What counts as income for the Guaranteed Income Supplement (GIS), and what is left out

For the Guaranteed Income Supplement (GIS), income is worked out under the Income Tax Act, then the Old Age Security (OAS) pension and the GIS themselves are taken off. Canada Pension Plan (CPP), workplace pensions, RRSP withdrawals, interest, and capital gains count, but TFSA withdrawals do not. The first $5,000 of work income is exempt, plus half of the next $10,000.

Last checked: 2026-10-30. Read online:
https://oasguide.ca/en/library/what-counts-as-income-for-gis

The Old Age Security Act starts from income for tax purposes

Section 2 of the Old Age Security Act defines income for a calendar year as income worked out under the Income Tax Act, with a short list of adjustments.[1] The most important adjustment removes benefits paid under the Old Age Security Act itself, which include the OAS pension, the GIS, and the Allowance.[1] The same paragraph also removes Canada Pension Plan (CPP) death benefits and certain social assistance payments.

In practice, the figure begins with the federal tax return. Service Canada reviews each GIS payment every year using that return.[2] The amount depends on marital status and on income from the previous year, which for a couple means their combined income.[3]

Most taxable retirement income is counted

Service Canada publishes a list of the income to report on its page about applying for the Allowance. The Allowance is a related payment paid under the same Act, so the definition of income in section 2 applies to it as well.[41] The list includes:

- CPP or Quebec Pension Plan (QPP) benefits.
- Other pensions, including private pensions, superannuation, and foreign pensions.
- Withdrawals from registered retirement savings plans (RRSPs).
- Employment Insurance (EI) benefits.
- Interest and other investment income.
- Capital gains and taxable Canadian dividends.
- Net rental income and net employment or self-employment income.

That list does not name registered retirement income funds (RRIFs). The Canada Revenue Agency (CRA) has RRIF payments reported on line 11500 of the tax return, together with annuities and other pensions.[5] Payments from a RRIF are therefore part of the income for tax purposes that the Act begins with.[1]

Foreign pensions count even when a tax treaty makes them tax-free in Canada. Service Canada's instructions for the GIS statement of income say the total benefit is reported, including social security benefits and back payments. The amounts are given in Canadian dollars.[6] The OAS reference guide adds that income from another country is reported to Service Canada each year, in the currency in which it is paid.[7]

Several kinds of money are left out of the GIS calculation

The same Service Canada page lists income that is exempted.[4] Among the items on that list are these:

- OAS, GIS, Allowance, and Allowance for the Survivor payments.
- Retroactive CPP or QPP payments for previous years.
- The CPP death benefit and CPP children's benefits.
- Lottery winnings and inheritances.

- Income in a tax-free savings account (TFSA).

The CRA goes further on the TFSA. It says money can be withdrawn from a TFSA at any time without affecting eligibility for federal benefits, and it names the OAS and the GIS among them.[8] Income earned inside the account does not affect those benefits either.[8] A withdrawal from an RRSP, by contrast, appears on Service Canada's list of income to report.[4]

Work income has its own exemption of up to $10,000

Paid work is treated differently from pension income. For months after June 2020, the Act removes the first $5,000 of combined employment and self-employment income.[1] It then removes half of the amount above $5,000, up to a further $5,000. The quarterly table of benefit amounts describes the same rule.[9]

The following figures are an illustration of the arithmetic only. Someone who earned $12,000 from a part-time job would have the first $5,000 removed, plus half of the remaining $7,000, or $3,500. The GIS calculation would then count $3,500 of that work income. Earnings above $15,000 would not raise the exemption beyond $10,000.

Couples are measured against a combined cut-off

For a couple, the income limit applies to the combined annual income of both people.[10] The limit also depends on what the other person receives. For October to December 2026, the annual income cut-offs are as follows:[9][10]

- Single, widowed, or divorced: $23,112, for a maximum GIS of $1,138.90 a month.
- Spouse or partner receives the full OAS pension: $30,528 combined, for up to $685.56 a month.
- Spouse or partner receives the Allowance: $42,768 combined, for up to $685.56 a month.

- Spouse or partner does not receive OAS: $55,392 combined, for up to $1,138.90 a month.

These cut-offs exclude the OAS pension and the exempt part of work income.[9] Someone near a limit may therefore have more total money coming in than the cut-off suggests. The figures are reset every quarter, and the table for the next quarter may differ.

Last year's income can be replaced by an estimate after a drop

Because the GIS uses the previous year's income, a recent retirement can leave the figure higher than current income. Service Canada says a recipient can contact it when income is lower because of retirement. The same applies when another pension is reduced or stops.[2] In those cases, it can use an estimate of income for the current year.[2]

Some cases fall outside the published lists, such as a one-time payment of an unusual kind. Service Canada decides how that income is treated, and the CRA can explain how it appears on the return. OAS Guides describes the published rules and does not assess any person's income.

Notes

1. See the definition of "income" in section 2, especially paragraphs (b.1) and (c). Justice Laws Website (Government of Canada), “Old Age Security Act (R.S.C., 1985, c. O-9), section 2”, last amended on 2022-06-23. https://laws-lois.justice.gc.ca/eng/acts/o-9/page-1.html (accessed 2026-10-10)

2. Government of Canada, “Guaranteed Income Supplement: Receiving your benefit”, page modified 2026-10-08. https://www.canada.ca/en/services/benefits/publicpensions/old-age-security/guaranteed-income-supplement/while-receiving.html (accessed 2026-10-10)

3. Government of Canada, “Guaranteed Income Supplement: How much you could receive”, page modified 2026-09-29. https://www.canada.ca/en/services/benefits/publicpensions/old-age-security/guaranteed-income-supplement/benefit-amount.html (accessed 2026-10-10)

4. See the section "How to determine your income". Government of Canada, “Allowance: Apply”, page modified 2026-10-09. https://www.canada.ca/en/services/benefits/publicpensions/old-age-security/guaranteed-income-supplement/allowance/apply.html (accessed 2026-10-10)

5. Canada Revenue Agency, “Pension and savings plans income”, page modified 2026-01-20. https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/personal-income/pension-savings-plans-income.html (accessed 2026-10-10)

6. Line 2 instructions: foreign pensions are reported in full even if exempt under a tax treaty, including social security benefits and back payments, in Canadian dollars. Service Canada, “Statement of Income for the GIS, the Allowance or the Allowance for the Survivor (ISP-3026), with instructions (ISP-3026A)”, form version 2026-01-29. https://catalogue.servicecanada.gc.ca/apps/EForms/pdf/en/ISP-3026.pdf (accessed 2026-10-30)

7. Says income from another country must be reported to Service Canada each year in the currency in which it is paid. Service Canada, “Old Age Security reference guide (ISP-3550A)”, form version 2026-10-01. https://catalogue.servicecanada.gc.ca/apps/EForms/pdf/en/ISP-3550A.pdf (accessed 2026-10-30)

8. Canada Revenue Agency, “What is a TFSA”, page modified 2026-09-17. https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/what.html (accessed 2026-10-10)

9. Table 5 and its footnote 6, which says the cut-offs exclude the OAS pension, the first $5,000 of employment or self-employment income, and 50% of such income between $5,000 and $15,000. Government of Canada (Employment and Social Development Canada), “Maximum Benefit Amounts and Related Figures: CPP (2026) and OAS (October to December 2026)”, page modified 2026-09-29. https://www.canada.ca/en/employment-social-development/programs/pensions/pension/statistics/2026-quarterly-october-december.html (accessed 2026-10-10)

10. Government of Canada, “Guaranteed Income Supplement: Do you qualify”, page modified 2026-10-21. https://www.canada.ca/en/services/benefits/publicpensions/old-age-security/guaranteed-income-supplement/eligibility.html (accessed 2026-10-30)

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