

Income Security Advocacy Centre Federal Budget 2025 Recommendations

**Submitted to:
The Department of Finance Canada**

- 1. Improve the Canada Disability Benefit to lift persons with disabilities out of poverty**
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Income Security Advocacy Centre
Centre d'action pour la sécurité du revenu

1. Improve the Canada Disability Benefit to Lift Persons with Disabilities out of Poverty

i. Ensure barrier-free access to the Disability Tax Credit

The Disability Tax Credit (DTC) is a crucial gateway for low-income Canadians with disabilities to access supports, such as the Canada Disability Benefit (CDB). However, barriers in completing the medical certification section (Part B) of the DTC application, which requires a qualified medical practitioner's approval, continue to undermine the program's equity and effectiveness.

Budget 2024 allocated \$243 million over six years, starting in 2024-25¹, to cover the cost of medical forms for DTC applications, aiming to reduce financial burdens and streamline CDB access. Though CDB payments began in July 2025, the government has not outlined a clear timeline or mechanism for disbursing these funds, leaving applicants in limbo. This has left low-income persons with disabilities to bear the cost and burden of the DTC process on their own, in many cases resulting in exclusion from the CDB and related benefits.

Without a reimbursement model, authorized medical practitioners remain uncompensated by the government for completing time-intensive Part B of the application² and addressing related follow-up requests. Consequently, many practitioners charge fees to DTC applicants for these services, which are prohibitive for low-income persons with disabilities. The 2024 Fifth Annual Report of the Disability Advisory Committee notes that high administrative burdens discourage practitioners, resulting in only 17% of initiated DTC applications including a submitted Part B.³

Due in part to the medical fee for DTC application service model, predatory private companies are stepping in to exploit and profit off in-need applicants. These companies do this by charging contingency fees of 20-40% on an applicant's future refunds in perpetuity and by using high-pressure tactics.⁴ Although regulations under the *Disability Tax Credit Promoters Restrictions Act* set a \$100 maximum to limit predatory fees, these regulations are unenforceable presently due to a court injunction in place since October 2021, allowing exploitation to persist.

With 6.5 million Canadians lacking regular access to a family doctor or nurse practitioner⁵ alone, finding a qualified professional is difficult for many low-income, vulnerable individuals. Expanding the list of medical professionals that can certify Part B of the DTC application would increase access.

These barriers contribute to the DTC's low uptake, with only one-quarter of eligible individuals applying⁶. Racial inequities in healthcare access, as highlighted in the 2024 Disability Advisory Committee report, further amplify these disparities.

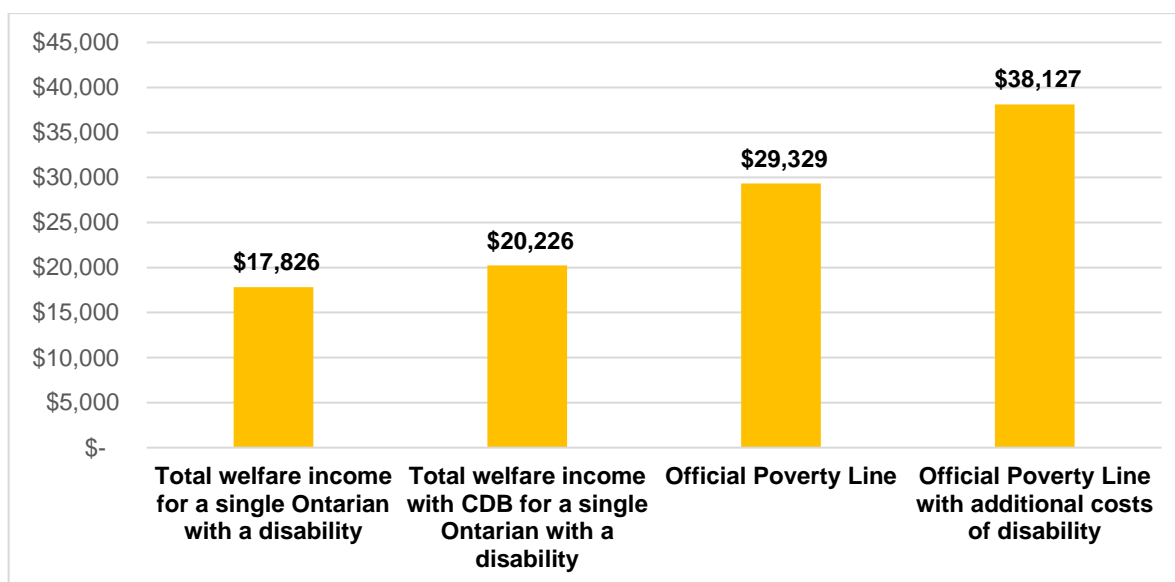
To improve access to the DTC for low-income Canadians with disabilities, and to fulfill Budget 2024's promise, the Federal Government should:

- Immediately disburse the \$243 million through a newly established national reimbursement program for Part B completion. This program should be simple, transparent, and easy for medical practitioners and applicants to navigate to ensure accessibility and efficiency.
- Amend section 118.3 of the *Income Tax Act*⁷ to expand the list of authorized professionals that can complete Part B of the application, including regulated professionals like social workers, therapists, counsellors, psycho-educators, and provincially licensed providers such as registered nurses or community health workers, as recommended by the Disability Advisory Committee.

ii. Raise the maximum amount of the Canada Disability Benefit

The current Canada Disability Benefit amount of \$2,400 annually (\$200 per month) represents a profound failure to deliver on the *Canada Disability Benefit Act*'s promise to “reduce poverty and support the financial security of working-age persons with disabilities”.⁸

At this amount, the CDB covers only about 21% of the \$11,503 gap between the total annual income from federal and provincial social assistance for a single Ontarian with a disability and the Official Poverty Line (2024).⁹ Importantly, the Official Poverty Line does not account for the significant additional costs of living with a disability, such as caregiving, assistive devices, prescription medications, transportation, and home modifications¹⁰, which can increase expenses by up to 30%.¹¹ When factoring in these costs, the actual poverty gap for a single Ontarian with a disability on the CDB approaches \$18,000 annually.



*Inadequacy of total welfare income (including the CDB) for a single Ontarian with disabilities.
Source: ISAC calculations based on Maytree data.¹²*

This is not simply a matter of individual hardship; it is also a significant structural shortfall. The CDB regulations acknowledge that approximately 917,000 working-age Canadians with disabilities live below the Official Poverty Line (based on the Market Basket Measure), yet estimate that only about half of them (465,000 people) will receive the CDB in its first year. At the current maximum, the CDB will lift only 2% of working age Canadians with disabilities above the Official Poverty Line in the first year, and 3% by the tenth year. These numbers are far from the government's original commitment to deliver a benefit that "bridges the gap between the poverty line and what people get in their various provinces".¹³

Compounding these challenges, the CDB's budget may not align with projected costs and demand. The Parliamentary Budget Officer (PBO) has recently projected that the cost of the CDB will total \$6.5 billion over five years (2025–26 to 2029–30), or roughly \$1.3 billion annually, which is about 27% higher than the government's estimate of \$6.1 billion over six years (2024–25 to 2029–30).¹⁴ The PBO's higher estimate accounts for anticipated growth in take-up rates (approaching full eligibility among Disability Tax Credit holders) and inflation outpacing income growth, which would naturally increase benefit payouts. These discrepancies underscore the need for a more ambitious investment to align with realistic demand and ensure the program's sustainability.

Increasing the benefit would require additional funding but it remains fiscally prudent when compared to other social programs, such as seniors' benefits at \$85.5 billion in 2025–26.¹⁵ A CDB increase would also yield long-term savings by reducing reliance on emergency supports and improving overall stability, leading to increased economic participation among persons with disabilities.

We strongly recommend that the 2025 Federal Budget build on the initial investment in the CDB and significantly increase the maximum amount to reduce poverty. While the gap between the poverty line and total social assistance varies between provinces, an annual CDB of \$12,000 will more adequately deliver on the CDB's promises.

iii. Fix the Canada Disability Benefit's punitive income treatment and income threshold

Currently, the CDB is considered social assistance under subsection 56(1)(u) of the *Income Tax Act* and will be included as net income for tax purposes. While not taxable specifically, this inclusion means the CDB will increase an individual or family's total income, resulting in a decrease in other income-tested benefits, such as the Canada Child Benefit, Canada Workers Benefit, GST Credit, and numerous other provincially administered benefits. This knock-on effect will offset the poverty-reducing impact of the CDB.

The government's 2024 Fall Economic Statement recognized this problem and proposed legislation to exempt the CDB from being treated as income under the *Income Tax Act*.¹⁶ Unfortunately, Parliament's prorogation in early 2025 stalled this critical reform.

In addition, the CDB regulations count provincial/territorial social assistance, such as the Ontario Disability Support Program (ODSP), as income for an eligible individual. Counting

last resort provincial/territorial social assistance payments towards the CDB income thresholds of \$23,000 for a single person and \$32,500 for a couple establishes unnecessary barriers to access for the most vulnerable CDB recipients.

Treating social assistance as earned income diminishes the impact of an already low benefit amount. The federal government has called on provinces and territories to exempt the CDB as income¹⁷, specifically asking “provinces and territories to exempt CDB payments from counting as income in relation to provincial or territorial supports” in the 2024 Budget.¹⁸ The federal government should follow its own directive and should not use provincial and territorial social assistance as a means to reduce the CDB amount that a recipient is eligible to receive.

Similarly, counting public disability benefits like Canada Pension Plan Disability (CPP-D) and workers’ compensation in the CDB’s adjusted income calculation penalizes low-income individuals with disabilities and weakens the CDB’s impact.

Exempting social assistance and other public disability benefits, such as CPP-D and workers’ compensation, from the CDB’s definition of adjusted income would reduce poverty among people with disabilities, lower the “welfare wall”¹⁹, and vastly improve life for people with disabilities who receive social assistance.

We urge the federal government to exempt the CDB from being treated as income under the *Income Tax Act* and to exempt provincial/territorial social assistance from the CDB’s income threshold calculation.

iv. Base the Canada Disability Benefit on an individual’s income, not a couple’s income

The current design of the CDB requires spousal/partner income reporting, and implements a different income threshold and working income exemption for couples. Under the CDB regulations, the income threshold is \$23,000 for a single individual and \$32,500 for cohabitating spouses or common-law partners. Similarly, the working income exemption is \$10,000 per year for an individual and \$14,000 for a couple.²⁰

The government’s decision to base an individual’s income thresholds and exemptions on their relationship status is highly problematic. A couples-based income test discourages people with disabilities from living with a partner, and keeps them dependent on their partner’s actions, including in situations of domestic violence. This policy choice also perpetuates stereotypes against people living on low incomes and fails to acknowledge the lived reality of poverty.

For individual CDB recipients who are not in a relationship, the government inserts itself into any considerations they may have with regard to intimate relationships. This is because the CDB’s design forces a recipient to disclose their financial status to potential partners since the partner’s income will affect the recipient’s eligibility for the CDB. This disincentivizes people with disabilities living on low incomes from entering cohabitating relationships. Under ODSP, which uses a family income test, 81% of recipients are single as of June 2025²¹, which is much higher than the average rate of individuals in the same age range.²²

For a CDB recipient in a couple, requiring spousal income can create dependency on an abusive partner. Under the current framework, a recipient cannot receive the CDB unless their spouse files an Income Tax and Benefit Return, something over which a recipient experiencing domestic violence may have no control.

While subsection 2(5)(c) of the CDB regulations allow the Minister to waive the spousal tax filing requirement in cases of “family violence”, as defined under subsection 2(1) of the *Divorce Act*, this exception does not fully resolve the issue. The 2022 House of Commons Standing Committee on the Status of Women noted that survivors with disabilities face intersectional barriers when navigating complex processes and information, hindering their ability to understand exemptions or safely provide evidence of abuse.²³ Survivors also encounter systemic issues in the justice system, such as victim-blaming, harsh cross-examinations, accusations of parental alienation, and abusers’ manipulation of legal processes. These systemic issues allow abusers to exert coercive control that discourages survivors from seeking exemptions out of fear of retaliation or of further violence. As a result, the continued use of a spousal income test, even with the subsection 2(5)(c) exemption, risks trapping survivors in dependency and leaves them unable to access the CDB without abuser compliance.

The current CDB income threshold and working income exemption for a couple also incorrectly assumes that persons with a disability living on a low income can save significantly on expenses by having a partner. This reasoning fails to take into account the previously mentioned additional costs associated with disabilities and the likely doubling of expenses for a double-disabled couple. In setting a couple's income threshold amount at \$32,500, rather than \$46,000 (an amount that would be double the individual income threshold), the government presumes that a couple would see savings of \$13,500. This assumes that an individual making under \$23,000 a year could somehow save \$6,750 (or almost 30%) of their income if they had a spouse/partner. This is an impossible economic reality for those with disabilities living in poverty.

The federal government must change course and fix this punitive, exclusionary measure. Persons with disabilities deserve to live a life of dignity and not have their last resort income tied to their relationship status. The government must fix the CDB regulations to base qualifying thresholds and exemptions on an individual's income, not a couple's income.

v. Expand eligibility for the Canada Disability Benefit beyond the Disability Tax Credit

The CDB, as currently designed, excludes a large portion of those who need it most. In 2025-26, only about 465,000 of the nearly one million working-age Canadians with disabilities living in poverty will qualify for the CDB. Over the next decade, projected eligibility increases to just 640,000, even as the number of low-income persons with disabilities expects to increase over the same period. These figures highlight a persistent and significant gap between the CDB's reach and the intended population.

The government's choice to use the DTC as the sole gateway to the CDB is a significant reason for the projected low uptake. Beyond the aforementioned application process

barriers, the DTC's restrictive definition of disability, non-refundable tax credit structure, and complex CRA eligibility and dispute resolution processes severely limit its accessibility and uptake.

The DTC requirement prevents people with disabilities from qualifying for the CDB because the DTC's disability test uses a much stricter definition of disability than the one found in the *Canada Disability Benefit Act* and other disability assistance programs. The restrictive definition excludes hundreds of thousands of low-income people living with disabilities, including all people living with severe neurodevelopmental, mental health, and episodic disabilities.

The DTC's non-refundable tax credit status makes it useless for those who do not owe income taxes, which is one major reason why uptake is so low. The Senate of Canada estimated that up to two-thirds of people who would be eligible for the DTC are low-income and not paying income tax, leaving them out of the DTC's scope.²⁴

Access to the DTC also involves a complex medical application process and an inaccessible dispute resolution process. The Canada Revenue Agency (CRA), which administers the DTC, has no expertise in serving people with disabilities. The Tax Court of Canada also criticized the CRA for using eligibility criteria that fail to reflect the practicalities of living with a disability.²⁵

Another federal disability-related benefit, CPP-D, uses a similar tiered definition of severe and prolonged disability and a similar determination process as the DTC. Opening up another form of entry to the CDB via CPP-D eligibility, in addition to the DTC, creates a more accessible application process, allows for an immediate and expansive rollout of the CDB, and improves the likelihood of the CDB reaching its stated objective of reducing poverty.

We strongly recommend that the 2025 Federal Budget adequately invest in ensuring that all low-income working-age persons with disabilities can effectively access the CDB. To do so, the government must commit to expanding disability eligibility for the CDB beyond the DTC. To start, the government should immediately add CPP-D as an additional access route and also develop a new, inclusive disability test for CDB eligibility. This new test should align with the *Canada Disability Benefit Act's* broader definition of disability and be administered through a simplified, person-centered process managed by an agency with expertise in disability support.

2. Modernize Canada's Employment Insurance and regularization policies to guarantee equitable, accessible, and adequate protections for all workers

i. Undertake robust Employment Insurance emergency measures to protect vulnerable, low-income workers

With escalating U.S. tariffs putting approximately 2.4 million Canadian jobs at risk²⁶, now is the time for Canada's primary social safety net, Employment Insurance (EI), to step up and safeguard workers. While the government has introduced temporary EI changes in response to tariffs, these fall short of the robust income security needed amid widespread job losses and rising unemployment. Long-standing flaws in the EI system, including a lack of flexibility and stringent eligibility criteria, render it ill-equipped to handle large-scale shocks.

The looming widespread economic shocks call for emergency EI measures, similar to those introduced during other economic crises. For example, the Canada Emergency Response Benefit (CERB) and Canada Recovery Benefit (CRB) set the precedent for what effective support could look like in a time of crisis. While not without some challenges, CERB/CRB's higher benefits, easier application process, reduced waiting period and improved accessibility provided a solid financial foundation to low-income, vulnerable Canadians at the height of the pandemic²⁷. CERB and other pandemic relief programs lifted 1.4 million Canadians out of poverty, cutting the child poverty rate by half²⁸.

Additionally, emergency EI measures have been used in response to the 2024 Jasper and Bunibonibee Cree Nation wildfires, where a one-time credit of 300 insurable employment hours was provided to EI claimants²⁹.

These precedents offer blueprints for EI enhancements, ensuring fiscal sustainability through time-limited implementation while protecting vulnerable workers.

We call for the following emergency measures to help ease access to EI and enhance the benefits:

- **Ensure workers receive at least 52 weeks of EI benefits**, with the best 12 weeks of earnings used to calculate benefit rates.
- **Weekly EI income support of no less than \$600 per week**. This measure must include weekly income support for misclassified workers and migrant workers.
- **Establish a universal 120-hour eligibility threshold** for both regular and special EI benefits, ensuring rapid and equitable access for all workers.
- **Extend EI benefits by 50 additional weeks for current claimants** - particularly urgent for auto workers already on EI due to plant retooling in Ontario and for people who lose their job while receiving pregnancy or parental benefits.

ii. Improve access to Employment Insurance for all, including temporary, part-time, and precarious workers

While recent progress in restoring the Employment Insurance Board of Appeal is encouraging,³⁰ significant systemic changes are needed to make EI responsive to the needs of all workers in Canada.

Currently, access to EI is the lowest in Canadian history³¹. As of May 2025, there were 1.58 million unemployed workers in Canada,³² while 516,620 received regular EI benefits³³. This means EI covers only 33% of the total number of unemployed individuals.

This is a stark contrast to numbers before the 1990s, when more than 70% of unemployed people were covered by unemployment insurance³⁴.

The percentage of unemployed individuals who are eligible for EI has steadily decreased since the 1990s due in large part to two factors: in 1996, EI eligibility shifted from a calculation based on weeks worked to a calculation based on the number of hours worked; and the labour market has seen a dramatic increase in part-time, temporary, and precarious work. Because these workers experience more frequent periods of unemployment or work fewer regular hours, they have difficulty meeting the required qualifying-hour thresholds that were in place before the pandemic.

The barriers to accessing EI have significantly affected workers who are women, racialized, Indigenous, living with a disability, and/or immigrants. Workers from these equity-seeking groups are overrepresented in low-wage, part-time, and precarious work³⁵. This means that many vulnerable workers who paid into the EI program and expected to have support if they stopped working have often been left with no income at all. Low-wage workers' frequent ineligibility for EI is particularly unfair given that they contribute a higher proportion of their income to the EI program³⁶.

We therefore make the following recommendations to permanently improve access to EI for Canadian workers:

- **Establish a universal eligibility threshold of 360 hours or 12 weeks of work, whichever is more advantageous to the worker.** This rule should apply to both EI regular and special benefits.
- **Eliminate the “quit/fire” disqualification rules.** These punitive rules disproportionately hurt women, who often leave work due to caregiving responsibilities or harassment, and vulnerable workers dealing with unsafe working conditions.
- **Implement stronger protections for employees misclassified as independent contractors**, including expanding EI's definition of employee to include dependent contractors as well as workers engaged in app-based work.

iii. Permanently ensure adequate Employment Insurance benefit rates to better support all workers

Even if low-income workers manage to overcome barriers to accessing EI, they are still confronted with the inadequacy of EI. In 1971, individuals could receive EI benefits equal to 66.7% of their insurable salary. Today, workers can only receive benefits equal to a historically low 55% of their insurable salary, up to a maximum of \$695 per week, which is then taxed as income. Many low-wage and part-time workers receive far less than the maximum benefit. Given the ongoing affordability crisis, it is nearly impossible to survive on half of one's income, especially as low-wage and precarious jobs become increasingly common in Canada. The implication for unemployed workers seeking EI benefits is clear: low benefit rates will leave many in the labour market's most in-demand sectors struggling to survive through a period of unemployment.

Low EI benefit rates disadvantage women in particular, who still earn lower incomes than men in Canada. The gender wage gap is wider for women who are racialized, Indigenous,

living with a disability, and/or immigrants³⁷. As a result, women overwhelmingly receive lower amounts of EI benefits than men. EI's 55% income replacement rate actively reproduces and contributes to the gender pay gap and women's poverty.

We therefore make the following recommendations:

- **Raise the EI benefit rate to 70% of workers' pre-unemployment earnings**, based on their 12 best weeks of work.
- **Establish a minimum benefit floor of \$600.** Workers who earn low wages or the minimum wage already struggle to make ends meet; receiving a benefit amount equivalent to 55% or even 70% of those wages is simply unlivable. A minimum benefit floor would help avoid the deepening of poverty for low-wage workers.

Additionally, we reiterate our recommendations submitted to the 2021 Federal Consultations on Reforming Canada's Employment Insurance Program at [this link](#).

iv. Withdraw Bill C-2 and establish a comprehensive regularization program for migrant workers

In 2021, the Federal Government promised to "build on existing pilot programs to explore ways of regularizing status for undocumented workers" who contribute to Canadian communities. Since then, the government has not only failed to deliver on that promise, but has sharply reduced immigration numbers, eliminating at least 775,000 work and study permits³⁸.

This retreat from regularization has now escalated further with the introduction of Bill C-2, which gives Cabinet sweeping powers to cancel permanent resident visas, study and work permits, temporary resident visas, and other immigration status documents if deemed "in the public interest"³⁹. Such discretionary powers threaten the fundamental rights of migrants and asylum seekers, undermining Canada's human rights obligations and entrenching insecurity for hundreds of thousands of people^{40 41}.

Instead of meaningful progress, the government's actions play into rising xenophobia, while scapegoating immigrants as an easy target for the housing, unemployment and healthcare crises. Advocates have pointed out that blaming migrants is a distraction from the real issues that contribute to the housing crisis such as reduction in social housing investment and privatization of public housing^{42 43}. Pursuing wrong policy solutions, like cuts to immigration, will not only exacerbate these problems, but also hurt the economy overall. The Royal Bank of Canada has pointed out that even the current level of immigration is "still not enough to significantly offset the impact of an aging demographic or substantially reduce the structural shortages in the jobs market"⁴⁴.

As many as 500,000 undocumented migrant workers⁴⁵, mostly low-waged, racialized people⁴⁶, make essential contributions to Canadian society. Lack of permanent resident status makes it difficult, and often impossible, for migrants to attain their rights at work or to access services, including those they may be eligible for, because of a well-founded fear of reprisals, termination, eviction, and deportation. This makes them vulnerable to exploitation, particularly in the workplace, where migrant workers are frequently subject to unpaid wages, physical, sexual and psychological abuse, and other labour violations⁴⁷.

We urge the federal government to scrap Bill C-2 immediately and end punitive controls like arbitrary deportations and surveillance expansions that stigmatize migrants. Instead, invest in a comprehensive, inclusive regularization program granting permanent residency to all undocumented workers, ensuring fair wages, safe conditions, and service access without fear. This would honour promises, support economic vitality, address labour gaps, and uphold Canada's human rights legacy, building equitable communities for all.

3. Make relevant, needed financial investments in Indigenous communities

This year marks a decade since the Truth and Reconciliation Commission's Calls to Action were released, yet systemic injustices, funding disparities, and widespread discrimination borne by Indigenous Peoples remain largely unaddressed⁴⁸. Statistics Canada data released in 2024 show troubling levels of income insecurity among Indigenous communities: 45% of First Nations people living off reserve, 44% of Métis people, and 54% of Inuit report struggling to meet basic needs such as housing, food, clothing, and transportation.

Despite long-standing injustices, federal budgets have consistently fallen short in addressing urgent and long-term Indigenous priorities. While the 2024 budget showed a year-over-year increase in Indigenous-specific investments, overall spending in this area has declined in recent years. Access to these investments by Indigenous people remains a concern. Yellowhead Institute's analysis showed that only 9.8% of the allocation for Indigenous initiatives went to the Indigenous organizations and communities, while the rest went to government departments and external organizations⁴⁹.

The US tariffs further threaten to worsen historic inequities. The tariffs would disproportionately affect Indigenous communities, deepen economic inequality, and disrupt employment and income.⁵⁰ Bill C-5 exacerbates these issues by fast-tracking projects without adequate Indigenous consultation or free, prior, and informed consent (FPIC)⁵¹, violating *United Nations Declaration on the Rights of Indigenous Peoples Act* and Section 35 rights⁵². Indigenous leaders have criticized the bill's vague consultation processes⁵³ and sweeping federal powers⁵⁴, risking environmental and cultural harm and threatening self-determination.

Years ago, the Yellowhead Institute outlined four criteria for consideration with regard to Indigenous-specific investment⁵⁵. They remain relevant today and bear repeating once more. These criteria are:

- i) responsiveness in meeting the demands made by Indigenous people;
- ii) accessibility of the investment without multiple bureaucratic layers in the way;
- iii) depth of the investments in terms of direct impact on their lives; and
- iv) affirming self-determination by supporting pathways for Indigenous capacity-building on their terms.

Evidence of these considerations in the development of federal budgets is consistently lacking.

We therefore support the calls for investment from major Indigenous advocacy bodies such as the Chiefs of Ontario, AFN, Métis National Council, Inuit Tapiriit Kanatami, and Native Women's Association of Canada.

4. Ensure an equitable and accessible approach to pandemic benefit recovery that protects low-income and vulnerable individuals

While Canada may have largely recovered from the broader economic impacts of COVID-19, many low-income individuals continue to feel the aftermath, particularly due to government practices that have created additional hardship. The longstanding problems with the CRA's aggressive pursuit of alleged overpayments of the Canada Emergency Response Benefit (CERB) and the Canada Recovery Benefit (CRB) have not only persisted, but in some cases, worsened. These efforts disproportionately target low-income individuals who face significant barriers to proving eligibility, challenging CRA decisions, or communicating with the CRA to outline their hardship circumstances.

In December 2022, the Auditor General recommended increased post-payment verifications, including applying tax refunds and GST credits to debts.⁵⁶ Despite claims of an "empathetic and client-focused" approach⁵⁷, the CRA has shifted to strict repayment terms, offsetting debts with tax refunds and benefits meant to reduce poverty. As costs rise, more people are plunged into deep poverty when the government offsets their debt by scooping crucial tax refunds and credits.

Targeting low-income individuals for pandemic overpayments and requiring them to provide a registered business number, client correspondence, advertising documents, contracts, hourly logs, and cashed cheques to prove their income overlooks the realities of low-wage and precarious work. This targeting also ignores the systemic barriers these workers face in proving eligibility. Many low-wage workers in self-employment – such as housekeepers, personal support workers, babysitters, tutors, handypersons, artists, and other precarious roles – were required to verify meeting the \$5,000 minimum income threshold, but their individual circumstances were ignored. These vulnerable workers were paid without formal documentation such as contracts, invoices, or bank deposits. In poverty, cash is quickly spent on immediate household expenses, leaving a limited paper trail.

The CRA must adopt a more flexible and realistic approach that considers alternative forms of verification, such as explanations for discrepancies, informal invoices, text messages, and letters from clients. In many cases, these individuals are newcomers, have limited English proficiency, and lack the resources or knowledge to formalize their work arrangements. The absence of standard business documentation is not evidence of wrongdoing. Rather, this absence reflects the economic and social conditions in which those living in poverty operate. This is supported by both the Federal Court and the CRA's own policy guidelines that require that the CRA take a flexible approach to the types of documentation necessary to prove income.

Compounding these issues, there have been documented cases where family members or acquaintances of vulnerable individuals, particularly those with severe developmental disabilities, applied for pandemic benefits in that individual's name, but then took the funds for themselves without consent. In these cases of financial exploitation, the CRA continues to demand that these vulnerable individuals repay the funds, even though they never benefited from the funds. Unfortunately, police often view these reports of CERB and CRB fraud as insignificant, dismissing cases outright.

The CRA has also proven unresponsive, leaving victims with no clear pathway to seek a CRA remission order or write-off. Anti-fraud agencies have redirected complaints back to police, the CRA, or suggested civil action, citing a lack of evidence of non-consent. The victims are left without recourse, facing multiple intersecting barriers when attempting to bring issues of financial exploitation to light. Despite this, they remain liable for the repayment of the misused funds.

These issues are further worsened by the fact that the CRA's communication and review process remains opaque and problematic. CRA contact centers are riddled with complaints about poor service, deflecting millions of callers to automated services and long delays or agents providing inaccurate or incomplete information.⁵⁸ CRA agents often fail to consider individual hardship circumstances, specify the exact reasons for ineligibility, or set out the required documents to prove eligibility, leaving recipients uncertain about how to proceed. Decision letters use standard templates without detailed explanations. For those unable to satisfy the CRA due to insufficient formal paperwork, the only recourse is an application for judicial review at the Federal Court of Canada. The process is complex, inaccessible, and most people cannot afford a lawyer to help them.

The CRA has deemed recovering \$15.5 billion in potentially ineligible Canada Emergency Wage Subsidy payments "not worth the effort",⁵⁹ effectively forgiving major corporations that paid dividends, awarded executive bonuses, reported windfall profits, hired strike replacements, or laid off workers. This leniency, amounting to *de facto* forgiveness of billions in public funds, starkly contrasts with the CRA's relentless pursuit of small pandemic overpayments from low-income and vulnerable individuals.

To address these inequities, particularly for low-income and vulnerable individuals facing overpayment demands, the following actions are recommended:

- Allocate funding to establish a comprehensive debt relief program for low-income individuals who were ineligible for the pandemic benefits they received, prioritizing those facing financial hardship or exploitation.
- Allocate resources to establish a streamlined CRA process to assess remission requests of overpayments for low-income recipients and victims of exploitation, ensuring that vulnerable individuals, such as those with developmental disabilities who were financially exploited, do not have to repay misused benefits. This should prioritize good-faith applications and basic needs spending, with no penalties or interest applied.
- Invest in improving the CRA's review process by creating a dedicated navigator role to assist with eligibility reviews, repayment options, and remission requests, addressing barriers such as inaccessible phone lines and opaque processes and

criteria. Also, ensure the CRA takes a flexible approach in proving income thresholds. Decision letters must clearly outline ineligibility reasons and required documents, reducing the need for costly judicial reviews and improving accessibility for low-income and vulnerable individuals.

Endnotes

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