Canada Revenue Agency and Employment and Social Development Canada)**

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1. **Question:** How will my taxes be affected by a payment for a Claim for compensation?

A. **Answer** (Relevant for All Classes):

### Impact on taxation

Class Members will not have to pay Canadian federal income tax on compensation under the Settlement Agreement. The Canada Revenue Agency has confirmed that compensation you receive as a member of one of the identified Classes does not have to be included as income on your: T1 Income Tax and Benefit Return, Let Us Help You Get Your Benefits – Indigenous credit and benefit short return, or Form T90 Income Exempt from Tax under the Indian Act.

Canada has Tax Collection Agreements with all provinces and territories except Québec, which means that those provinces and territories use the same tax rules as the federal government with respect to personal taxable income. As a result, you will also not have to pay provincial or territorial income tax on Compensation if you are a resident of one of those provinces or territories.

It is important to note that any purchases or investments you make with your compensation may have tax implications under general tax laws.

2. **Question:** How will my social assistance or benefits be affected by this compensation?

A. **Answer** (Relevant for All Classes):

Canada is making best efforts to ensure that entitlement to federal social benefits or social assistance benefits will not be negatively affected by the receipt of compensation.

### Impact on benefits

For benefits that are administered by the Canada Revenue Agency (CRA) and that are based on income for federal income tax purposes, the CRA has confirmed that Compensation will not affect benefits. As a result, the following benefits and credits will not be affected by compensation:

- Canada child benefit
- GST/HST credit
- Canada Workers Benefit

In addition, Employment and Social Development Canada (ESDC) has confirmed that Claimants receiving compensation under this Settlement will not have their eligibility for ESDC-delivered programs impacted, including:

- Employment Insurance
- Guaranteed Income Supplement
- Old Age Security
- Canadian Pension Plan

As there are many social benefits and social assistance benefits provided by various levels of government and departments that are not administered by the CRA or by ESDC, the CRA and ESDC are unable to confirm whether those benefits will be affected by compensation.

Indigenous Services Canada has reached out to other federal departments to ask that they do not treat Compensation payments as income, and further information will be provided when it is available.

3. **Question:** Where can I get more information?

A. **Answer** (Relevant for All Classes):

Questions about the impact on other benefits should be directed to the government or department responsible for administering the particular benefit. However, if the eligibility for the benefit is based on income for federal income tax purposes, Compensation should generally not affect your benefit since this compensation is not considered income.

Indigenous Services Canada (ISC) has written to the provincial and territorial departments responsible for child and family services, education, finance, and health to request the provincial or territorial benefits that you receive, or may be entitled to receive, are not negatively affected because you received compensation.

Further, ISC will not consider compensation in deciding any pending, approved, or future requests pursuant to Jordan's Principle or with respect to individual entitlements under other ISC programs such as the On-Reserve Income Assistance Program or the Assisted Living Program.

For support contacting a benefit provider, please contact the Assembly of First Nations Compensation Information Desk at 1-888-718-6496 or by email at [FNChildCompensation@AFN.ca](mailto:FNChildCompensation@AFN.ca).