

Low-Income Autofile

Addressing the Elephant in the Room

Key Recommendations

Audit all benefits and credits to ensure equitable and stabilizing assistance to people in the lowest income brackets

Negotiate with provinces to establish a policy of stacking credits, benefits and programs without deduction until a set adequacy standard is reached.

Ensure gradual exit rate for supports and ensure no “double deductions”.

Transition Employment Insurance to a Guaranteed Income Program.

Background

Automatic tax filing for low-income Canadians is set to begin in 2026. Simply put this auto-return would create a tax return for many with low and set incomes so that they can receive the benefits created and intended for them, for example GST or child benefits.

Even when individuals are eligible, the role those benefits play in strengthening income security are not always fully realized, either by policymakers or by those entitled to them.

Uptake is limited for varying reasons. In our own work we have commonly heard the belief that their income is too low to make any difference, i.e. no money back.

Furthermore, we support [the joint submission of Maytree, Momentum, and Prosper Canada](#) regarding Automatic Federal Benefits, but we feel there is merit in expanding on this theme of autofile and benefit automation.

We posit if the purpose of federal benefits is to target and support Canadians in lower income brackets, then benefits need to address the elephant in the room, adequacy.

For Consideration

On January 26th, 2026, the Prime Minister [announced the new Canada Groceries and Essentials Benefit](#). He reasoned that, “the cost of groceries and everyday essentials has been too high for too long.” We agree.

A rebranding of the Goods and Services tax/harmonised sales tax (GST/HST) credit, it promises to provide an additional 50% more this year for families and singles. As the Prime Minister stated,

[“Canada’s new government is acting today to provide a boost to those Canadian families who most need one, while creating a bridge to longer-term food security and affordability.”](#)

We applaud the focus on the most vulnerable facing food insecurity but the basis for this particular increase is the GST/HST program. The current credit calculation method has a glaring problem.

Individuals with less than \$25,000 in income do not receive the maximum annual credit of \$533 despite contributing a significant amount of their already inadequate incomes.

Adjusted family net income (\$)	Single individual or single parent family				
	No children (\$/ year)	1 child (\$/ year)	2 children (\$/ year)	3 children (\$/ year)	4 children (\$/ year)
Under \$11,337.00	\$349.00	\$882.00	\$1,066.00	\$1,250.00	\$1,434.00
\$12,000	\$362.26	\$882.00	\$1,066.00	\$1,250.00	\$1,434.00
\$15,000	\$422.26	\$882.00	\$1,066.00	\$1,250.00	\$1,434.00
\$20,000	\$522.26	\$882.00	\$1,066.00	\$1,250.00	\$1,434.00
\$25,000	\$533.00	\$882.00	\$1,066.00	\$1,250.00	\$1,434.00
\$30,000	\$533.00	\$882.00	\$1,066.00	\$1,250.00	\$1,434.00

Figure 1. [Goods and services tax credit: payments chart effective July 2025 - June 2026 \(2024 base year\)](#) accessed 2026-01-27.

For example, a person on Ontario Works would receive a 50% increase on a paltry \$349 a year credit despite the fact they contribute a total of \$1011.93 in GST annually from their shamefully low \$8796 social assistance incomes.

Surely income redistribution geared to affordability and food security should have the greatest impact on those in deepest poverty in Canada.

Solutions

We believe there are three things essential to both immediate and long-term income security renewal in Canada that can be realized simply through the tax system, a shift in policy objectives, and existing federal programs.

Revisit and Revise:

Tax credits have been tweaked and change has been implemented at a rate so incremental to be essentially meaningless when the recipient is living in deep poverty.

We strongly encourage the federal government to audit all benefits and credits that are meant to assist low-income individuals to ensure they are meaningful. Like the GST benefit that provides a relative rather than equity-realizing credit amounts, low-income programs like Canada Pension Plan-Disability and Guaranteed Income Supplement also need to be equitable in order to stabilize people in the lowest income brackets.

Stacking Benefits:

One of the flaws of the Advanced Working Tax Benefit is that it is rendered inadequate through the goal of social assistance transition rather than reaching the official poverty line.

While one could debate whether the Market Basket Measure is accurate, the point should be that it is not the policy goal of our government to reach that line in practice.

To address this discrepancy, we recommend negotiating with provinces to move toward a policy of stacking all benefits and programs without any deduction until a set adequacy standard is achieved and then a gradual exit rate while ensuring no double deductions occur during the transition off benefits. If five credits and programs all lower or end supports at once, the instability it causes

could keep people cycling in and out of poverty. We can do better.

Repurpose:

A [World Development Report 2019: The Changing Nature of Work](#) found the nature of employment has changed in ways that require a substantial shift in social protections stating (page 5),

“Even in advanced economies, the payroll-based insurance model is increasingly challenged by working arrangements outside standard employment contracts. What are some new ways of protecting people? A societal minimum that provides support independent of employment is one option.”

We agree. In October 2021 we submitted a brief entitled [“The Future is Now: A Case for Punctuated EI Change”](#) to an Employment and Social Development Canada Consultation “Reforming Canada’s Employment Insurance Program”. Our position remains the same; repurpose Employment Insurance to an introductory Guaranteed Income Program.

An income floor program responds to income loss better than payroll insurance when the labour market is geared to part-time service jobs, gig economy “contractors”, and those self-employed with no employees.

For example, workers with two or three jobs would not qualify for Employment Insurance based on the hours accumulated with a single employer alone. Despite needing the income, the employee would receive nothing from the current program.

Most notably, CERB showed how easily and efficiently this can be implemented.

Conclusion

The need to stabilize the lives of Canadians has never been more imperative. To truly take care of our own we need to be ready to make changes to the status quo. There is never a “good time” to do this but this is definitely the right time to protect the most vulnerable among us.