Proposal for
A Refundable Disability Tax Credit

FACTS

- About a half million Canadians with disabilities are now on welfare or welfare-like programs.
- Most province’s disability support program benefits are inadequate and leave recipients living in deep poverty.
- Even provinces with better benefits still have much of the apparatus of welfare:(asset limits, frequent status reviews).
- Maximum 2005 value of DTC is $1,715 combined federal and provincial tax reductions.
- The Disability Tax Credit (DTC) is not refundable so it is not of value to those who do not pay income tax.

PROPOSAL

- Make the DTC a refundable tax credit (RDTC) equal to the maximum current value of $1,715.
- Everyone eligible for the DTC should get the full value of $1,715 regardless of their income or their employment status.
- The RDTC would be paid solely by the federal government, resulting in about $1.1 billion more going to persons with disabilities across Canada.

FEDERAL-PROVINCIAL ARRANGEMENTS

- Responsibility for income security is so intertwined between the federal government and provinces that any major change must include coordinated federal-provincial reforms.
- Agreement from the provinces that the money received by persons with disabilities would not be clawed back under provincial programs, ensuring the money directly impacts the quality of life for our most disadvantaged citizens.

CONCLUSION

A RDTC with no provincial clawback would vastly improve the lives of hundreds of thousands of Canadian residents with disabilities. Given the economic situation of the recipients virtually all of the funds would go directly into the purchase of goods and services.