



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

By: Celiac Canada

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List of Recommendations

Recommendation 1: A NEW REFUNDABLE INCOME TAX CREDIT TO HELP OFFSET THE HIGH COST OF GLUTEN-FREE FOODS

- That the Government of Canada amend the Income Tax Act to remove the administrative barriers preventing Canadians with celiac disease (CD) from claiming the excess (incremental) cost of gluten-free products as a medical expense by introducing a flat-rate federal income tax credit of \$1,000 per adult and \$600 per child.

Recommendation 2: THAT THE NEW TAX CREDIT BE FULLY REFUNDABLE

- That the new tax credit for Canadians with CD be made fully refundable, as opposed to the current non-refundable medical expense tax credit.

Recommendation 3: THAT THE NEW TAX CREDIT NOT REQUIRE RECEIPTS

- That the CRA include a “deeming provision” under the existing s. 118.2 to allow tax filers diagnosed with CD to not be required to track purchases or retain receipts.

Celiac Canada

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

Celiac Canada is governed by an elected national board of directors with regional representation across Canada.

About Celiac Disease (CD)

Celiac disease is an inherited autoimmune disorder that affects **1 in 100** Canadians. When an individual with celiac disease 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 such as gastrointestinal issues, anemia, chronic fatigue, bone and joint pain, easy bruising of the skin, muscle cramps, migraine headaches, depression, osteoporosis, infertility and even some cancers.

The only known medical treatment for celiac disease is a **strict gluten-free diet for life**. Simply put, the vigilance required to manage CD is in no way a lifestyle choice – **gluten-free food is our medicine**. However, in Canadian grocery stores, gluten is in a wide range of foods including breads and other baked goods; cereals, crackers, pasta, soups, sauces, dressings, processed foods, desserts and some nutrition supplements.

State of Celiac Disease

In February 2024, Celiac Canada released the 2024 State of Celiac Survey. Between September and December 2022, Celiac Canada issued an online health survey and 7,500 adults living in Canada with celiac disease or a gluten-related disorder responded.

Survey results show that much work remains to be done and investments need to be made in research to improve the lives of people living in Canada with celiac disease and those still to be diagnosed.

The survey revealed five calls to action:

- Develop a national celiac disease strategy to reduce wait times and under-diagnosis rates particularly in at risk populations to improve health outcomes with greater investment in celiac disease research and investment.
- Secure a flat-rate federal income tax claim of at least \$1000 per adult and \$600 per child to provide true financial relief of the cost burden of the gluten-free diet.

- Require all government funded health institutions (long term care, hospital, treatment centres, or assisted living) to provide adequately funded, safe gluten-free food for residents to meet human rights obligations, improve health outcomes and dignified care. Improvements could include, but not limited to, standards of care related to food service and change to accreditation.
- Develop regulations for allergen and gluten declarations in food service delivery (restaurants, facilities, airlines, etc.) such as on menus, similar to Italy, to protect all Canadians with medical dietary needs to improve consumer safety, choice and protection of rights. Earlier this year, Celiac Canada submitted a brief to the House of Commons Standing Committee on Transport, Infrastructure and Communities, with recommendations addressing the needs of Canadians with dietary restrictions, that would contribute to a more inclusive and accessible travel environment.
- Regulate precautionary food labelling to truly reflect food content and standardize the use of “gluten-free” on food labels.

Celiac Canada’s pre-budget submission and recommendations to the Standing Committee on Finance will focus on the affordability of the gluten-free diet.

The Cost of a Gluten-free Diet (GFD)

Food affordability is top of mind for most Canadians. This is particularly so for the **over 400,000** Canadians living with CD who are already paying significantly more for the gluten-free food products they require. A gluten-free diet can be **74% to 300% more expensive** than a gluten-containing one.

This means that a Canadian family of four with one or more individuals having celiac disease will spend about **\$4,000 more annually** on food than a comparable unaffected family. Many Canadians with CD cannot afford to follow a fully gluten-free diet. Those living on low and fixed incomes are particularly vulnerable.

How expensive is gluten-free food?

- As an example, a 2021 study of 12 grocery stores in Manitoba found the median cost of 819 gluten-free products was \$1.50/100g, compared to \$0.65/100g for gluten-containing products. Gluten-free products in Manitoba were therefore **130% more** expensive than gluten-containing products¹.

The high cost of GF food hurts all Canadians with Celiac Disease

Food insecurity, defined as not having access to sufficient food or food of adequate quality to meet one’s basic needs, is particularly concerning for those with celiac

¹ Jeged O, et al. Plant Foods for Human Nutrition, 2021; 76: 196-202.

disease as the GFD is not a lifestyle choice but a medical treatment for this condition. For example, in 2022, 2.8 million people in Ontario were food insecure. To investigate the magnitude of this problem in our adult celiac population, we conducted a study on patients attending our McMaster Adult Celiac Disease Clinic from November 2022 to January 2024.

A preliminary analysis of 287 participants found that 1 in 6 (16%) of the survey population reported food insecurity, and a great majority of those were moderately or severely food insecure. Furthermore, 5% of our patients reported not being able to feed their children due to food insecurity.

We also found that people with CD and food insecurity were less frequently following the GFD and reported decreased quality of life, increased celiac and gastrointestinal symptoms, as well as anxiety and depression.

Each year, Celiac Canada surveys Canadians with CD disease on topics including their symptoms, how they manage living with the disease, and the availability and cost of gluten-free food. The 2024 *State of Celiac Disease in Canada Health Survey*² of 7,500 people found that food inflation is hurting Canadians with celiac disease:

- 85% indicated the cost of gluten-free food as the top problem our community faces
- 92.6% believe the cost of gluten-free food is more expensive than pre-pandemic prices
- 52.1% report the cost limits the food they buy
- 36% adjusted their finances to afford gluten-free foods
- 2.4% of 5,100 respondents began accessing a food bank after diagnosis due to the cost of gluten-free food

To address the needs of Canadians reliant on food banks, Celiac Canada has recently initiated pilot projects with food banks in Ontario to increase the food selections for clients with celiac disease, and educate the sector on the very real medical needs of those with CD, and the absolute necessity of a GF diet. However, just as food banks simply cannot solve food insecurity issues in Canada, the efforts of our organization with food banks cannot reach all Canadians with CD.

Simply put, Canadians living with celiac disease face a cost-of-living crisis.

² <https://www.celiac.ca/state-of-celiac/>

A Solution for Canadians living with Celiac Disease: Increasing and Improving Access to the Medical Expenses Tax Credit

Current Tax Credit Regime

Recognizing that a GF diet is the only current treatment for CD, section 118.2(2)(r) of the *Income Tax Act* provides for a non-refundable medical expense credit for the incremental and pro-rated cost of gluten-free food for Canadians with CD, enabling them to deduct some costs of such food in the same way that they might be able to deduct the costs of a medical assistive device, such as hearing aids.

A Claim with Extensive Red Tape and Barriers to Access, especially for the Most Vulnerable Canadians

Despite the inclusion of gluten-free products in the *Income Tax Act*, 4 in 5 Canadians with CD did not claim the cost of GF food due to the administrative burdens imposed by the medical expense credit's framework. Specifically, to claim the medical expenses credit, claimants are expected to:

- (i) Collect and retain all purchase receipts in a calendar year,
- (ii) Calculate and retain evidence for the cost differences between the average cost of gluten-free items and similar gluten-containing product
- (iii) If the claimant regularly cooks with gluten-free food for family members who do not have celiac disease, pro-rate the incremental cost claim to cover only those diagnosed with celiac disease.

This results in several barriers to access, including:

- Administrative burden of collecting receipts all year for all food purchases.
- Patients with low health or financial literacy at a disadvantage.
- Average households net only \$30 or less for spending of up to \$4,000 (essentially the cost of four loaves of gluten-free bread in the average Canadian grocery store)

Most importantly, because the credit is non-refundable, the most vulnerable Canadians are not able to access it, including those receiving non-taxable income assistance, whose main source of income is disability insurance, and low-income individuals including students and minimum wage workers. The tax credit is of absolutely no benefit to Canadians who pay no income tax because their income falls below taxable levels.

To address the cost-of-living crisis for Canadians living with celiac disease, Celiac Canada submits the following recommendations for Budget 2025:

Recommendation 1.: Celiac Canada requests the Government of Canada amend the Income Tax Act to remove the administrative barriers preventing Canadians with celiac disease (CD) from claiming the excess (incremental) cost of gluten-free products as a medical expense by introducing a flat-rate federal income tax credit of \$1,000 per adult and \$600 per child. This would provide true financial relief of the cost burden of the gluten-free diet.

Recommendation 2.: That the flat annual tax credit referenced in Recommendation 1 be fully refundable.

Recommendation 3.: That the CRA include a “deeming provision” under the existing s. 118.2 to allow tax filers diagnosed with celiac disease not be required to track purchases or retain receipts.