Note • Bill C-15

Expanding the list of expenses recognized under the Disability Supports Deduction

Legislative Costing Note

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This bill proposes expanding the list of expenses recognized under the Disability Supports Deduction for taxpayers who have an impairment in physical or mental functions and have paid for certain medical expenses.

The PBO estimates the 5-year cost of the expansion to be $13 million over 2025-26 to 2029-2030.

5-Year Cost

$ millions

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Cost	3	3	3	3	3	13

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

Estimation and Projection Method

The proposal expands the Disability Supports Deduction from 17 to 25 eligible expense categories. Given the distinct nature of service animal costs, the costing estimates that component separately from the other seven newly eligible categories.

For the service animal component, the eligible population was estimated using a weighted average between active service dogs in 2024 and applicable Disability Tax Credit (DTC) certificate holders in 2024. For the purposes of this costing, service dogs are assumed to be the primary type of specially trained animal that would qualify under the measure.

For the first measure, the combined count of service dogs was found for the United States and Canada and was adjusted both to the Canadian population and to reflect the proposed

eligibility criteria, net of emotional support animals and limited to individuals with qualifying income or activities (employment income, business income, or eligible studies or research). DTC statistics from the Canada Revenue Agency (CRA) were used as a reasonableness check on the resulting eligible population. The second measure used DTC holders in 2024 with an eligible restriction and of working age with an assumed take-up rate for service dog usage. The final count was multiplied by the expected annual maintenance and care costs of a dog and escalated by annual nominal GDP growth.

Regarding the remaining seven newly eligible expense categories, cost ranges were derived from publicly available price information for those items and benchmarked against the 17 existing categories using expected costs per purchase or per hour, as applicable. The new categories generally involve lower cost, one-time purchases, and do not include any expenses incurred on an hourly basis.

To estimate the fiscal impact, the 2024 tax year cost of the existing Disability Supports Deduction was used as a baseline and scaled using two adjustments: first, by 7/17 to approximate the incremental expansion in eligible categories; and second, by 1/2 to reflect the lower expected cost and non-recurring nature of the newly eligible expenses. This amount was applied in 2024 and 2025 as the measure has already come into effect for tax year 2024, and a further reduction of 1/2 was applied for 2026 and beyond to account for the one-time nature of the new categories. Amounts were escalated by CPI growth.

Sources of Uncertainty

Data on disability prevalence and service animal use in Canada is limited, which increases uncertainty around the estimated population eligible for the expanded list of expenses. The service dog estimate assumes that reported service dog counts scale with population, and that the measure's employment, business, education, and research eligibility conditions align with participation rates among individuals between the ages of 18 to 75.

This costing does not quantify potential tax interactions that could reduce the net fiscal impact. No behavioural response was assumed.

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Data Sources

Number of service animals in Canada and the United States - Share of eligible service dogs by serviced disability
Assistance Dogs International – Member Organization Statistics. Accessed January 2026.

Share of Canada's population relative to the total of Canada and the United States
Statistics Canada – Canada's population clock (real-time model). Accessed January 2026.

United States Census Bureau – U.S. and World Population Clock. Accessed January 2026.

Share of eligible taxpayers with eligible service dogs
Canada Revenue Agency – Disability Tax Credit Statistics 2015 to 2024 Calendar Years. Accessed January 2026.

Annual average cost of caring for a dog
Ontario SPCA. Accessed January 2026.

Number and amount of disability supports deduction (line 21500), tax years 2015-2024
Canada Revenue Agency. Information Request 0873

Nominal GDP Growth and CPI growth
PBO Economic and Fiscal Outlook – September 2025

Cost of all non-service-animal deductions, existing and proposed
Multiple online sources, primarily Canadian Assistive Technology. Accessed January 2026.

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