**Canada’s Disability Tax Credit- Why are the Neediest Disabled Canadians Receiving the Least Benefit?**

For Immediate Release June 9, 2016

Calgary – When the government establishes a social program whose primary purpose is to help provide support to low-income people with disabilities, its success should be measured on how well it achieves that purpose. Unfortunately, there are reasons to seriously question the usefulness of Canada’s disability tax credit (DTC) since it is helping so very few of the people it is intended to support. In fact, the credit is helping only a small number of Canadians with disability who qualify for it, and least of all those in the poorest families who receive an average of only $29 annually.

Today, The School of Public Policy with authors Wayne Simpson and Harvey Stevens released a report that provides evidence of the limitations of the DTC and presents potential reforms, including an enhanced refundable disability tax credit that could provide benefits to every family with a disabled person below the low income cut-off, which would raise their incomes **27 per cent.**

According to the report “Designing the support as a tax credit means that only those Canadians with disability who earn enough income to have them owing taxes can take advantage of it. The unfortunate reality is that people with disability are often at low incomes precisely because their disability leaves them unable to work in full-time, well-paid jobs. Thus, the very people who need this support most are the ones least able to take advantage of it. The neediest disabled Canadians are receiving the least benefit. Far from being a successful policy, the results of the disability tax credit can only be described as disappointing.”

Can this be rectified? Yes. By making the disability tax credit refundable. Along the same lines as a guaranteed minimum income, or negative income tax, those low-income Canadians with disabilities who qualify for the credit but lack sufficient income to benefit from the credit could simply be made eligible for a refund of the amount they cannot claim. Simply doing that, turning this non-refundable credit into a refundable credit, would increase the average benefit for Canada’s poorest families with a disabled person from **$29 to $511** increasing their total income by 4.1 per cent. An evenmore effective option is the enhanced refundable DTC which can raise their incomes a far more consequential **27 per cent.**

The paper can be downloaded at <http://www.policyschool.ucalgary.ca/?q=research>

Co-author Wayne Simpson will be available for interviews today from Ottawa.

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