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## Earned Income and Exemption Eligibility

### General Principle

Applicants and recipients are required to use all income (earned and unearned) not specifically considered as exempt to support themselves before receiving income assistance. Also, to ensure that all possible income and means of support are pursued.

### Excess Income

Applicants and recipients whose net income (earned and unearned) exceeds the applicable amount of income assistance benefits are not eligible for income assistance.

### Definition of Earned Income

*Earned income* is defined as:

- (a) any form of money, goods, services, commissions, favours, or bonuses obtained in exchange for work or provision of a service
- (b) tax refunds
- (c) pension plan contributions that are refunded
- (d) honoraria paid to chiefs and councillors (excluding expense payments related to official business)
- (e) money, goods, or services derived from rental of rooms or the provision of room and board

### Time Limit on Application of Deductions and Exemptions

The deductions and exemptions apply only in the month in which the income is received and must not be applied retroactively or pro-rated prospectively. The Band Social Development Worker (BSDW) must apply all deductions and exemptions in the month in which the income is received.

## Deductions from Earned Income

The only deductions permitted from earned income are the following:

- (a) any amount deducted at source for:
  - i. income tax
  - ii. employment insurance
  - iii. medical insurance
  - iv. Canada Pension Plan
  - v. superannuation
  - vi. company pension plan
  - vii. union dues
- (b) essential operating costs of providing boarders (including children or other relations of the applicant or recipient, or the spouse of either) with room and board
- (c) 25% of the gross rent received from the rental of rooms that are common to and part of the applicant's or recipient's place of residence

## Deduction and Exemption Rules

When calculating the net income of a family for the purposes of determining the amount of income assistance the following are considered *not* to be income:

- incentive allowances
- any income earned by a dependent child attending school on a full-time basis
- regular maintenance, special maintenance, and post adoption assistance payments received from a child welfare authority for the care of a child
- payments granted by the Government of British Columbia as Interim Early Intensive Intervention Funding
- payments granted by the Government of British Columbia under section 8 of the Child, Family and Community Service Act [agreement with child's kin and others]
- payments granted by the Government of British Columbia under the Ministry of Children and Family Development's At Home Program
- payments granted by the Government of British Columbia under the Ministry of Children and Family Development's Extended Autism Intervention Program
- payments granted by the Government of British Columbia under an agreement referred to in section 93(1) g(ii) of the Child, Family and

Community Service Act, for contributions to the support of a child to a person other than a parent of that child

- income assistance paid to a person under the **Children Out of the Parental Home (COPH)** Assistance program on behalf of a child who resides with that person
- adjustment refunds from a supplier (e.g., hydro) are to be sent to the recipient even if the administering authority is administering the recipient's funds — the refund is *not* considered income
- up to \$100 per month for a person who is participating in a federal training program funded by Human Resources and Development Canada
- Goods and Services Tax credit under the Income Tax Act (Canada)
- Sales Tax Credit under the Income Tax Act (British Columbia)
- Basic Child Tax Benefits paid under the Income Tax Act (Canada)
- BC Basic Family Bonus paid under the Income Tax Act (Canada)
- National Child Benefit Supplement paid under the Income Tax Act (Canada)
- BC Earned Income Benefit paid under the Income Tax Act (Canada)
- Child Disability Benefit paid under the Income Tax Act (Canada)
- Universal Child Care Benefit paid under the Universal Child Care Benefit Act (Canada)
- regular maintenance payments received from an educational authority for the care of a child not listed as a dependent
- assistance in cash or kind received from a band council to construct, repair, or improve a house occupied by the applicant and dependents
- individual redress payments granted by the Government of Canada to a person of Japanese ancestry
- individual payments granted by the Government of Canada under its Extraordinary Assistance Plan to hemophiliacs and others infected with the human immunodeficiency virus (HIV) from blood or blood products
- individual payments granted by the Government of British Columbia to a person infected with HIV, or to the surviving spouse or dependent children of that person
- individual payments granted by the Government of Canada under the Extraordinary Assistance Plan to thalidomide victims
- money from a lump sum settlement payable by the Government of British Columbia to persons awarded compensation by an adjudicative panel in respect of claims of abuse at Jericho Hill School for the Deaf

- money paid to or payable for a person in accordance with the settlement agreement approved by the Supreme Court in Action No. C980463 to former students of Jericho Hill School for the Deaf
- money paid or payable under the 1986-1990 Hepatitis C Settlement Agreement made June 15, 1999, except money paid or payable under section 4.02 or 6.01 of Schedule A or of Schedule B of that agreement
- a rent subsidy provided by the provincial government, or by a council board, society, or governmental agency that administers rent subsidies from the provincial government
- money paid or payable to a person in settlement of a claim of abuse at an Indian residential school, except money paid or payable as income replacement
- money received from the Common Experience Payment or through the Independent Assessment Process under the Indian Residential Schools Settlement Agreement
- energy or fuel tax rebates provided by the government of Canada, the government of British Columbia or an agency of either government (i.e., the federal Relief for Heating Expenses, the provincial Motor Vehicle Fuel Tax Rebate, BC Energy Rebate and BC Hydro Credits)
- an income tax refund, or part of an income tax refund, that arises by reason of a payment made by the Government of British Columbia to the Government of Canada on behalf of a person who incurred a tax liability due to income received under the Forest Worker Transition Program
- Individual payments dispersed from the BC Institutional Legacy Trust Fund
- A working income tax benefit provided under the *Income Tax Act* (Canada)

Any amount garnisheed, attached, seized, deducted, or set-off from income is considered to be income, except the deductions permitted under *Deductions From Earned Income* earlier in this section, and any other income exempted under this section.

All earned income must be included, except the deductions permitted under *Deductions from Earned Income* earlier in this section, and any other income exempted under Chapter 4.8, unearned Income.

### **Exemption - Earned Income**

Income assistance recipients will only be eligible for earned income exemptions if they have been receiving income assistance or income assistance for persons with disabilities continuously for the:

- 3 months immediately preceding the month for which the exemption is claimed, and
- each person in the family is under 65 years of age

### **Restarting the Three-month Waiting Period**

A recipient who goes off income assistance for any reason other than employment must restart the three-month waiting period in order to qualify for the earned income exemption.

An employable person, a person with persistent multiple barriers (PPMB) or a PWD who is in receipt of income assistance for more than three consecutive months, and who then goes off income assistance in order to accept employment does not, upon re-application, have to wait three months to be eligible for the earnings exemption provided that the absence from assistance did not exceed 12 weeks.

### **Exemption – Earned Income for Single Parent Recipients**

The exemption only applies to a single parent recipient, who is under 65 years of age and who:

- has a dependent child, and the child has a disability that precludes the sole recipient from leaving home for the purposes of employment, or
- has in his or her care a child in receipt of **COPH Assistance**, and the child has a disability that precludes the sole recipient from leaving home for the purposes of employment, or
- has in his or her care a foster child, and the child has a disability that precludes the sole recipient from leaving home for the purposes of employment.

The exemption amount is up to \$300 per month for the family unit.

**Exemption – Earned Income for Persons with Disabilities Recipients**

Earned income for recipients Persons with Disabilities (PWD) (formerly SAHP or DBL II), who are under 65 years of age, and in receipt of income assistance for three consecutive months or more, are eligible for the following:

- single individual with PWD, up to \$500 per month
- family unit where both persons have PWD designation, up to \$750 per month for the family unit
- family unit where one individual has PWD designation, up to \$500 per month for the family unit

**Exemption – Earned Income for Persons with Persistent Multiple Barriers Recipients**

Earned income for income assistance recipients who qualify for the Persons with Persistent Multiple Barriers (PPMB), who are under 65 years of age, and in receipt of income assistance for three consecutive months or more, are eligible for the following:

- single person with PPMB, up to \$500 per month
- a single parent with PPMB, up to \$500 per month
- family unit where both persons have PPMB, up to \$500 per month for the family unit

**Not Eligible for Exemptions on Earned Income**

The following are not eligible for earnings exemptions:

- recipients or their dependents of hardship assistance (see Chapter 7, Hardship Assistance)
- single persons, couples, and families where all adults are over 65 years of age
- persons in receipt of the provincial Seniors Supplement
- persons engaged in income assistance transfer projects [work opportunity program (WOP) or aboriginal income assistance recipient employment training (ASARET) initiative]
- recipients or their dependents who are transients (see Chapter 7, Hardship Assistance)

**Earnings of Dependent Children Under Nineteen Years of Age**

Earned income of a child under 19 years of age, in a income assistance family, where such child is attending school on a full-time basis is totally exempt.

Earned income of a child under 19 years of age, in a income assistance family, where such child is not attending school full time, is to be treated as earned income.

**Income from Honoraria, Per Diem, Boards, Commissions, and Councils**

Expenses incurred on official business and not paid for or reimbursed may be deducted from the gross amount of honoraria and per diem, based on the original receipts provided as proof to the Band Social Development Worker (BSDW). The resulting net amount of honoraria and per diem is deemed to be earned income.

Actual travel expenses related to official business which are paid for or reimbursed are *not* considered income.

**Income from Board and Lodging**

Net income from board and lodging is gross receipts less actual essential operating costs for food, utilities, and upkeep of the room. It is considered to be earned income.

**Income from Rental of Rooms**

Net income from rental of rooms is gross receipts minus 25 percent for operating costs. It is considered to be earned income.

**Income from Family Care Payments for Children in Care (Foster Payments)**

Family care payments include the following components:

- basic family care payment
- additional family care payment
- acknowledgement standard
- service payment

For income assistance purposes the family care components are treated as follows:

Basic family care payment	exempt income
Additional family care payment	exempt income
Acknowledgement standard	exempt income
Service payment	earned income

The exemption applies for each child within the foster home setting; rates paid vary according to age of the child.

Payments intended to recognize or compensate the foster parents' work, expertise, or experience is considered earned income (e.g., service payments).

Where the breakdown of payment components is not provided, applicants and recipients are to be referred to the Ministry of Children and Family Development (MCFD) or a First Nations Child and Family Services (FNCFS) agency.

Family care homes may receive one-time payments from MCFD or an FNCFS agency for additional and specific needs of the child. This income is considered as exempt income.

### **Income from Trapping**

All income derived from trapping, less direct operating expenses supported by receipts, is to be considered available earned income.

### **Income from Houses or Self-contained Suites**

Income from rental of a house or a self-contained suite is classified as unearned income, except for amounts exempted for maintenance, taxes, and utilities paid by the owner and which are directly related to the house or self-contained suite. All exempted amounts must be supported by appropriate documentation.

A self-contained suite includes:

- a suite within a income assistance recipient's home that has a private entrance so that tenants do not have access to the income assistance recipient's portion of the home, and tenants have their own private cooking, sleeping, and bathroom facilities
- a residence completely apart from the income assistance applicant's or recipient's personal dwelling

### **Lump Sum Earnings**

Self-employed persons who receive lump sum payments (e.g., fishermen or trappers), may have their earnings pro-rated over a year or lesser period to determine eligibility for supplementary monthly income assistance.

### **Income from Small Business Operations**

All income generated by the business, less expenses directly related to its operation, is to be considered available earned income.

Expenses may be excluded only if substantiated by receipts. Income may not be excluded for the purpose of building up assets in the business.

### **Income from Self-employment**

Income assistance funds may not be used to subsidize inefficient or uneconomic business enterprises, contribute to the accumulation of commercial or personal assets, establish businesses, or maintain businesses that would otherwise fail.

Persons who are engaged in any business operation must meet the same eligibility conditions required of non self-employed applicants. Income assistance may be issued to supplement the earnings of self-employed persons, (e.g., fisherman, trappers, farmers, or operators of a small business), subject to a needs test, and to meeting all other conditions of eligibility.

Self-employed persons who have assets, or are awaiting income in excess of that allowed under the policies contained in this manual may only be considered for hardship assistance under Chapter 7, Hardship Assistance.

### **Income from Farming and Ranching**

Full-time farming or ranching operations are not subsidized by the Social Development Program. Small-scale operators, however, may be assisted from time to time because of factors related to health, crop failure, or lack of other employment to maintain the family.

All income generated by the farm or ranch, whether cash or food, less expenses directly related to the operation, is to be considered available earned income.

Expenses may be excluded only if substantiated by receipts. Income may not be excluded for the purpose of increasing assets in the form of cash, cattle, machinery, or other goods.

## Income from Fishing

All income of persons engaged in commercial fishing, less necessary operating costs that are substantiated by receipts, is to be considered available earned income.

Fishermen who have paid into the United Fishermen's Welfare Fund may be eligible for certain benefits through this fund, depending on their reason for application for assistance as these benefits are typically for losses, illness, or injury incurred while fishing.

Unlike other self-employed people, fishermen are eligible for participation in the federal Employment Insurance (EI) program. The benefit period for commercial fishermen begins in November.

It is required that any such person making application for income assistance provide proof of application for EI benefits. For those fishermen who have applied for EI, or are awaiting income settlements, may be eligible for assistance under Chapter 7, Hardship Assistance.

## Procedures

BSDW shall calculate all monthly income of the applicant or recipient and adult dependants, and apply the appropriate exemptions:

1. A copy of the income used to determine applicant or recipient eligibility must be placed on file with appropriate case notes.
2. Applicants and recipients whose net income (earned and unearned) exceeds the applicable amount of income assistance benefits, are not eligible for income assistance benefits.
3. Applicants and recipients whose net income (earned and unearned) is less than the applicable amount of income assistance benefits, may be eligible for supplementary income assistance benefits.

### ***Budget and Decision Form (901-25)***

The BSDW shall enter information regarding income for applicants and recipients in the *Budget and Decision Form (901-25)* as follows:

- Resources section
  - Record all income reported by the applicant and recipients and enter the amount of allowable exemptions under the appropriate headings, and
  - Enter the amount of total unexempt income in Total Monthly Deduction on line (5).

- Monthly Requirements section
  - calculate and enter the amount of total monthly requirements in the Monthly Requirements box,
  - enter the amount from line (5) in the Less Deductions (No 5) From Resources box, and
  - calculate the entitlement (Monthly Requirements minus Less Deductions) and enter the amount in the Entitlement box.

The BSDW shall enter all other required information in the *Budget and Decision Form (901-25)* and ensure that the applicant (or recipient) and the BSDW have both signed and dated the completed form before giving the canary copy to the client.

The BSDW shall keep the white copy of the *Budget and Decision Form (901-25)* with original signatures on the client's file.

## Exemption and Order of Income

An exemption is allowed on certain categories of income only. The amount of exemption is applied to income in the following order:

Income Type	Exemption	Earned/ Unearned Income	Treatment
At Home Program benefits	Fully exempt; not considered income when provided to parents of children with severe disabilities to assist with the cost of respite services or as reimbursement for medical travel expenses or for medical supplies purchased	Unearned Income	
BC Earned Income Benefit	Fully exempt for eligible income assistance (IA) recipients.	Not Considered Income	Fully Exempt
	<i>Not</i> exempt for Hardship Assistance	Unearned Income	No Exemption
Boarders	After deductions for essential operating costs, apply earned income treatment. Essential operating costs are restricted to: <ul style="list-style-type: none"> <li>the cost of food, excluding preparation for the boarder;</li> <li>costs associated with maintaining the room, pro-rated based on the square footage of the home; and</li> <li>a portion of the property taxes pro-rated as a percentage of the square footage of the room to the square footage of the home.</li> </ul>	Earned Income	N/A
Child Disability Benefit - Canada Child Tax Benefit	Fully exempt for recipients of income assistance, income assistance for persons with disabilities and hardship assistance	Not Considered Income	N/A
CPP Benefits	None	Unearned Income	No Exemption
CPP Disabled Contributor's Children's (DCC) Benefit	None for recipients of income assistance, income assistance for persons with disabilities and hardship assistance	Unearned Income	No Exemption
	Fully exempt for recipients COPH Assistance		Fully Exempt
CPP Orphan of Deceased (ORP) Benefit	None for recipients of income assistance, income assistance for persons with disabilities and hardship assistance	Unearned Income	No Exemption

Income Type	Exemption	Earned/ Unearned Income	Treatment
	Fully exempt for recipients CAPH Assistance		Fully Exempt
Child Tax Benefit	Fully exempt for recipients of income assistance, income assistance for persons with disabilities and CAPH Assistance	Not Considered Income	Fully Exempt
	Recipients of hardship assistance	Unearned Income	No Exemption
Department of Veterans Affairs (DVA) and/or Workers' Compensation Board (WCB)	Up to \$50 per month exemption or Recipients with dependants if at least one person in the family is over 60 years of age.	Unearned Income	N/A
Disbursement from discretionary or non-discretionary trust	For income assistance, no exemptions.  For recipients of Income assistance for PWD, or recipients in Special Care facilities:  i. pays for medical aids, mobility aid, or other devices related to the disability ii. pays for renovation or maintenance of the principle of a person with disabilities, as long as either is undertaken to accommodate the needs of the person iii. pays for education or training for the person with disabilities iv. pays the costs of caregivers, services providers or other services related to the person's disability; v. is an annual amount of \$5,484 used to promote the independence of the PWD (counted from January 1 to December 31)  <b>Note:</b> Income earned by the capital portion of a trust is treated as unearned income (and subject to the above exemptions) <i>only</i> when these amounts are disbursed from the trust fund (see section 4.7, Assets)	Unearned Income	N/A
Earned Income for a dependent child	Dependent child is a full-time student.	Not Considered Income	Fully Exempt
	Dependent child is <i>not</i> a full-time student.	Earned Income	No Exemption

Income Type	Exemption	Earned/ Unearned Income	Treatment
Earned Income for all recipients under 65 years of age	None, except persons with disabilities and single parents with a dependent child with disabilities	Earned Income	No Exemption
Earned Income for a single parent recipients caring for dependent child with disabilities	For single parents caring for a disabled child (including <b>COPH recipient</b> or foster child) that precludes them from leaving home, and have earning or work in the home. For example, providing room and board, babysitting other children in the home or part-time operation of a small business.  (must have been in receipt of SA for three consecutive months)	Earned Income	\$300 per month Exemption
Earned Income for a single parent recipients caring for dependent child with disabilities	For single parents caring for a disabled child (including <b>COPH recipient</b> or foster child), that precludes employment for more than 30 hours per week  (must have been in receipt of SA for three consecutive months)	Earned Income	\$300 per month Exemption
Earned Income for PPMB recipients	For a single person and a family unit where both recipients in the family unit is a Persons with Persistent Multiple Barriers and is under 65 years of age  (must have been in receipt of SA for three consecutive months)	Earned Income	\$500 per month Exemption
Earned Income for at least one PWD recipient	For a single person and a family unit where at least one recipient has PWD designation  (must have been in receipt of SA for three consecutive months)	Earned Income	\$500 per month Exemption
Earned Income for both PWD recipients	For any family unit where both recipients have PWD designation  (must have been in receipt of SA for three consecutive months)	Earned Income	\$750 per month Exemption
Extended Autism Intervention (EAI) program payments	Fully exempt; not considered income when provided to parents of autistic children age 6 to 18 inclusive to assist with the cost of specialized intervention services for their child.	Not Considered Income	Fully Exempt

Income Type	Exemption	Earned/ Unearned Income	Treatment
Family Bonus (FB)  FB refers to the sum of the BC Basic Family Bonus and National Child Benefit Supplement paid by Canada Revenue Agency	Applies to all recipients including <b>COPH Assistance</b> :  Up to \$162.08 per month for the first dependent child  Up to \$143.33 per month for the second dependent child  Up to \$136.42 per month, for the third and each subsequent child	Not Considered Income	Exempt up to the maximum monthly amount paid by CRA
	Retroactive FB for dependent children	Unearned Income	No Exemption
	Retroactive FB for <b>COPH Assistance</b> children	Unearned Income	Fully Exempt
	Any portion of FB received by one parent from the other parent is exempt, except for: - hardship recipients - parents who have child as “dependent child”	Unearned Income	Fully Exempt
Family Maintenance	Includes all family bonus payments received in a month, regardless of whether the payment was for the current month and/or arrears	Unearned Income	No Exemption
Family Care Payments  (where a breakdown of service is not provided, recipients are to be referred back to either MCFD or FNCFS agency).	Basic family care	Unearned Income	Fully Exempt
	Additional family care		
	Acknowledgement standard		
	One-time payments		
	Foster Care Service payments intended to recognize or compensate the foster parents’ work, expertise, or experience.	Earned Income	No Exemption
Federal Govt Training Allowance	\$100/month training allowance—exempt Any excess training allowance is unearned income.  <b>Exempt for Dependent children or COPH Assistance recipients</b>  (exemption can extend after age 19 for children living at home: for the duration of program)	Unearned Income	N/A

Income Type	Exemption	Earned/ Unearned Income	Treatment
Hep C Virus (HCV) Settlement Compensation	Fixed payments for damages (amounts may be paid more than once depending on the severity of the condition).	Not Considered Income	N/A
	Loss of services in the home.		
	Costs of care, costs of Hepatitis C Virus (HCV) Drug Therapy.		
	Compensation for uninsured treatment and medication.		
	Out-of-pocket expenses.		
	Compensation to approved family members.		
	Payment to the approved HCV estate.		
	Compensation for HIV secondarily infected persons.		
	Compensation for loss of income (may be one time payment or administered monthly).	Unearned Income	Exempt up to family asset level.
	Compensation to approved dependants for loss of support or loss of service (may be one time payment or administered monthly).		
Honoraria, Per Diem, Boards, Commissions & Councils	Net per diem	Earned Income	N/A
	Expense allowance to cover travel	Not Considered Income	N/A
	Reimbursement of actual expenses	Not Considered Income	N/A

Income Type	Exemption	Earned/ Unearned Income	Treatment
Interim Early Intensive Intervention funding payments for children with autism	Fully exempt; not considered income when provided to parents of children age five and under with Autism Spectrum Disorder to assist with the cost of specialized treatment/intervention services for their child	Unearned Income	N/A
Indian Residential School settlement	Money paid or payable to a person in settlement of a claim of abuse at an Indian Residential school	Not Considered Income	Fully Exempt
	Money paid or payable as income replacement in settlement of a claim of abuse at an Indian Residential school	Unearned Income	Exempt up to family asset level.
	Money received from the Common Experience Payment or through the Independent Assessment Process under the Indian Residential Schools Settlement Agreement	Not Considered Income	Fully Exempt
Kin and Others Agreements payments	Fully exempt; not considered income when provided to caregivers under Section 8, CFCSA, Agreements with Child's Kin and Others	Unearned Income	N/A
Lottery/Games of Chance	Income from lottery or games of chance	Unearned Income	No Exemption
One-time financial awards	(Examples: specific claims settlements, criminal injuries awards)	Unearned Income	Exempt up to family asset level.
Out of Care payments	Fully exempt; not considered income when provided under 93(1)(g)(ii), CFCSA to a person, other than a parent, who has custody of a child for the support of that child.	Unearned Income	N/A

Income Type	Exemption	Earned/ Unearned Income	Treatment
Per Capita Distribution, lease payments, oil royalties, natural gas royalties, dividends, corporate share holdings, land claim settlements, and/or other monies distributed to Band members from Band Revenues.	For Income assistance, PPMB, PWD, or Hardship Assistance.	Unearned Income	No Exemptions
Post Adoption Assistance	Post-adoption payment provided under section 28 (1) or 30.1 of the Adoption Regulation.	Not Considered Income	N/A
Reduced EI Benefits	EI, less only the amount deducted as income tax, is used for calculation. Other deductions regardless of reason are considered unearned income.	Unearned Income	N/A
Room Rental	After 25% deduction from gross rent, apply earned income exemption	Earned Income	N/A
Self-contained suite	<p>Costs for essential operating costs is exempt</p> <p>Essential operating costs are restricted to:</p> <ul style="list-style-type: none"> <li>• costs associated with maintaining the suite, not the home</li> <li>• utilities cost associated with maintaining the suite and covered by the landlord</li> <li>• a portion of the property taxes, as a percentage of the square footage of the suite to the square footage of the home</li> </ul> <p>Balance is unearned income.</p>	Unearned Income	No Exemption
Support or Contribution from sponsor (immigrants)	No exemptions		N/A

Income Type	Exemption	Earned/ Unearned Income	Treatment
Tax refund - Forest Worker Transition Program	Tax Refund received by Forest Worker Transition Program participants  Fully exempt		N/A
Universal Child Care Benefit	Recipients of Income assistance, PPMB, PWD, or COPH Assistance	Not Considered Income	Fully Exempt
	Recipients of Hardship Assistance	Unearned Income	No Exemption
Working Income Tax Benefit (including Disability Supplements) received through pre-payments	Fully Exempt	Not Considered Income	N/A
Working Income Tax Benefit (including Disability Supplements) received through income tax returns	Fully Exempt	Not Considered Income	N/A

