**What is a Discounted transaction?**

A discounter is a registered EFILER that prepares tax returns and provides their clients with an immediate discounted tax refund before filing the returns.

Discounters keep part of the expected refund as a fee and pay the rest immediately to their clients. Fees charged are limited by the [Tax Rebate Discounting Act](http://laws-lois.justice.gc.ca/eng/regulations/SOR-86-108/page-1.html#ord)*.*

**What is the Tax Rebate Discounting Act?**

The [Tax Rebate Discounting Act](http://laws-lois.justice.gc.ca/eng/regulations/SOR-86-108/page-1.html#ord) regulates the practice of tax discounting. Its purpose is to protect the rights and interests of individuals who use discounting services to get their income tax refunds.

Subsection 2(1) defines the term "client" to mean a person from whom a discounter acquires a right to a refund of tax to which that person is entitled. The term "client" used in this page and on the forms relating to discounters also has the same meaning.

The Tax Rebate Discounting Act requires that you, as a discounter, pay the client (at the time the discounting transaction took place) at least:

* **If the estimated refund is $300 or less: Option 1**
  + **85% of the estimated refund**
* **If the estimated refund is more than $300: Option 2**
  + **$255**
  + **plus95% of the amount over $300**

The discount includes any fees that you, or another person or company acting for you, may charge for preparing the client's return or for any other service related to the discounting transaction.

Discounters who pay their clients less than the above-mentioned amounts are guilty of an offence.

A payment to an individual, under a remission order whose purpose it is to provide relief from tax, is not a refund of tax. It cannot be discounted.

**Refund Set-Off program**

Under the Refund Set-Off (RSO) program, an individual’s tax refunds and eligible credits can be applied against debts they owe to the Crown, instead of being sent to the individual. Refund set-offs can be used to recover a variety of debts owed to federal, provincial or territorial departments, agencies or crown corporations.

Individuals may be identified as owing an amount under this program at any time.

The following amounts can be applied to these debts **only** if the individual’s net family income is above the low-income threshold established by Statistics Canada:

* individual tax refunds
* goods and services tax/harmonized sales tax credit (GSTC), which may be combined with the following provincial and territorial credits:
  + Saskatchewan low income tax credit (SLIC)
  + British Columbia low income climate action tax credit (BCTC)
  + Nova Scotia affordable living tax credit (NSAL)
  + Prince Edward Island sales tax credit (PEIS)
  + New Brunswick harmonized sales tax credit (NBST)
* Ontario trillium benefit (OTB), which combines:
  + Ontario sales tax credit (OSTC)
  + Ontario energy and property tax credit (OEPC)
  + Northern Ontario energy credit (NOEC)
* Alberta climate leadership adjustment rebate (ACLR)
* Northwest Territories cost of living offset (NTCL)
* Yukon Government carbon price rebate individuals (YCPR)
* non-resident source deductions (NRSD) (this credit is available for set-off debts owed to federal departments only)

**Family Orders and Agreements Enforcement Assistance program**

If an individual has outstanding family support payments, the CRA can send their tax refunds and credits to the Department of Justice Canada to be applied against the support amount they owe. This is allowed under the Family Orders and Agreements Enforcement Assistance (FOAEA) Act.

The Department of Justice Canada determines who should be included in this program, and advises the CRA accordingly. Individuals may be identified at any time.

All of the credits listed under the [Refund Set-Off program](https://www.canada.ca/en/revenue-agency/services/e-services/digital-services-businesses/information-discounters.html#RSO_program) (except for non-resident source deductions) can be garnished for family support payments, regardless of the individual's family income.