Deductions vs. Credits

Same $1,000, three very different results. Here's where each tax-saving tool hits your return, and what it's worth.

Gross income Line 15000 → 1 → **Taxable income** Line 26000 → 2 → **Tax owing** Line 42000 → 3 → **Cash to you** Refund, Line 48400

1 Deductions
Shrink your taxable income

Cut your income before tax is calculated.

$1,000 IS WORTH ABOUT
$305
back in a 30.5% bracket*

TOP PICKS

RRSP contributions	LINE 20800
Child care expenses	LINE 21400
Moving expenses	FORM T1-M
Union & professional dues	LINE 21200
Work-from-home costs	FORM T2200
Tradesperson tools	LINE 22900

Tax hits $0? Nothing extra back.

2 Non-refundable credits
Shrink your tax bill

Knock dollars off the tax you owe, down to $0.

$1,000 IS WORTH ABOUT
$220
off your tax: 14% federal + ~8% provincial*

TOP PICKS

Basic personal amount	LINE 30000
Eligible dependant	LINE 30400
Tuition credits	SCHED. 11
Student loan interest	LINE 31900
Medical expenses	LINE 33099
Charitable donations	LINE 34900

Tax hits $0? Unused credit is lost, unless it carries forward.

3 Refundable credits
Real cash, even at $0 tax

Paid to you whether or not you owe tax.

$1,000 IS WORTH ABOUT
$1,000
in cash to you, dollar-for-dollar

TOP PICKS

Canada Workers Benefit	LINE 45300
Groceries & Essentials (CGEB)	PAID AUTO
Educator supply credit	LINE 46900
Canada Child Benefit	PAID AUTO

You must file a return to get paid.

JON'S 4 GOLDEN RULES

1 Protect Line 23600
Deductions lower net income, which can lift your CCB and CGEB too.

2 File on time, even at $0
No return means no refundable credits or benefits.

3 Pool with your spouse
Combine medical and donations to clear thresholds faster.

4 Track carry-forwards
Save tuition and loan-interest credits for higher-income years.

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*Illustrative: assumes a 30.5% combined marginal rate and a ~8% provincial credit rate (varies by province). General information based on 2026 federal rules as of November 2026, not personalized tax advice. Rates, limits and line numbers change, so confirm with the CRA or a tax professional.