



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: Expansion of the Canada Caregiver Credit

Description: Changing the Canada Caregiver Credit into a refundable, tax-free benefit and increasing the benefit to \$1,250 per year per eligible person. The amount of benefit will be indexed to inflation. The same eligibility criteria as the current Canada Caregiver Credit will apply. In addition, the benefit will not be income tested. The change will be effective January 1, 2022.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		131	536	579	626	678	2,550

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: This cost estimate was calculated by subtracting the projected cost of the existing Canada Caregiver Credit from the projected cost of the proposed tax-free benefit. The number of potential claimants was estimated and projected using data from SPSPD/M, the Tax Expenditure Report and the General Social Survey. No behavioural effects were included. The cost of the existing Canada Caregiver Credit was estimated using SPSPD/M and the Tax Expenditure Report.

Source of Uncertainty: The main source of uncertainty relates to the database used to estimate and project the number of claimants. There is also uncertainty from a potential behavioural response.

Data Sources:	Variable	Source
	Taxation Database	SPSPD/M 28.1 <sup>1</sup>
	Population providing care	General Social Survey
	Number of claimants and cost of the Canada Caregiver Credit	2021 Tax Expenditure Report

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