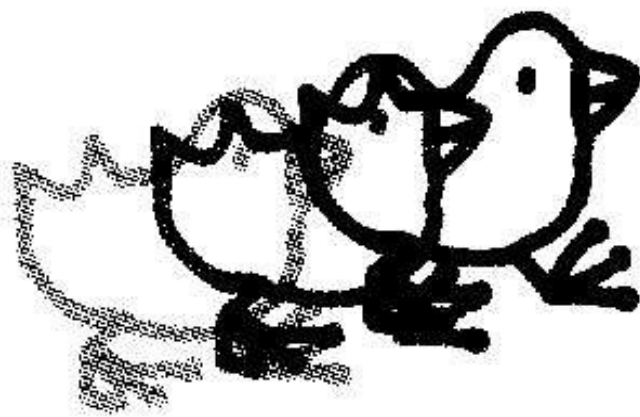


Welcome to the

Ontario Child Care Supplement
for Working Families



The Ontario Child Care Supplement for Working Families

This document is not intended as a substitute for the *Income Tax Act* (Ontario) (Section 8.5) and Regulations.

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This guide contains information relating to the Ontario Child Care Supplement for Working Families (OCCS) – an Ontario program administered by the Ministry of Revenue. The guide also refers to the Ontario Child Benefit (OCB) – a program developed by Ontario and administered on its behalf by the Canada Revenue Agency (CRA), and the Canada Child Tax Benefit (CCTB) – a federal program administered by the CRA.

The Ontario Child Care Supplement for Working Families (OCCS)

OCCS is a tax-free monthly payment to help with the costs of raising children under the age of seven. The program benefits low-to-middle income single or two-parent families, families with one stay-at-home parent, or families with one or both parents studying or in training. A family does not have to have a child in daycare to apply for the supplement.

The program started in 1998 and is administered by the Ontario Ministry of Revenue's Client Accounts and Services Branch. The supplement is tax-free. It does not affect the federal Canada Child Tax Benefit (CCTB) payments.

Eligibility

To receive the supplement, you have to:

- be a resident of Ontario
- receive the (federal) Canada Child Tax Benefit
- have children under age seven, and
- have the appropriate income level, or qualifying child care expenses.

The supplement is paid to the same person who receives the federal CCTB. This is the person primarily responsible for the care and upbringing of the child. Although this person is usually the mother, it could be the father, a grandparent or guardian.

In the 2007 Budget, the Ontario government created the new Ontario Child Benefit (OCB) to help low-income Ontario families provide for their children.

The Ontario Child Benefit (OCB)

When the monthly OCB payments begin in July 2008, your OCCS payments will be reduced by subtracting the amount of the OCB received for each child under age seven.

Families whose OCCS monthly entitlement exceeds their monthly OCB payment will continue to receive a supplementary OCCS payment. This will continue until your dependent child turns seven, or you are no longer entitled to receive OCCS. The OCB continues until the child reaches 18 years of age and eventually replaces the OCCS supplement.

Once the OCB is fully implemented in July 2011, OCCS will be phased out over seven years. Children born on, or after July 1, 2011 will not be eligible for OCCS payments. OCCS payments will be phased out completely by 2018, but OCB payments will continue.

For further information on OCB you can visit the web-site: www.ontariochildbenefit.ca.

The OCCS application

The Ontario Ministry of Revenue sends OCCS applications to eligible families. The application is personalized, which means that it contains your name and address, your reference number and the birth date of your child or children under the age of seven. No other individual can use your application.

The supplement is not paid automatically. You must complete an OCCS application each year to verify your personal information on the application and to tell us if your child care costs are subsidized. This information is used in the calculation of your payments. The supplement will be adjusted if your child care costs are subsidized by a government agency.

About subsidies

Your child care costs are subsidized if your child is in daycare and the town or city where you live helps you pay for some or all of your child care costs. If you are not sure whether your child care costs are

subsidized, ask your child care provider. Do not complete the Subsidized Child Care section of the application if your child care costs are not subsidized.

If your child care costs are subsidized, write in the amount of actual child care costs that you pay over and above the subsidy for each child under age seven, for the month shown. This amount is considered to be your average monthly child care cost and will be used to determine your entitlement for the 12-month period. (Do not enter the costs covered by government subsidies.)

If your child is in subsidized daycare and your child care costs change weekly or monthly, due to shift work or other factors, attach a note to your application explaining your situation. Your supplement will be calculated on a monthly basis with the information you provide.

When to apply

The benefit year is July to the following June. If you are currently receiving the supplement, you will be sent an application before the start of the new benefit year, usually in April. If you recently started receiving CCTB, or if there is new information that now qualifies you for the OCCS supplement, you will receive your application during the benefit year. The ministry receives new information from the CCTB regularly and mails applications weekly.

Although there is an 18-month deadline for returning your application, you must complete and return it promptly to the Ontario Ministry of Revenue to avoid interruptions in your payments. You will lose one month's payment for each month you delay returning your application after the deadline. Complete and return the application even if you think you do not qualify. Your circumstances may change and if your application is on file, your entitlement will be automatically recalculated.

The supplement is calculated for the 12-month period beginning in July and ending in June of the following year. The ministry uses the information from your and your spouse's or common-law partner's previous year's tax returns, CCTB information and child care costs reported on your OCCS application.

How the OCCS supplement is calculated

Your supplement is based on:

- the number of children under age seven in your family
- your family earned income, which includes income from employment, self-employment, training allowances, the taxable portion of scholarships or research grants, and disability payments received under the Canada or Quebec Pension Plans, from your previous year's tax return(s)
- family net income, which is usually the amount from line 236 on your previous year's tax return(s) minus any "Universal Child Care Benefit" amount from line 117 from the income tax returns you and your spouse or common-law partner (if applicable) filed for the base year
- qualifying child care expenses, which are usually the amount from line 214 (Child Care Expenses) on your previous year's tax return(s). This amount is determined when you complete [Form T778, Child Care Expenses Deduction](#), available from the Canada Revenue Agency, and
- whether your child is in daycare and the town or city where you live helps you pay for your child care costs.

When payments are issued

Monthly payments are generally issued on the last working day of the month (the December payment is earlier in the month). Your payment will be issued in the middle of the following month if your application is processed after regular payments are issued. Retroactive payments to the month you are first entitled will be included.

You will receive a one-time payment for the full amount if your entitlement for the full year is less than \$120. You will receive a one-time annual payment of \$10 if your entitlement for the full year is greater than \$0 but less than \$10.

It is recommended that you have your supplement deposited directly into your bank account.

Direct Deposit is a safe, convenient, dependable, and time-saving way to receive payments. The bank account can be in your name, your spouse's or common-law partner's name or your child's name. To start or change your direct deposit, send us a blank cheque with "VOID" written on the front, or complete a [Direct Deposit](#) form available by calling the [Ministry Information Centre](#).

A cheque will be issued and mailed if you cannot use Direct Deposit.

Changes should be reported

Any of the following may affect your eligibility for the supplement and should be reported immediately to ensure that you continue to receive the correct entitlement:

- a move out of the province
- your child care subsidy starts, stops, increases or decreases
- ceasing to be the primary caregiver of the child
- a marital status change, or
- the birth or death of a child.

When to contact the Ministry of Revenue

You must inform the Ministry of Revenue immediately if:

- your child care subsidy starts, stops, increases or decreases (your payments may change, and this information will ensure that you receive the amount to which you are entitled)
- you change your address, or
- you change your Direct Deposit information.

For confidentiality reasons, Ministry of Revenue staff will only discuss account information with the person who receives the supplement. If you want someone to collect or release information on your behalf, write to us or complete the [Authorization to Disclose Information](#) form.

When to contact the Canada Child Tax Benefit (CCTB) program

There are some changes that the Ministry of Revenue can accept only when the Canada Revenue Agency updates your Canada Child Tax Benefit information.

Changes to your marital status or your family situation - for example, the birth of a child - must be reported to the CCTB program. The address and telephone number for CCTB are listed in the "Government Blue Pages" section of your local telephone directory under "Child and Family Benefits Services" or <http://www.cra-arc.gc.ca/benefits/cctb/menu-e.html>. When the CCTB program notifies the Ministry of Revenue of a change, your supplement will be recalculated and a new Entitlement Notice will be sent to you.

When the supplement is recalculated

Every July, the first month of the new benefit year, your supplement is recalculated based on the information from your OCCS application, and from the income tax return(s) you and your spouse or common-law partner filed for the previous year.

Your supplement may be recalculated any time during the year as a result of changes to your child care costs, your marital status or family situation. In addition, if the Canada Revenue Agency reassesses the income tax returns that you or your spouse or common-law partner filed for the previous year, and your family income information changes, your OCCS is recalculated. The supplement for a particular child will stop the month after the child turns seven. This will affect your monthly payments as the supplement will be calculated based on the number of children in your family who are under the age of seven. (See "[How the OCCS supplement is calculated](#)").

A new Entitlement Notice is sent to you showing the revised calculation each time your entitlement changes.

Frequently asked questions

The following features the most frequently asked questions the ministry receives regarding the OCCS program. The complete Questions and Answers follow the Index.

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Questions and answers

Q.1 How do I qualify for OCCS?

You will receive a pre-printed, personalized OCCS application from the Ontario Ministry of Revenue if you:

- are a resident of Ontario
- have children under age seven
- receive the federal Canada Child Tax Benefit, and
- have the appropriate income level, or qualifying child care expenses.

Q.2 How do I get an OCCS application if I didn't receive one?

If you receive the Canada Child Tax Benefit (CCTB) and did not get an OCCS application, call the [Ministry Information Centre](#) and provide your personal information (e.g., full name, address, reference number). You will be sent a replacement application or you will be advised if you do not qualify.

If you do not receive CCTB, contact the Canada Revenue Agency to obtain a [Canada Child Tax Benefit Application](#). If you qualify for the federal benefit, and you meet the OCCS eligibility requirements, you will automatically be sent a personalized OCCS application to complete and return to the Ministry of Revenue.

Q.3 How will my OCCS payment change when the OCB monthly payments begin in July 2008?

When the monthly OCB payments to eligible families begin in July 2008, your OCCS payments will be reduced by subtracting the amount of the OCB received for each child under age seven.

Families whose OCCS monthly entitlement exceeds their monthly OCB payment will continue to receive a supplementary OCCS payment. This will continue until your dependent child turns seven, or you are no longer entitled to receive OCCS.

Once the OCB is fully implemented in July 2011, OCCS will be phased out over seven years. Children born on, or after, July 1, 2011 will not be eligible for OCCS payments. OCCS payments will be phased out completely by 2018. For further information on OCB you can visit the web-site: www.ontariochildbenefit.ca.

Q.4 What is meant by ‘family earned income’, ‘family net income’, ‘qualifying child care expenses’ and ‘child care subsidy’?

Family earned income includes income from employment, self-employment, training allowances, the taxable portion of scholarships, net research grants, and disability payments received under the Canada and Quebec Pension Plans from your previous year’s tax return(s).

Family net income is usually the amount from line 236 (Net Income) minus any “Universal Child Care Benefit” amount from line 117 from the income tax returns you and your spouse or common-law partner (if applicable) filed for the base year.

Qualifying child care expenses are usually the amount from line 214 (Child Care Expenses) from your previous year’s tax return(s). This amount is determined by completing [Form T778, Child Care Expenses Deduction](#), available from the Canada Revenue Agency.

Child care subsidy means your child is in daycare and the town or city where you live helps you pay for your child care costs.

Q.5 Why is there an income limit for the program?

The OCCS program is intended to assist working families earning low to middle incomes. There is a gradual decline in supplement amounts as income increases for families with net incomes over \$20,000 (a reduction rate of eight per cent), thereby focusing maximum benefits on low-income working families, and providing reduced benefits to many middle-income families.

Q.6 Why do single-parent families receive more than two-parent families?

Single parents receive more because they face greater financial challenges than most two-parent families.

Q.7 How do I apply for the Ontario Child Care Supplement?

The supplement is not paid automatically - you must complete an application each year. A personalized application for the Ontario Child Care Supplement is sent from the Ontario Ministry of Revenue to eligible families. If you are currently receiving the supplement, you will be sent an application before the start of the new benefit year, usually in April.

If you have a first child and you have applied for and received a Canada Child Tax Benefit (CCTB), you will receive your OCCS application after OCCS is notified by CCTB.

The application requires only that you write in whether your child care costs are subsidized, and if so, how much you pay for child care over and above the subsidy, for each child under age seven, for the month shown on the application. If you are not sure, ask your child care provider.

Note: Your child care is **subsidized** if your child is in daycare and the town or city where you live helps you pay for some or all of those fees.

Do **not** complete the Subsidized Child Care section of the application if your child care costs are not subsidized.

Remember: your child does not have to be in daycare for you to apply.

Q.8 What happens if I work shifts and my child care expenses change from month to month?

If your child is in subsidized daycare and your child care costs change weekly or monthly due to shift work or other factors, attach a note to your application explaining your situation. We will calculate your entitlement on a monthly basis using the figures that you provide.

Q.9 Do I have to send receipts for my child care costs with my application?

No, you do not have to attach receipts to your application, but keep them in case you are asked for them. Generally, you should keep your receipts for six years.

Q.10 The application asks me to provide information for 'Direct Deposit', but I do not have a bank account. Does this mean I will not be able to get the supplement?

A cheque will be issued by mail if you do not have a bank account, or there is another reason why you cannot use Direct Deposit.

It is recommended that you open an account and have your payments deposited directly into your bank account. This will ensure that you receive your supplement each month on a timely basis. It will also prevent your cheque from getting lost or stolen, or being delayed due to a postal disruption. You can have your supplement deposited directly into a bank account in your name, your spouse's or common-law partner's name or your child's name.

Q.11 My spouse or common-law partner stays at home. Do we qualify for the supplement?

Working families with one stay-at-home parent are eligible for the supplement. Your child does not have to be attending daycare to be eligible.

Q.12 Am I eligible for the supplement if I'm in school or taking job training?

If you paid 'qualifying child care expenses' to attend school or obtain job training, you may be eligible for the supplement. Qualifying child care expenses are those claimed, and allowed as a deduction for tax purposes, on line 214 (Child Care Expenses) of your previous year's income tax return(s). To determine what is included as a child care expense, refer to the federal [Form T778, Child Care Expenses Deduction](#).

Q.13 I receive Social Assistance. Am I eligible for the supplement?

You may be eligible for the supplement, provided you have earnings from work or qualifying child care expenses. (See "[How the OCCS supplement is calculated](#)").

Q.14 When are OCCS payments made?

Benefits are paid over a 12-month period from July of one year to June of the next year and are generally issued on the last working day of the month (except for December when they are issued earlier in the month). Your payment will be issued in the middle of the following month if your application is processed after regular payments are issued. Retroactive payments to the month you are first entitled will be included.

A one-time payment for the full amount is issued if your entitlement for the full year is less than \$120. A one-time annual payment of \$10 is issued if your entitlement for the full year is greater than \$0 but less than \$10.

Q.15 Who receives the payment?

The supplement will be paid to the same person who receives the federal Canada Child Tax Benefit. This is the person primarily responsible for the care and upbringing of the children. Although this person is usually the mother, it could be the father, a grandparent or guardian.

Q.16 Is the OCCS taxable?

No. The OCCS is a tax-free monthly payment. In addition, the supplement will not affect your CCTB payments or the amount of the child care subsidy that you may be receiving from the town or city where you live.

Q.17 Will the supplement reduce the amount I can claim as a qualifying child care expense deduction for income tax purposes?

No, the supplement will not reduce your qualifying child care expense deduction for tax purposes.

Q.18 I did not receive my OCCS payment this month. What should I do?

If you receive your OCCS payment by direct deposit and you have confirmed with your financial institution that the payment was not deposited into your bank account, call the [Ministry Information Centre](#).

If you do not receive your payment by mail on the last business day of the month, please wait five working days before calling the [Ministry Information Centre](#), to allow time for mail delivery.

Q.19 What happens to the OCCS payments if the recipient dies?

OCCS and the Canada Child Tax Benefit program should be notified if an individual who was receiving OCCS payments for a child dies. CCTB will inform the ministry of the child's new caregiver. The Ministry of Revenue will determine if the new caregiver is eligible for OCCS and, if so, will send an OCCS application to that individual.

If payments are issued after the recipient's death because the ministry is not aware of the death, please return the payments to the ministry with a brief letter of explanation.

Q.20 I recently had another child. Will my supplement increase?

Families who have a new child must complete a [Canada Child Tax Benefit Application](#), available from the Canada Revenue Agency. Once the child's eligibility is established, Canada Child Tax Benefit will notify the Ministry of Revenue, your supplement will be recalculated and a new Entitlement Notice will be sent to you.

Q.21 My child care expenses have just increased/decreased. Will my supplement change?

If your child is not in subsidized daycare, changes in child care expenses will not affect your supplement for the current benefit year (July to June), but will be taken into consideration next year when calculating your entitlement. This is because the supplement is based on your family income and qualifying child care expenses for the previous year.

However, if your child is in subsidized daycare, you must report any changes in your monthly child care costs to the Ministry of Revenue. Your supplement may need to be recalculated. If so, you will be sent a new Entitlement Notice showing the new calculation.

Q.22 I am on the waiting list for subsidized child care and a government agency pays for a babysitter. Does this mean I am subsidized?

As long as a government agency pays for the cost of child care, you are considered subsidized and you should complete your OCCS application as "yes" to subsidized child care costs. Write in your out-of-pocket expenses and exclude the amount you are given for the baby sitter.

Q.23 What happens if I am overpaid the supplement?

An overpayment can occur if the ministry is notified of a change that affects your eligibility. For example, an income tax reassessment by the Canada Revenue Agency will affect your eligibility. (See "[Changes should be reported](#)").

When your supplement is recalculated, you will receive a new Entitlement Notice which will tell you the amount of your overpayment. If you still have entitlement, the ministry will automatically hold back 50 per cent of your monthly payment until the overpayment is repaid. If you no longer have entitlement, you must repay the overpayment by sending a cheque payable to the "Minister of Finance - Child Care Supplement", or contact the ministry to make other repayment arrangements.

Q.24 Why can't my spouse or common-law partner obtain information about my OCCS payments?

When the ministry obtains information to administer a program, each person's information is protected under the *Freedom of Information and Protection of Privacy Act*. You must give written authorization for a person, including your spouse or common-law partner, to act on your behalf before any information on your account can be released. This protects your right to privacy and ensures that your information is kept confidential and disclosed only to those to whom you have given permission.

OCCS has an [Authorization to Disclose Information](#) form which authorizes the Ontario Ministry of Revenue to disclose personal information to a designated representative. Information on your account can be released when you complete this form and designate your spouse or common-law partner as your representative.

Q.25 Why do families need earned income of at least \$5,000 to qualify for OCCS?

The supplement is intended to help working families earning modest incomes. Earnings over \$5,000 are roughly equivalent to two days' pay per week at the minimum wage for a full year. This level is considered to be the minimum acceptable level for families earning a modest income.

Q.26 Why are working families in which one parent stays at home to care for their young children eligible for the OCCS?

All families pay child care costs either directly or indirectly. For example, families with one parent in the work force and one parent at home caring for young children have indirect costs in the form of lost earnings by keeping one parent at home.

As long as their total work earnings, as reported on their prior year's tax returns, exceed \$5,000, low and middle income families with either one or two earners are eligible for the supplement. It is not necessary to have child care expenses in order to qualify for the supplement if the applicant meets the income requirements.

Q.27 Why is a self-employed person who reported net earnings below \$5,000 by claiming business expenses from self-employment not eligible for OCCS?

In order to evaluate a family's entitlement for OCCS, the ministry relies on the income tax information as reported on the previous year's tax return. Income tax rules allow self-employed individuals to reduce their net earnings by claiming business expenses and federal deductions and exemptions. Families with reported net earnings of less than \$5,000 are not eligible for the supplement unless they have qualifying child care expenses in the previous year. This is the same approach taken with employed individuals.

Q.28 Are there any instances when the ministry will not recalculate entitlement?

No, the ministry will always recalculate entitlement whenever a change is received and will adjust payments accordingly. However, there is a special instance when the ministry will recalculate entitlement but will not adjust payments for the balance of the benefit year.

This happens when a marital status change takes place during the benefit year. The addition or subtraction of a spouse's or common-law partner's income may result in a reduction or loss of a family's entitlement. Therefore a new calculation is done using the new information, a comparison with the

previous entitlement is done, and the family is paid at the higher rate for the balance of the benefit year. This is applied only to the benefit year in which the change in marital status occurs.

Q.29 If I do not agree with an amount on the Entitlement Notice, what should I do?

The amount of family earned income, family net income and qualifying child care expenses are obtained from the Canada Child Tax Benefit program. If you do not agree with any of these amounts, you should contact the Canada Revenue Agency at: <http://www.cra-arc.gc.ca/contact/prov/on-e.html>.

If you do not agree with any other information on the Entitlement Notice, you have the right to file an objection within 90 days from the date on the Entitlement Notice. Call the Ministry Information Centre to obtain a [Notice of Objection](#) form.

More information

OCCS enquiries

This publication contains answers to the most common questions asked. For more information about Ontario's Child Care Supplement for Working Families, please contact the Ministry Information Centre toll-free at:

English 1 877 533-2188
Teletypewriter (TTY) 1 800 263-7776
or visit the ministry's web site at ontario.ca/revenue

or write to:

Ministry of Revenue
OCCS
33 King Street West
PO Box 624
Oshawa ON L1H 8H8

OCB enquiries

For general information about the Ontario Child Benefit Program (OCB), call toll-free at:

English & French 1 866 821-7770
TTY 1 800 387-5559

You can also visit www.ontariochildbenefit.ca.

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