

Practice with case studies

Incarcerated individuals

Incarcerated Individual with a spouse

Pre-test question

Select **True** or **False**

An incarcerated individual always receives the goods and services tax/harmonized sales tax (GST/HST) credit.

True

Sorry, that's incorrect

An incarcerated individual becomes ineligible to receive GST/HST credit when they have been confined to a prison, or similar institution, for a period of at least 90 consecutive days that includes the first day of the quarterly payment month (July, October, January, April).

False

That's correct

An incarcerated individual becomes ineligible to receive GST/HST credit when they have been confined to a prison, or similar institution, for a period of at least 90 consecutive days that includes the first day of the quarterly payment month (July, October, January, April).

Instructions

1. Open the tax software
2. Review the **Background information** and **Required slips** (tax slips, receipts, etc.)
3. Provide all required information for the appropriate sections of the tax software
4. Once completed, compare your results with the solution provided
5. Afterwards, refer to the **Takeaway points**

Background information

Situation

Jason was incarcerated on June 4, 2023 and is not scheduled for release before January 2028. Jason needs to submit his tax return so his spouse, Jennifer, can continue receiving her GST/HST credit. Before Jason's incarceration, he was employed by Hardware Inc. and Jennifer is currently employed by Hardware Inc.

Identification information

Name	Jason Simpson
Social insurance number (SIN)	000 000 000
Address	123 Main Street City, Province X0X 0X0
Date of birth (DOB)	April 22, 1977
Marital status	Married to: Jennifer Simpson on December 1, 2012 SIN: 000 000 000 DOB: May 22, 1977

Required slips

T4 - Statement of Remuneration Paid (Hardware Inc.) (for Jason)

Protected B when completed / Protégé B une fois rempli

Employer's name – Nom de l'employeur Hardware Inc.		Canada Revenue Agency / Agence du revenu du Canada		T4 Statement of Remuneration Paid / État de la rémunération payée	
Year / Année: <input type="text"/>		Employment income / Revenus d'emploi: 14 <input style="width: 100px;" type="text" value="12,500.00"/>		Income tax deducted / Impôt sur le revenu retenu: 22 <input style="width: 100px;" type="text" value="1,250.00"/>	
Employer's account number / Numéro de compte de l'employeur: 54 <input style="width: 150px;" type="text"/>		Province of employment / Province d'emploi: 10 <input type="text" value=""/>		Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso: 16 <input style="width: 100px;" type="text" value="400.00"/>	
Social insurance number / Numéro d'assurance sociale: 12 <input style="width: 100px;" type="text" value="000000000"/>		Exempt – Exemption: 28 <input type="checkbox"/> CPP/QPP, EI <input type="checkbox"/> PPIP, RPC/RRQ AE, RPAP		EI insurable earnings / Gains assurables d'AE: 24 <input style="width: 100px;" type="text" value="12,500.00"/>	
Employee's name and address – Nom et adresse de l'employé Last name (in capital letters) – Nom de famille (en lettres majuscules): SIMPSON First name – Prénom: JASON Initial – Initiale: _____ Address: 123 Main Street, City, Province X0X 0X0		Employment code / Code d'emploi: 29 <input type="text" value=""/>		Employee's QPP contributions – see over / Cotisations de l'employé au RRQ – voir au verso: 17 <input style="width: 100px;" type="text"/>	
		Employee's EI premiums / Cotisations de l'employé à l'AE: 18 <input style="width: 100px;" type="text" value="185.00"/>		CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ: 26 <input style="width: 100px;" type="text" value="12,500.00"/>	
		RPP contributions / Cotisations à un RPA: 20 <input style="width: 100px;" type="text"/>		Union dues / Cotisations syndicales: 44 <input style="width: 100px;" type="text"/>	
		Pension adjustment / Facteur d'équivalence: 52 <input style="width: 100px;" type="text"/>		Charitable donations / Dons de bienfaisance: 46 <input style="width: 100px;" type="text"/>	
		Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso: 55 <input style="width: 100px;" type="text"/>		RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB: 50 <input style="width: 100px;" type="text"/>	
				PPIP insurable earnings / Gains assurables du RPAP: 56 <input style="width: 100px;" type="text"/>	
Other information (see over): <input type="checkbox"/> Box – Case, <input type="text"/> Amount – Montant		<input type="checkbox"/> Box – Case, <input type="text"/> Amount – Montant		<input type="checkbox"/> Box – Case, <input type="text"/> Amount – Montant	
T4 (21) Autres renseignements (voir au verso): <input type="checkbox"/> Box – Case, <input type="text"/> Amount – Montant		<input type="checkbox"/> Box – Case, <input type="text"/> Amount – Montant		<input type="checkbox"/> Box – Case, <input type="text"/> Amount – Montant	

T4 - Statement of Remuneration Paid (Hardware Inc.) (for Jennifer)

T4 (21) Protected B when completed / Protégé B une fois rempli

Employer's name – Nom de l'employeur Hardware Inc.		Canada Revenue Agency / Agence du revenu du Canada		T4 Statement of Remuneration Paid / État de la rémunération payée	
Year / Année: <input style="width: 50px;" type="text"/>		Employment income / Revenus d'emploi: 14 <input style="width: 100px;" type="text" value="22,500.00"/>		Income tax deducted / Impôt sur le revenu retenu: 22 <input style="width: 100px;" type="text" value="2,250.00"/>	
54 Employer's account number / Numéro de compte de l'employeur: <input style="width: 150px;" type="text"/>		Province of employment / Province d'emploi: 10 <input style="width: 30px;" type="text" value="10"/>		Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso: 16 <input style="width: 100px;" type="text" value="600.00"/>	
Social insurance number / Numéro d'assurance sociale: 12 <input style="width: 100px;" type="text" value="00000000"/>		Exempt – Exemption: 28 <input type="checkbox"/> CPP/QPP, <input type="checkbox"/> EI, <input type="checkbox"/> PPIP, <input type="checkbox"/> RPC/RRQ, <input type="checkbox"/> AE, <input type="checkbox"/> RPAP		EI insurable earnings / Gains assurables d'AE: 24 <input style="width: 100px;" type="text" value="22,500.00"/>	
Employee's name and address – Nom et adresse de l'employé Last name (in capital letters) – Nom de famille (en lettres moulées): SIMPSON First name – Prénom: JENNIFER Initial – Initiale:		Employment code / Code d'emploi: 29 <input style="width: 30px;" type="text" value="29"/>		Employee's QPP contributions – see over / Cotisations de l'employé au RRQ – voir au verso: 17 <input style="width: 100px;" type="text"/>	
123 Main Street City, Province X0X 0X0		Employee's EI premiums / Cotisations de l'employé à l'AE: 18 <input style="width: 100px;" type="text" value="350.00"/>		CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ: 26 <input style="width: 100px;" type="text" value="22,500.00"/>	
		RPP contributions / Cotisations à un RPA: 20 <input style="width: 100px;" type="text"/>		Union dues / Cotisations syndicales: 44 <input style="width: 100px;" type="text"/>	
		Pension adjustment / Facteur d'équivalence: 52 <input style="width: 100px;" type="text"/>		Charitable donations / Dons de bienfaisance: 46 <input style="width: 100px;" type="text"/>	
		Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso: 55 <input style="width: 100px;" type="text"/>		RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB: 50 <input style="width: 100px;" type="text"/>	
				PPIP insurable earnings / Gains assurables du RPAP: 56 <input style="width: 100px;" type="text"/>	
Other information (see over): <input type="checkbox"/> Box – Case, <input type="checkbox"/> Amount – Montant		<input type="checkbox"/> Box – Case, <input type="checkbox"/> Amount – Montant		<input type="checkbox"/> Box – Case, <input type="checkbox"/> Amount – Montant	
Autres renseignements (voir au verso): <input type="checkbox"/> Box – Case, <input type="checkbox"/> Amount – Montant		<input type="checkbox"/> Box – Case, <input type="checkbox"/> Amount – Montant		<input type="checkbox"/> Box – Case, <input type="checkbox"/> Amount – Montant	

Takeaway points

Steps to follow

1. Review their background information and required slips
2. Click **add spouse** next to the **Family Head** (Jason Simpson) tab
3. In the **Family Head** (Jason Simpson) profile, select **Complete information (recommended)** from the **What information will you provide for your spouse?** drop-down menu in the **Spouse interview type** topic
4. From **Interview setup**, tick the box next to **Prison in 2023** in the **Specific situations** section and tick the box next to **Employment income and employment insurance benefits (T4, T4E/RL-6)** in the **Employment and other benefits** section
5. Click **Prison in 2023** in the left-side menu and select **In prison on December 31, 2023 for more than 6 months** from the **Indicate if you were in prison for 90 days or more in 2023** drop-down menu
6. Click **T4 and employment income** in the left-side menu, then click the + sign next to **T4 income (earned in any province except Quebec)** to enter the information from Jason's T4 slip
7. Repeat the previous step for Jennifer

Although you are only transmitting Jason's tax return, complete information for Jennifer should be provided when preparing his tax return. This allows the software to calculate the benefits and credits that Jason is eligible for during his incarceration.

Jason is not eligible for the Canada workers benefit (CWB) or the GST/HST credit because he was incarcerated for more than 90 consecutive days. However, submitting his tax return ensures Jennifer is able to keep receiving the full benefits and credits she is eligible for.

Although Jennifer is still eligible to receive the CWB and GST/HST credit for herself, she does not receive any CWB or GST/HST credits for Jason due to his incarceration.

For more information, refer to [UFile instructions](#).

Review your results

Federal		
	Jennifer Simpson	Jason Simpson
◆ Total income		
10100 Employment income	\$22,500.00	\$12,500.00
15000 Total income	\$22,500.00	\$12,500.00
◆ Net income		
22215 Deduction for CPP and QPP enhanced contributions	\$100.84	\$67.23
23600 Net income	\$22,399.16	\$12,432.77
◆ Taxable income		
26000 Taxable income	\$22,399.16	\$12,432.77
◆ Non refundable tax credits		
30000 Basic personal amount	\$15,000.00	\$15,000.00
30300 Spouse or common-law partner amount	\$2,567.23	
30800 CPP or QPP contributions through employment	\$499.16	\$332.77
31200 Employment Insurance premiums through employment	\$350.00	\$185.00
31260 Canada employment amount	\$1,368.00	\$1,368.00
33500 Total	\$19,784.39	\$16,885.77
33800 Total @ 15%	\$2,967.66	\$2,532.87
35000 Non refundable tax credits	\$2,967.66	\$2,532.87
◆ Refund or balance owing		
42900 Basic federal tax	\$392.21	\$0.00
40500 Federal foreign tax credit (T2209)	\$0.00	\$0.00
40600 Federal tax	\$392.21	\$0.00
41700 Line 40600 - 41600	\$392.21	
42000 Net federal tax	\$392.21	\$0.00
42800 Provincial or territorial tax	\$143.95	\$0.00
43500 Total payable	\$536.16	\$0.00
43700 Total income tax deducted	\$2,250.00	\$1,250.00
◆ Payments and credits		
45300 Canada workers benefit (CWB) (schedule 6)	\$1,518.00	
48200 Total credits	\$3,768.00	\$1,250.00
48400 Refund	\$3,231.84	\$1,250.00