

Autism Society of PEI

August 26, 2003

Mr. Robert Brown &
Ms Sherri Torjman
Technical Advisory Committee
on Tax Measure for Person
with Disabilities
Ottawa, Ontario
K1A 0G5

Dear Mr. & Ms CO-chairs:

Thank you for this opportunity to submit to your committee on tax measures for persons with disabilities. The following, are excerpts from letters previously sent to our Members of Parliament in Prince Edward Island concerning tax issues in our province as they relate to persons with disabilities. I offer them now for your consideration.

I am writing on behalf of the Autism Society of PEI as well as PEI families affected by autism. These families have had their lives turned upside down by the overwhelming demands placed on them by this disability. The growing population of people suffering from autism cannot speak for themselves. They have severe deficits in the areas of social skills, behaviour and communication as well as physical disabilities. These children and adults mostly require 24 hour/day supervision, without any hope of holding a job or living independently unless they have huge supports.

Currently, the national movement, from institutional services to provincial government support dollars being given directly to our disabled people is laudable. They, through their care givers, are then able to purchase the exact services required in their communities. This makes service settings much more accountable for their services while providing more effective programs for the disabled community.

PEI's newly established Disability Support Program sees moneys flow directly to the disabled, as opposed to the service provider, thereby keeping in step with the rest of Canada. Unfortunately, Canadian Tax Rules have not kept pace with the changes in service delivery methodology.

In PEI, CCRA has ruled that moneys given directly to the disabled child or adult, or to their supporting families on their behalf, are taxable, unless a client contribution is made. Further, moneys paid to a third party (e.g. Respite worker) are taxable to the family, or individual with a disability. As a result, the Province requires families to be income tested before any supports are tendered. This Province's newly enforced income testing has left many families with severely disabled children and adults without any disability related supports at all, because they are considered to have "too high" an income to qualify.

Most of the money the Province provides families, enable the hiring of workers, permitting the families to go to work, and also to care for the disabled at home as opposed to putting these children and adults in institutional settings. This type of service and care for the disabled in their own community is not only more humane, but also saves governments hundreds of thousands of dollars wasted on ineffective, impersonal, indeed, regressive institutional care.

In the cases of Ontario and Manitoba, the CCRA ruled that these same types of disability support dollars given directly to the disabled or to the supporting families on their behalf, were not taxable and did not require income testing of families, because it was moneys given in lieu of services.

This very sensible ruling for Ontario and Manitoba reinforces the Federal Government's mandate to support the disabled in their communities, effectively moving away from institutional settings. The PEI tax ruling clearly penalizes families who take care of their disabled child/adult in their community, since they would not normally be taxed for dollars going to the institution.

Making these disability support dollars taxable also adversely affects both the GST, and the Child tax benefits for the disabled and or their families. Moreover, the disabled child or adult would not be considered a dependent in the eyes of CCRA if their supports are above \$6,279 federally or \$4,400 provincially. The families bearing the cost of hiring people to help keep their disabled children/adults at home, as well as huge medical bills associated with this care, are now unable to claim these expenses on their income tax. (in the case of autism in the province of PEI, it is not unusual for the cost of this disability to families, to be in excess of \$50,000.00 per year. This is for care, programs and medical supports not covered by any health insurance or provincial disability support program) These rulings punish families for under taking the incredible challenges of keeping their children and adults at home.

The Autism Society of PEI urgently seeks the reversal of the PEI Tax Ruling by CCRA. It must be brought in line with the Ontario and Manitoba rulings, not only because of the obvious legitimacy, but also because vital national tax and health issues should not vary province to province.

There is a portion of the Ontario and Manitoba ruling that is objectionable. Specifically, money received by a disabled person for job related supports is taxable. A part of job related supports would be the hiring of a Job Coach to help the disabled person to learn , and carry u out their job. This means that money paid to a job coach through the disability support program, is taxable to the disabled individual. These are person with serious disabilities who may never work on their own without the support of a job coach.

If taxable to anyone, why the disabled person, and not the job coach who is earning a living by way of this important calling? The actual work done by the disabled person may very often be for no or very little, money. In this bizarre situation, the disabled person could receive a tax bill for more than they could ever earn, and the Job Coach would pay income tax on the same moneys, making it a double tax situation.

In summary, we need your intervention on these two issues:

- 1. The reversal of the PEI Tax ruling by CCRA to match existing rules for Manitoba and Ontario; and*
- 2. A change to the tax ruling for job related supports. Specifically, making the wages paid to a job coaches not taxable to the disabled person, the same as the hiring of a respite worker is not taxable for a seriously disabled person.*

*Respectfully submitted to the Members of Parliament for PEI by,
The Autism Society of PEI.*

The Autism Society of PEI understands that your committee is mandated to find ways to put more dollars in the hands of people with disabilities across Canada. We caution the approach of using tax credits, as this often has little affect on low income families.

We also strongly caution against sending dollars to the provinces, expecting it will make it's way into the hands of people with disabilities. Without stringent rules as to how the dollars must be used, history has shown in this province, it would be gobbled up in the Health Care budget short falls with no dollars ever being seen by people with disabilities. Without stringent regulations, the provinces could also use any transferred dollars in the administration of their existing social services system, once again, people with disabilities will never see a cent of the money transferred to the province.

As previously stated in our letter to the MP's, the Medical tax credit is a problem for families in this province who have children/adults with autism, as I am sure it does for other families who have medical costs associated to their dependent's disabilities. In this province, families have received a T5 for their disability related supports. This income is not taxable because it is considered social assistance, however, their families are disallowed the Medical tax credits for this same dependent if the disability related supports are over \$6,279 Federally or \$4,400.00 Provincially. The reason CCRA gives is that the disabled person earned too much income. This makes no sense whatsoever. In some cases families would lose more in the medical tax credits than their dependent would receive in disability related supports. The person with the disability could not claim the medical expenses because they have no taxable income, and likewise the family on whom they are dependent cannot claim their out of pocket medical expenses because in CCRA's eyes the dependent earns too much money. This family would also lose the ability to claim the disability tax credit for their dependent. So CCRA has given on one hand but taken away with the other. This needs to be corrected immediately.

CCRA's ruling for PEI, stating this Province must extract a C0-payment from families in

order for the disability related support dollars not be taxable. This treats families who keep their disabled children at home unfairly. This system of taxation, shows a complete lack of regard or understanding of the tremendous burden these families struggle through on a daily basis just to keep their families together while caring for these severely disabled family members. It is much easier route for families to institutionalize these children and adults. It would alleviate the stresses on the rest of their family, alleviate the financial burden, and the burden of daily care. This option would cost governments much more. Taking care of a severely disabled child or adult in this setting we know costs governments well over \$100,000.00 per year. Families who resort to institutions are not means tested, have to make C0- payment or have to cover any of the disability related costs. They are off the hook! These type of taxation policies penalize families who take care of their disabled at home and through their existence promote institutionalization of disabled children and adults.

We are deeply saddened by beaurecrats who dismiss our disabled children and adults so callously. If we stop to think of the kinds of supports Canadians give freely without a second thought, it makes one wonder. If we have a child who robs a bank or commits another kind of criminal act. We get them help. We get them counseling, they are housed and taken care of, they are educated, without a thought of income testing their families for the supports they receive. They same applies to adults who are put in jail. They receive housing, food, recreation, education all at no cost to their families. Why is it that we are so hard on people with disabilities and their families? Why do we expect these families to pay for the extraordinary supports their children require, while families of young offenders do not?

Children with autism require a 40 hour a week therapy treatment called ABA. The most any province will allow is 20 hours a week. Some provinces do not supply and treatment or families may have to be income tested before supports are given. Why is it that these children get their medically necessary treatment under a social program and be income tested for it? What would other Canadian families say if their child had cancer and they were told you could only have half of their chemotherapy and oh! by the way, you will be aged out of any treatment at the age of 6 years old in Ontario or 12 years old in PEI, and if you live in PEI your family will be income tested so your support for treatment will be further reduced.

There has also come to light that federally funded programs to provide summer jobs for the disabled result in tax implications for the disabled and their families. Once a gain, families are in fear that if their disabled dependent making \$7.00 per hour for their employment makes over the above Federal and Provincial limits, their dependent families will loose the ability to claim their huge medical bills. This becomes a huge disincentive to allow a disabled person to take any sort of even meager job.

The Federal Government and this Province signed an **In unison** document which states it will support the disabled within their own communities. We must ensure CCRA's past and future taxation rulings do not adversely affect the already extremely difficult lives of our children and adults with disabilities and their families.

The Autism Society of PEI recommends, that a Federal Disability Pension be created.

One that would treat all Canadian with disabilities equally across Canada. One that would not be affected by the ever changing local political parties and their ever changing political

agendas. This pension would not be taxable and could be administered the same way our Veterans Programs are administered at the Federal level. This in our view is the only way to treat people with disabilities fairly and to safeguard their human rights.

Prepared by the undersigned
Autism Society of PEI

Carolyn Bateman
Chair of the Advocacy Committee
Autism Society of PEI