

Dear < >:

Thank you for your correspondence of November 4, 2023, addressed to the Deputy Prime Minister and Minister of Finance, the Honourable Chrystia Freeland, regarding tax relief for single seniors.

After a lifetime of hard work, Canadians have earned a secure and dignified retirement. The Government of Canada provides support to seniors and pensioners in a number of ways, including through tax relief measures. For example:

- * The Age Credit is a non-refundable credit provided to individuals aged 65 and over and is income tested to benefit those most in need. For 2023, the Age Credit amount is \$8,396 and provides tax relief of up to \$1,259 for eligible seniors with incomes under \$98,308.

- * The Pension Income Credit is a non-refundable credit on up to \$2,000 of eligible pension income. Income that is eligible for the Pension Income Credit is generally limited to certain types of income from registered plans, such as a lifetime pension from a Registered Pension Plan and, as of age 65, income from a Registered Retirement Savings Plan annuity, a Registered Retirement Income Fund (RRIF) or a Life Income Fund – a type of locked-in RRIF. Seniors, and those who support them, may also benefit from tax credits such as the Disability Tax Credit, the Medical Expense Tax Credit, the Home Accessibility Tax Credit and the Canada Caregiver Credit.

As well, they may benefit from changes recently introduced by the Government. For example, Budget 2022:

- * Doubled the qualifying expense limit of the Home Accessibility Tax Credit to \$20,000 for the 2022 and subsequent tax years. This means a tax credit of up to \$3,000 – an increase from the previous tax credit of up to \$1,500 – for important accessibility renovations or alterations.

- * Introduced a Multigenerational Home Renovation Tax Credit, which provides up to \$7,500 in support for constructing a secondary suite for a senior or an adult with a disability. Starting this year, this refundable credit allows families to claim 15 percent of up to \$50,000 in eligible renovation and construction costs incurred in order to construct a secondary suite.

Single seniors may also benefit from general tax relief that the Government has introduced. For example, the amount of money that individuals can earn before paying federal income tax, known as the Basic Personal Amount, is increasing to \$15,000 by 2023. Now that this increase has been fully implemented, about 4.3 million seniors are benefitting, including close to 400,000 whose federal income tax has been reduced to zero. These benefits are phased out for the wealthiest Canadians.

This measure builds on other initiatives, including the middle-class tax cut announced in 2015 that is benefitting over nine million Canadians. Single individuals who benefit from that measure are seeing an average tax reduction of \$330 every year.

The tax relief available to seniors and pensioners allows most single seniors to have at least \$25,396 in taxable income before paying any federal income tax in 2023. This assumes at least \$2,000 in income eligible for the Pension Income Credit.

Due in large part to these measures, about half of all Canadian seniors do not pay any federal income tax, including about 55 percent of single seniors.

The Department of Finance Canada is continually reviewing tax matters to ensure that the existing system is as fair and as current as possible. In this regard, your comments are welcomed and appreciated.

Thank you for writing.

Sincerely,
Cynthia da Silva
Manager
Consultations and Communications Branch