Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

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List of Recommendations

- **Recommendation 1:** That the government amend the *Income Tax Act* to replace the current medical expense claim process for gluten-free products with a **fully refundable flat-rate federal tax credit** for Canadians with celiac disease.

- **Recommendation 2:** That the government **consolidates gluten-free foods** as a **subsection** within the modernization of Health Canada's **Division 24 & 25 Compositional** and **Labelling requirements**.

- **Recommendation 3:** That the government introduces incentives to farmers and producers along with funding studies that support the growing gluten-free food industry and these value-added commodities.

About Celiac Canada

For over 50 years, Celiac Canada has been the only national charity serving people with celiac disease (CeD) in Canada. Rooted in science, we provide education, support services and programs to promote awareness and improve diagnosis rates and long-term health outcomes. We are the largest single non-governmental funder of celiac research in Canada.

Celiac disease (CeD) is a genetic autoimmune disorder that affects approximately **1%** of Canadians. When an individual with CeD consumes **gluten** (a group of proteins found in the grains wheat, rye and barley and related hybrid grains), it triggers a reaction that causes damage to the small intestinal tract. This damage impedes the body's ability to absorb nutrients, leading to a wide range of symptoms and complications included but not limited to gastrointestinal issues, anemia, migraines, neurological problems, osteoporosis, bone and joint pain and even some cancers.

The only known medical treatment for CeD is a **Medical Nutrition Therapy (MNT)** which consists of a **strict gluten-free diet**. Simply put, the vigilance required to manage it is in no way a lifestyle choice; its our medicine. Gluten-free foods are therefore recognized as food for special dietary use by international CODEX guidelines.

Recommendations for Budget 2026

1. Amending the *Income Tax Act* to replace the current medical expense claim process for gluten-free products with a **fully refundable flat-rate federal tax credit** for Canadians with CeD.

Celiac Canada is advocating to replace the current incremental medical tax claim with a **simple annual flat-rate tax credit** or **benefit** of approximately **$1000 per adult** and **$600 per child** to help reduce the financial and administrative burden Canadians with CeD face trying to put gluten-free food on the table. Gluten-free staple items such as bread, cereal, pasta, soup, etc. cost three to four times more than their regular counterparts due to higher production costs. According to a Harper Adams University unpublished study conducted with Celiac Canada in March 2025 just over 2,400 Canadians, nearly three-quarters of respondents (74%) said the cost of gluten-free products has worsened compared with previous years. The same study found that nearly a third (32%) are purchasing smaller amounts of food, while 31% are following stricter food budgets.

Section **118.2(2)(r)** of the *Income Tax Act* has recognized this added expense and allows individuals diagnosed with CeD to claim the cost of gluten-free food products through Canada's non-refundable medical expense credit. This credit enables eligible Canadians to deduct the incremental and pro-rated cost of such food in the same way that they might deduct the costs of a medical assistive device such as hearing aids.

However, unlike medical devices where annual costs are clear and easy to document, the current medical expense credit process creates a significant administrative burden

for individuals with CeD as claimants must collect and retain hundreds of receipts each year, calculate the price difference between gluten-free and comparable gluten-containing products by weight, while also prorating claims to reflect only the portion consumed by family members diagnosed with CeD in a circumstance where the entire family has therefore chosen to go gluten-free out of meal planning convenience. Due to the amount of red tape this credit creates for individuals with CeD, patients with low health or financial literacy face significant challenges while trying to retain this tax credit. In addition, as the current tax regime does not provide a benefit or flat rate tax credit to Canadians with CeD, the individuals who need the benefit the most are not fairly compensated for undergoing the significant cost following a necessary medical nutrition therapy.

2. Consolidate **gluten-free foods** in the modernization of **Health Canada's Division 24 & 25 Compositional** and **Labelling requirements**.

Currently, gluten-free requirements are dispersed across various regulations, marketing authorizations, interim policies, and guidance documents. This fragmented framework creates unnecessary regulatory complexity for manufacturers and inhibits the gluten-free food sector as increased requests for interpretation to Health Canada and CFIA ultimately slows the introduction of compliant gluten-free products to the Canadian market.

To strengthen Canada's competitiveness in the growing global gluten-free market, the government should consolidate gluten-free requirements within Foods for Special Dietary Use a dedicated "**Gluten-Free Foods / Sans gluten"** subsection of the modernized Food and Drug Regulations. This should include standardized terminology for gluten-free claims, the codification of existing interim measures such as "gluten-free oats" directly into the regulation in addition to providing clear guidance on the permissibility of fortification for staple gluten-free foods.

As international demand for safe and trusted gluten-free products continues to grow rapidly, especially in the Middle East and South Asia, Canada has an opportunity to distinguish itself as a premium producer with globally recognized food safety standards. However, achieving this leadership position will require a regulatory environment that supports innovation, investment, and export competitiveness. Streamlined and consolidated gluten-free regulations would help Canadian manufacturers scale production, attract investment, and compete more effectively in international markets.

3. That the government introduces **incentives to farmers and producers** and **funds studies** that **support** the **growing gluten-free food industry**.

Global demand for gluten-free oats, pulses, hemp and specialty crops is growing rapidly, creating a major economic opportunity for Canadian farmers and the agri-food sector at large.

Celiac Canada believes Canada is well positioned to become a global leader in trusted gluten-free food production due to its strong agricultural capacity, food safety reputation, and expertise in grain production. However, concerns remain regarding the purity of inherently gluten-free grains, pulses, and seeds, including oats, flax, and hemp. Canadian and U.S. data have shown that some inherently gluten-free crops and products exceed the regulatory threshold of less than 20 ppm gluten due to cross-contamination with wheat, rye, and barley.

At the same time, gluten-free food production has been strained by labour shortages, rising costs, supply chain disruptions, and financial pressures on producers. These challenges have reduced manufacturing capacity and contributed to significantly higher food costs for Canadians requiring medically necessary gluten-free foods.

Investment to strengthen the integrity and scalability of Canada's gluten-free crop supply chain could allow Canada to create more *Made in Canada* solutions along with becoming a leading producer and exporter of gluten-free foods worldwide. Celiac Canada recommends that the government conduct a national assessment of Canada's gluten-free oat and pulse supply to ensure regulatory gluten thresholds are consistently met in addition to providing targeted, financial incentives and capital equipment grants that can support Canadian farmers and processors who are interested in producing gluten-free value-added crops.

In addition, Celiac Canada would be an ideal to partner and/or advise your government on education and training initiatives across the agricultural value chain, including sustainable crop rotation, seed management, contamination prevention, and on-farm mitigation practices. Moreover, strengthening Canada's gluten-free agricultural supply chain will improve consumer confidence, support food affordability and security, expand export opportunities, and reinforce Canada's position as a trusted global supplier of safe gluten-free foods.

In conclusion, Celiac Canada sincerely appreciates the opportunity to participate in the Standing Committee on Finance's pre-budget consultations in advance of the 2026 Budget. We would warmly welcome the opportunity to further discuss these issues at your convenience.

Sincerely,



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