Dear Minister Chrystia Freeland:

A number of the supporters of our group, Single Seniors for Tax Fairness, have written letters to you expressing their concerns regarding the unfair taxation of single seniors. I attach a typical response that they receive below.

Unfortunately, the items that you have included in your response do not address the issues that they identified.

I am the Director of Single Seniors for Tax Fairness (SSTF). Our group is concerned about the lack of fairness in the taxation of single seniors (divorced, widowed, separated, or never married aged 65+) compared with that of married or common-law seniors. SSTF does not oppose benefits that couples receive but is seeking tax fairness in the income tax system for single seniors.

With regard to income taxation, SSTF has created scenarios comparing the taxes of singles and couples at the same levels of total combined income. Whether this income is a modest $50,000 per year or over $100,000, we have shown that single seniors pay proportionally more in income tax than couples.

As you can see from the table below, not only do single seniors pay proportionally more tax on the same combined total income but Old Age Security (OAS) and non-refundable age amount clawbacks affect single seniors more than couples.

This is because couples can use pension income splitting and the transfer of unused non-refundable tax credits to lower their individual incomes to decrease or eliminate clawbacks of these benefits. Your response did not address this issue.

For additional comparisons, please consult our pre-Budget submission.

Total income	**Combined tax paid by spouses**	**Tax paid by a single senior**	**Extra tax paid by single senior**	**Clawback of age amount for single senior**	**Clawback of age amount for a couple**	**Clawback of OAS for a single senior**	**Clawback of OAS for a couple**
$30,000	$0	$1,755	**$1,755**	**0**	**0**	**0**	**$0**
$40,000	$0	$3,914	**$3,914**	**27**	**0**	**0**	**$0**
$50,000	$1,172	$6,521	**$5,349**	**1,404**	**0**	**0**	**$0**
$70,000	$5,515	$13,041	**$7,526**	**4,527**	**0**	**0**	**$0**
$100,000	$13,042	$24,986	**$11,944**	**7,898**	**3,054**	**$2,735**	**$0**

The Disability Tax Credit (DTC), Home Accessibility Tax Credit (HATC), Multigenerational Tax Credit, and Care Giver Tax Credit are mentioned in your response. These credits are not solely applicable to seniors but can be used by anyone filing income tax returns meeting the criteria of the applicable credits. Marital status is not one of the eligibility criteria. Therefore, these credits will not resolve the inequalities in our tax system.

Similarly, since Dental Care and Pharmacare programs will apply to all Canadians and are not targeted at seniors and do not consider marital status, they too will not address inequalities in our tax system. Nor will these programs address the underlying causes of unfair taxation as we have said: pension income splitting, the ability for couples to claim more tax credits and to share unused credits between them and the clawback levels for Old Age Security and the non-refundable age amount tax credit.

The Personal Amount applies to all Canadians who file income tax returns regardless of age. Couples can claim two credits which lowers their tax burden.

While the tax relief for 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 does not help a majority of single seniors who have to pay the same non-discretionary expenses as married couples (rent, property taxes, condo fees, property insurance, utilities etc.) This $25,396 applies to all Canadians and, again, will not address the specific issues that we have identified.

Also not addressed in your response is the inequalities in the taxation of RRSP/RRIF assets on the death of a single senior. Upon the death of a single senior, the proceeds of RRSPs, RRIFs, and other registered plans (except TFSAs) are taxable as income in the year of death. This reduces the amount paid to a non-spousal beneficiary by up to 50+%. On the death of a spouse, however, the proceeds of a Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF) and other registered plans can be transferred to the surviving spouse on a tax-deferred basis.

With regard to the Age Credit and Pension Income Credits noted in your response, in our budget submission, our group has recommended that the Department of Finance go further. These and other recommendations are listed below.

In conclusion, the items in your response do not address the concerns that we have outlined in our 2024 Pre-Budget Submission. Instead, we offer the following recommendations:

- Recommendation 1: That the government implement a tax provision for single seniors to offset the considerable reduction in tax payable by couples applying pension income splitting.

- Recommendation 2: That the government implement a new single senior non-refundable tax credit equivalent to half of the personal amount for the applicable taxation year, e.g., 7,500 in 2023.

- Recommendation 3: That the government increase the pension income amount from 2,000 to 3,000 for single seniors.

- Recommendation 4: That the government increase the income clawback thresholds for Old Age Security and for the age amount non-refundable tax credit for single seniors.

- Recommendation 5: That the government amend the tax treatment of registered plan proceeds on the death of a single senior to allow a tax-deferred rollover to any beneficiary (regardless of relationship to the deceased) with the proviso that the proceeds be paid out, and taxable to that beneficiary, over a maximum of ten (10) years. Should the beneficiary die before the end of the ten years, the balance would be fully taxable in the year of death of that beneficiary.

With regard to Recommendation 5, it should be noted that the U.S.A. permits the payout of the proceeds of an IRA (akin to our RRSP) over a 10-year period to a non-spousal beneficiary.

SSTF fully supports the implementation of Recommendation 115 of “Response to the Challenges of our Time”, Report of the Standing Committee on Finance, March 2023, to:

“Examine the financial support measures available to seniors to ensure equitable treatment between single seniors and senior couples, including by considering the potential benefit of a non-refundable tax credit for single seniors and a higher threshold for the claw back of Old Age Security benefits for single seniors.”

I would appreciate a response that addresses the specific issues raised in this letter.

Thank you

Elizabeth Brown
Director
Single Seniors for Tax Fairness