

ONTARIO LOW-INCOME INDIVIDUALS AND FAMILIES TAX (LIFT) CREDIT

What is it?

The LIFT credit is a non-refundable Ontario tax credit designed to reduce the Ontario income tax payable by low-income individuals who are employed.

Eligibility requirements:

- Resident of Canada at the start of the year.
- An Ontario resident by the end of the tax year.
- Have employment income (self-employment income does not qualify).
- For couples who are both employed, either or both partners can claim the credit, i.e. it is an individual credit. However the calculation of the benefit is different depending on whether the person is single or a spouse.

Credit amount:

Unlike most non-refundable credits, the LIFT credit is calculated separately from the general pool of credits.

- Maximum Credit: The lesser of \$875 and 5.05% of employment income.
- Income Reduction Thresholds:
 - For single individuals, the credit is reduced once net income exceeds \$32,500.
 - For those with a spouse, the credit is reduced if either:
 - The individual's net income exceeds \$32,500, or
 - The couple's combined net income exceeds \$65,000.

The formula for the credit amount is $A - B$ where

A = the lesser of \$875 or $5.05\% \times$ employment income

B = $5\% \times$ the greater of:

- (i) the amount by which the individual's net income exceeds \$32,500, or
- (ii) the amount by which the combined net income of the couple exceeds \$65,000

UFile:

UFile automatically applies the LIFT credit if applicable. No special steps are required. UFile generates Schedule ON428-A to calculate the credit, which is then reported on Line 62140 of the Ontario return.

References:

- *Ontario Taxation Act, 2007*, [s.21.1](#)
- [Ontario website - LIFT credit](#)