

# Ontario Works Policy Directives

## 4.4 Business Assets

### Legislative Authority

Section 7(3) of the Act.

Section 39(1) and 62(3) of Regulation 134/98

### Audit Requirements

All business assets, exceptions to these assets, transfer of these assets, liquidation of tools/other capital, are documented and on file.

Asset levels for personal businesses are adhered to and transfer of asset rules are applied consistently and fairly in accordance with provincial standards.

Random file reviews are completed to ensure that the above information is documented and on file.

### Application of Policy

#### Business Assets

If an applicant, recipient or a member of a benefit unit is self-employed in one or more businesses, business assets of up to \$10,000 for each business and each self-employed person are exempt if they are necessary for the operation of the business or businesses. In some situations, the Administrator may approve an exemption of business assets up to \$15,000 based on the following considerations:

- the level of income generated by the asset;
- the period of time the asset has been used in the business (i.e., sufficient time has passed where the asset is used to generate income); and,
- the necessity of the asset to the business operation.

If more than one person in the benefit unit is self-employed in the same business, total business assets for that business cannot exceed the \$10,000 limit (or the higher amount approved by the Administrator up to \$15,000).

If one person in the benefit unit is self-employed in more than one business, total business assets for that person cannot exceed the \$10,000 limit (or the higher amount approved by the Administrator up to \$15,000) ([see Directive 5.13: Self-Employment Income](#) for more information).

If the business is inactive and has had no sales activity in a 12-month period, the business assets are treated as personal assets and are not exempt.

Business assets that exceed the maximum limit are not exempt.

### **Tools of the Trade**

Tools of the trade include items, machinery, equipment, etc., that are essential to the operation of a business or to carry on employment. There is no exemption ceiling on the value of such tools. However, tools of the trade are only exempt if they are used at some time during a 12-month period to generate income.

Vehicles used exclusively for the business are treated as tools of the trade and are not subject to the asset limits for motor vehicles.