



According to Tedds, using the tax system could simplify a very complex, often overlapping process for recipients of social benefits, while at the same time reduce administrative costs. Additionally, the tax system already has the tools to deliver a basic income guarantee — namely, through refundable tax credits.

But while Tedds acknowledges advantages to having a single administrative structure for social assistance, "it is important to remember that Canada's tax system is itself complex, intimidating, and not easy to navigate — especially for those who may require a BIG the most," he writes. Along with the benefits "there are also a number of challenges."

The report suggests income accuracy and Canada's harmonized tax system could prove to be the most significant hurdles to in delivering basic income in this way.

Any basic income would have to be funded through tax revenues and/or clawbacks, both of which depend on the accuracy of the income reported.

Tedds also outlines various ways in which inaccurate income reporting occurs in Ontario.

Another formidable challenge to using the tax system for a basic income guarantee is Canada's harmonized tax system.

Provinces are bound by tax-collection agreements which restrict their flexibility in designing tax programs. Those wishing to make significant changes are required to receive approvals from other provincial and territorial governments, along with the federal government — which requires a high degree of partnership and collaboration.

Finally, although the tax system could provide a basic income through cash transfers, the Canada Revenue Agency is not equipped to provide the many other services that are important to low-income social welfare recipients like employment supports and referrals to other agencies, Tedds notes.

"Addressing these implementation details, in fact, would be linked to both the policy and objectives of a basic income guarantee," the author concludes. "Such issues could be solved, if not easily, but they would require real effort, discussion and the maturity of all the players involved."

The paper is the fourth of a series that explores the various topics presented at NPI's Basic Income Guarantee conference last October. Report topics include food insecurity issues, potential models for a BIG pilot, tax implications, and the potential impact on social innovators and First Nations.

To read the full report, visit [www.northernpolicy.ca](http://www.northernpolicy.ca).

To view presentations from the NPI's BIG conference and explore comments and feedback from participants, visit [www.northernpolicy.ca/big](http://www.northernpolicy.ca/big).

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