

The Rise of Refundable Tax Credits: Implications for the Canada Disability Benefit

Abstract

Bill C-22, while vague, sets its sights on poverty reduction and financial security for persons with disabilities by establishing a Canada Disability Benefit that it will be delivered as a refundable tax credit along the lines of the Guaranteed Income Supplement and the Canada Child Benefit. This paper reviews the evolution of tax credits from income exemptions to non-refundable tax credits to the rise of refundable tax credits in the modern tax system. It offers lessons from existing refundable credits and corresponding discussions around a guaranteed basic income to inform the design of a Canada Disability Benefit that would contribute significantly to income security for persons with disabilities.

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