

# Episodic Disability Network (EDN) Feedback on the Disability Tax Credit

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## About the Episodic Disability Network (EDN)

The Episodic Disability Network (EDN) serves as a pan-Canadian forum for episodic disability. The EDN collaborates on research, advances public policy on employment and income support and promotes broad integration to strengthen episodic disabilities activities in Canada.

Episodic disabilities are marked by fluctuating periods and degrees of wellness and disability. These periods of wellness and disability are unpredictable. Advances in medical technologies mean that many diseases and conditions are no longer imminently fatal, and disabling symptoms can often be reduced, managed or delayed. However, as a result, more and more Canadians are living longer with lifelong episodic disabilities, and overall women have a higher rate of episodic illness than men.<sup>1</sup> While the specific prevalence of episodic disability is not known, millions of Canadians live with diseases/conditions linked to episodic disability. The majority of people affected by episodic disabilities are in their prime working years and may move in and out of the labour force in an unpredictable manner, and have great difficulty securing stable employment and income supports<sup>2</sup>.

## Disability Tax Credit Discussion & Change Recommendations

The Disability Tax Credit (DTC) is one source of income support for Canadians living with disabilities. However, for people living with episodic disabilities, there are significant issues with the tax credit that create barriers for people with episodic disabilities in accessing it. These issues are discussed below along with EDN recommendations for changes.

The EDN recommends a number of measures be undertaken in order to ensure that the DTC serves its intended purpose for Canadians with disabilities, including those that are episodic “to provide for greater tax equity (horizontal equity) by allowing some relief for disability costs, since these are an unavoidable expense not faced by other taxpayers.” (Technical Advisory Committee on Tax Measures for Persons with Disabilities 2004)

### ***1) The EDN recommends amending the definition used to allow eligibility for the DTC to include people living with disabilities that are episodic in nature.***

The EDN contends that the definition of disability used in determining eligibility for the DTC is very problematic for people with episodic disabilities. The DTC requires that a person’s disability be “severe and prolonged” with prolonged being defined as “if it (the impairment) has lasted or is expected to last for a continuous period of at least 12 months.” For individuals living with episodic disabilities, a condition may be expected to last for more than 12 months, but symptoms may not be severe for a continuous 12 month period. For example, Geeta, a woman living with MS, is likely to have MS for the rest of her life but her symptoms may only be severe for 6 months in a year or they may become severe and stay that way for several years. Geeta must regularly rely on a network of

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<sup>1</sup> Taken from <http://www.statcan.gc.ca/pub/89-628-x/89-628-x2007003-eng.pdf>

<sup>2</sup> Taken from <http://www.statcan.gc.ca/pub/89-628-x/89-628-x2007003-eng.pdf>

supports and services to maintain her health and avoid exacerbating her illness. These supports include things such as help cleaning her home, assistance with child care, and taxis to and from appointments and work. When her MS flares up Geeta may be completely unable to leave her home and must rely on additional supports to help get herself dressed, prepare food and use the bathroom. We would argue that even when relatively asymptomatic Geeta still retains a permanent restriction in her activities of daily living due to the unpredictable and episodic nature of MS. She also incurs additional expenses related to her disability and should therefore be entitled to the disability tax credit.

**2) *The EDN recommends that the DTC be a refundable tax credit, and that the income from the DTC be treated as exempt income for people with disabilities on social assistance.***

In order to benefit from the DTC an individual must have an adequate amount of employment income. Many Canadians with episodic disabilities, and in particular, women with disabilities, cannot work enough to generate the minimum income required to be able to enjoy any benefit associated with the DTC, even if they would otherwise qualify. In order for the DTC to have a real impact on alleviating the expenses related to living with a disability it must provide some benefit to those with the lowest incomes. A refundable tax credit that even those with the lowest incomes may access would offer a solution to this problem. This principle is based on the value that everyone with a disability should benefit equally from the DTC - not just those with taxable income above a certain amount. Such a tax credit would help to lessen the marginalization of people with episodic disabilities and would facilitate moving people with episodic disabilities out of poverty and into a position of empowerment and readiness for gainful employment.

## **Harmonization of Eligibility Criteria between Programs**

***The EDN recommends a task force be created that explores and creates recommendations for the harmonization of definitions of disability throughout government funded income support programs to include people living with episodic disabilities.***

We understand that a review of the eligibility criteria used for CPP-Disability is currently being undertaken, and the EDN would support a broader review of the range of all income supports available for people with disabilities in order to harmonize eligibility criteria, facilitate the process for accessing income supports and to recognize the unique barriers *faced* by people living with episodic disabilities.

## **Conclusion**

People with lifelong episodic disabilities face many barriers to employment and income support, despite their ability to participate in the workforce. The issues discussed above highlight the barriers faced by people living with episodic disabilities in accessing the disability tax credit and income support programs in general.. As noted above there are concrete actions that can be taken to change this.

Additionally, many other current policies and legislation are disincentives to labour force participation for people with episodic disabilities and currently there is no mechanism for partial disability benefits or to accommodate periodic absences from the workforce. Sometimes people with an episodic disability

can work full time for an extended period; however other times they are able to work reduced hours or may need a period away from the work force. Most want to work to their full capacity to complement the disability income support they receive when they cannot work. The EDN supports ongoing dialogue related to ensuring that all persons with disabilities, episodic or not, are supported in their efforts to engage in employment when able and are also treated with dignity in those periods when work is not possible.

The EDN is committed to collaboration on issues of employment and income support that recognize the inherent dignity of all persons, and looks forward to future opportunities to contribute to an income support system that better meets the needs of all Canadians.