



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

# Cost Estimate of Election Campaign Proposal

Publication Date: 2021-09-01

Short Title: Career Extension Tax Credit

Description: Introducing a Career Extension Tax Credit (CETC) to support seniors aged 65 years and over in Canada who wish to continue to work. Income thresholds and credit reduction will be the same as those under Quebec's career extension tax credit program (for tax year 2021). This non-refundable federal tax credit will be equal to 15% of an individual's employment income above \$5,000 and below \$16,000. Individuals with employment income between \$16,000 and \$35,650, will receive a credit of \$1,650 (15% of \$11,000). Individuals with employment income greater than \$35,650 will have their credit reduced by 5% for each dollar earned above \$35,650. This proposal will be effective January 1, 2022.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		161	644	647	651	653	2,756

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: The cost of the CETC to support seniors aged 65 years and over was estimated using SPSPD/M.<sup>1</sup> These values were then adjusted based on tax expenditure estimates of Quebec's career extension program. A behavioural response was not incorporated.

Source of Uncertainty: The main sources of uncertainty relate to projected employment income for those aged 65 years and over and the potential behavioural response.

Data Sources: Variable Source  
Quebec's career extension tax credit program Finances Québec  
Federal CETC series Constructed using SPSPD/M

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<sup>1</sup> This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSPD/M). The assumptions and calculations underlying the SPSPD/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.