

Income Security Advocacy Centre Federal Budget 2026 Recommendations

**Submitted to:
House of Commons Standing Committee on Finance**

Federal Budget 2026 Recommendations:

- 1. Make the Disability Tax Credit an effective, accessible, and accountable gateway to federal disability supports for all who need them**
- 2. Make the Canada Revenue Agency work for low-income people**
- 3. Make Employment Insurance accessible, adequate, and fair for all workers, including those in precarious, part-time, low-wage, and migrant work**
- 4. Make substantial investments to ensure income security and to advance self-determination of Indigenous Peoples**



**Income Security Advocacy Centre
Centre d'action pour la sécurité du revenu**

Canada enters Budget 2026 amid a sustained affordability crisis that is eroding already inadequate incomes. As income inequality [continues to widen](#), low-income households and workers in precarious employment are left to shoulder the heaviest burden. These challenges reflect longstanding policy failures that have left Canada's income security system inaccessible and inadequate for many.

The federal government cannot rely on incremental fixes or temporary measures to patch over deep, entrenched gaps in the system. It must make structural changes that create a stable, lasting foundation for income security.

Budget 2026 must deliver meaningful progress toward a fairer, more inclusive Canada.

1. Make the Disability Tax Credit (DTC) an effective, accessible, and accountable gateway to federal disability supports for all who need them

The DTC is the sole gateway to many federal disability programs targeting low-income Canadians, including the Canada Disability Benefit (CDB). However, the DTC was not designed with low-income Canadians in mind and reaches only [14.6%](#) of persons with disabilities. As a result, only [about half](#) of nearly one million working-age Canadians with disabilities in poverty will receive the CDB.

No eligible person with a disability should be excluded by a narrow, costly, or complex gateway. The Spring Economic Update (SEU)'s DTC proposals are only small steps toward the accessible and inclusive disability benefit system persons with disabilities need. Budget 2026 should advance three priority actions.

A. Broaden the DTC definition and create alternate pathways to the CDB

The DTC eligibility criteria remain too narrow, shutting out people with episodic disabilities, which may often be prolonged and severe, and [hundreds of thousands](#) of people who qualify for provincial or territorial disability assistance or Canada Pension Plan disability (CPP-D) benefits. The CDB replicates this exclusion because DTC approval is the sole for access.

Worse, the CRA continues to deny DTC applications by interpreting "all or substantially all of the time" to mean at least 90% of the time, despite no legal basis for this interpretation. This flawed practice creates significant barriers, especially for those with mental or episodic impairments.

Budget 2026 should:

- Include funding to direct and train CRA staff to stop interpreting "all or substantially all of the time" to mean 90% or more. The correct interpretation depends on the circumstances of each case and whether the challenging effects of the impairment occur "[significantly more than a majority of the time](#)."
- Commit to broadening the DTC disability definition to align with provincial, territorial, and other federal standards, ensuring that anyone receiving provincial disability assistance or CPP-D can access federal benefits.

B. Remove financial and administrative barriers to DTC access

Even for those who could qualify, the application process blocks access. Physicians take [over 36 minutes](#) on average to complete the DTC medical form. In complex situations, it can take hours. This has fuelled a predatory industry of DTC “promoters” who charge [20%–40% contingency fees](#) on future refunds. The 2024 Budget promised \$243 million over six years to minimize these costs, but this has not been implemented. Those most in need of the CDB cannot afford to pay hundreds of dollars up front to physicians to access the CDB via the DTC.

Budget 2026 should:

- Immediately disburse the \$243 million promised in Budget 2024 through a national practitioner reimbursement program, modelled on the [existing CPP-D process](#) where the federal government pays practitioners directly for completing forms.
- Invest resources to further expand the list of professionals who can certify DTC applications to include social workers, therapists, counsellors, and registered nurses, to address access gaps for [almost 6 million](#) people in Canada without a family doctor.
- Invest to replace the current application form with a streamlined, plain-language version co-designed with people with disabilities so predatory DTC promoters become obsolete.

C. Reform DTC dispute resolution

Canada’s tax system is not well-suited to serve individuals with complex needs or to adjudicate disability. Disability spans diverse conditions and experiences, and assessing disability requires specialized, human-centred expertise. This work is better aligned with Service Canada’s mandate than with tax administration.

DTC eligibility should therefore also be decided by the Social Security Tribunal (SST); instead of the Tax Court of Canada whose role is to resolve tax disputes. The SST has expertise in supporting self-represented individuals with disabilities and has adopted [access-to-justice measures](#) such as plain-language communication, stakeholder engagement, and legal navigator services.

Budget 2026 should:

- Include funding to transfer responsibility for assessing disability eligibility for federal benefits from the CRA to Service Canada.
- Route appeals of disability determinations to the Social Security Tribunal rather than the Tax Court of Canada.

2. Make the Canada Revenue Agency (CRA) work for low-income people

People in deep poverty increasingly rely on the CRA for benefits like the Canada Child Benefit (CCB), DTC, and CDB. When they owe money, they depend on fair and compassionate treatment. The CRA must genuinely work for the people it serves.

Right now, the CRA is falling short. The CRA has no program-specific institutional expertise, and client support is [marked](#) by delays, poor service, and inaccurate information. Applicants face barriers to understanding decisions and resolving disputes, often leaving costly, complex court appeals as their only option.

The CRA aggressively pursues repayment of pandemic benefits from low-income individuals while allowing corporations to retain [\\$15.5 billion](#) in potentially ineligible payments. This reflects a system that places the greatest burden on those with the least ability to bear it.

Budget 2026 should:

- Fund a meaningfully resourced and well-trained CRA navigator program to assist vulnerable applicants with DTC, CDB, CCB, similar federal benefits, and pandemic debt relief.
- Fund improvements to CRA's process to ensure applicants receive individualized decision letters that specify reasons for ineligibility and required documentation, reducing unnecessary Court applications.
- Establish and fund streamlined remission processes for low-income individuals facing pandemic benefit repayment demands, recognizing good faith, financial hardship, and potential financial exploitation.

3. Make Employment Insurance (EI) accessible, adequate, and fair for all workers, including those in precarious, part-time, low-wage, and migrant work

Growing labour market insecurity has exposed deep gaps in the EI system. Too many workers are excluded, and those who qualify often receive too little to get by.

The launch of the EI Board of Appeal, which promises faster and fairer decisions, is a positive development. But this reform only addresses recourse while access to EI and the adequacy of its benefits remain woefully inadequate.

EI is a key economic stabilizer, yet it has not kept up with today's realities. Temporary measures in response to U.S. tariffs fail to reach workers already excluded, particularly low-income, part-time, and precarious workers who pay into the program but receive nothing in return.

Years of evidence point to the same solutions. Budget 2026 must deliver permanent structural reform, instead of another round of temporary fixes or further reviews.

A. Make EI accessible to all workers

As of January 2026, EI covered [only 38%](#) of the [unemployed](#), a historic low. The workers [excluded are disproportionately](#) women, racialized people, Indigenous workers, immigrants, and people with disabilities, who are overrepresented in part-time, temporary, and precarious work. This is particularly unfair given that low-income workers contribute a [higher proportion](#) of their income to EI due to the regressive structure of the premiums.

Budget 2026 should:

- Extend EI eligibility to all workers by setting a universal threshold of 360 hours or 12 weeks of work for both regular and special benefits, replacing regional thresholds that exclude part-time and precarious workers."
- Eliminate the "quit/fire" disqualification rules, which disproportionately punish women who leave work because of caregiving responsibilities, harassment, or unsafe conditions.
- Extend EI coverage to dependent contractors and app-based workers by expanding the program's definition of 'employee.'

B. Raise benefit rates to levels people can live on

Even when workers qualify for EI, the benefit levels don't provide meaningful support in crisis. EI replaces only 55% of insurable earnings, up to a maximum of \$729 per week, which is taxed. In today's affordability crisis, a part-time minimum-wage worker can barely survive on full earnings. Living on 55% of those already low wages is impossible.

Low EI benefit rates hit women hardest, especially those who are racialized, Indigenous, living with disabilities, or immigrants, as they [earn less](#) and receive lower benefits, which widens the gender pay gap and deepens poverty.

Budget 2026 should:

- Raise the EI benefit rate to 70% of pre-unemployment earnings, calculated on the worker's 12 best weeks.
- Set a minimum weekly benefit floor of \$600, so workers earning low or minimum wages receive something they can actually survive on.

C. Fix the structural exclusion of migrant farmworkers from EI

Workers in the Seasonal Agricultural Worker Program (SAWP) and the Temporary Foreign Workers Program (TFWP) face one of the clearest inequities in the EI system. These low-wage, mostly racialized workers must pay EI premiums but are effectively barred from regular, and often special, benefits. Because their work permits are tied to a single employer and they must leave Canada immediately after their contracts end, they cannot meet the "available for work" and "present in Canada" requirements.

The Ontario Superior Court recently certified a [class action lawsuit](#) alleging that the SAWP violates workers' equality rights under the *Charter* and unjustly enriches the federal government by collecting hundreds of millions in premiums while denying access to benefits. A Quebec court recently certified a [class action lawsuit](#) with respect to tied work permits that also includes TFWP workers.

The government should not wait for a court order to act. In 2026, the SAWP marks six decades of racialized workers sustaining Canada's food system while being denied basic labour protections including income support.

Budget 2026 should:

- Extend EI regular and special benefits to SAWP workers during periods of unemployment, regardless of whether they are physically present in Canada, by removing the residency condition that the program's design makes impossible to meet. Canada should pursue bilateral portability agreements with SAWP-participating countries, modelled on its existing agreement with the United States ([EI Regulations s. 55\(6\)](#)) to enable this access.
- Ensure SAWP workers can access the EI benefits by ending tied employment, so that workers can change employers and are not forced to leave Canada when work ends, the structural condition that triggers EI ineligibility in the first place.

4. Make substantial investments to ensure income security and to advance self-determination of Indigenous Peoples

The federal government must move beyond symbolic commitments and deliver investments to reduce ongoing income insecurity among Indigenous peoples. A decade after the Truth and Reconciliation Commission Calls to Action, governments have not made enough progress, and [nearly half](#) of Indigenous people still struggle to meet basic needs. Governments [continue to keep](#) most Indigenous funding within federal systems rather than providing it directly to communities.

SEU 2026 launches a \$25 billion Canada Strong Fund, but the Assembly of First Nations has raised [concerns](#) about the lack of targeted funding. Bill C-5 and U.S. tariffs risk deepening inequities by weakening [free, prior, and informed consent](#). Indigenous organizations [allege](#) that the government “partners” only when Canada’s economic and resource-extraction goals are served.

First Nations, Inuit, and Métis communities have clearly stated what is needed for their communities and how programs should be funded and administered. ISAC supports calls from the Assembly of First Nations, Inuit Tapiriit Kanatami, Métis National Council, Chiefs of Ontario, and Native Women’s Association of Canada for substantial, multi-year investments in housing, clean water, health, education, economic infrastructure, and community independence.

Investments must respond to [self-determined priorities](#), reach communities directly without unnecessary bureaucracy, and strengthen self-determination. Only predictable funding will close persistent socioeconomic gaps, reduce poverty, and ensure income security.