

Improving Access to the Medical Expenses Credit

The Request

Amend the *Income Tax Act* to help remove the administrative barriers preventing Canadians affected by celiac disease (CeD) from claiming the excess (incremental) cost of gluten-free products as a medical expense under section 118.2(2)(r) of the Act.

Celiac Canada would like to recommend that the government:

1. **Provide administrative relief in the form of a flat fee annual refundable tax credit or a tax benefit** (approximately \$1,000) that the CRA would recognize as a legitimate claim, together with a waiver of any requirement to track grocery spending or retain receipts.
2. Direct CRA to immediately mitigate the financial and administrative burden on families living with CeD in the **short term and allow a “deeming provision” under s. 118.2** to allow a taxpayer diagnosed with celiac disease to not be required to track purchases and retain receipts.

Celiac Disease

Celiac disease is a serious autoimmune disorder in which the ingestion of gluten damages the small intestine. Gluten also negatively impacts many other organ systems in the body leading to a wide range of symptoms and complications. It is estimated that one percent (400,000) of the Canadian population is at risk.

Current Tax Credit Regime

Section 118.2(2)(r) of the Act provides for a non-refundable medical expense credit for the incremental and pro-rated cost of gluten-free food for Canadians with CeD.

This enables eligible Canadians to deduct the incremental and pro-rated cost 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. By including gluten-free products in the ambit of section 118.2 of the *Income Tax Act*, the CRA has acknowledged that a gluten-free diet is the only current Medical Nutrition Therapy (MNT).

A Claim with Extensive Red Tape

Most individuals are unable to claim the cost of gluten-free products due to the administrative burdens imposed by the medical expense credit's framework. Specifically, in order to claim the medical expenses credit, CRA requires that the claimant:

- (i) collect and retain all purchase receipts which can number in the hundreds in a calendar year,

- (ii) calculate the cost differences between the average cost of gluten-free items with a similar gluten-containing product, **and**
- (iii) if the claimant regularly cooks with gluten-free food for family members who do not have CeD, pro-rate the incremental cost claim to cover only those diagnosed with CeD.

Barriers to Access

- Administrative burden of collecting receipts all year for all food purchases.
- The credit is non-refundable also means that those who need it most are not able to access it.
- Patients with low health or financial literacy are at a disadvantage.
- Average households only net out a relatively small amount after spending up to \$4,000 per household.

Gluten-Free Diet – Food is our Medicine

The only known treatment for CeD is a Medical Nutrition Therapy requiring a strict gluten-free diet for life. Gluten is a protein in wheat, barley, rye, triticale and their hybrids. Following the diet can be challenging as gluten is found in many different staple items such as breads and other baked goods; cereals, crackers, pasta, soups, sauces, salad dressings, frozen meals and plant-based meat substitutes. However, production costs for these products are much higher than for gluten-containing food. This means that Canadians with CeD pay significantly more for food.

Most Vulnerable Unable to Claim

- Individuals who receive non-taxable income assistance;
- Individuals whose main source of income is disability insurance payments;
- Individuals who receive worker compensation payments; and
- Individuals with little taxable income and few tax liabilities, such as college students or minimum wage workers.

Estimate of many Canadians are eligible to claim now?

Depending on the criteria of medical diagnosis the government wishes to use, we offer two models or approaches. Current best practice is a confirmed diagnosis by a gastroenterologist and communicated to the family doctor.

- **Model 1:**
 - 84% of celiacs are diagnosed with blood + serology, or serology (no biopsy) according to 2022 *State of Celiac Disease Health* study (n=7500).
 - **77,280 people diagnosed currently**
 - 8,500 estimated children 4 years to 14 years. (Based on 11% portion)
 - 65,688 adults over 15 years old and older (Based on 85%)
- **Model 2:**
 - 66% of celiacs are biopsy and serology diagnosed according to *State of Celiac Disease Health* study (n=7500)
 - **60,000 people diagnosed currently**
 - 4-14 years old estimate (11%)= 6,600
 - 15-and older estimate (85%): 51,000

¹ [Population estimates on July 1, by age and gender](#)

- Acute short-term issues from gluten exposure (avoiding medical diet) include severe diarrhea, gastrointestinal and bloating; migraines and dizzy spells, neurological including anxiety disorders
- Long term consequences of individuals who cannot afford to follow the diet expose themselves to more serious medical conditions.

The Cost of Untreated Celiac Disease

Data is referenced from CIHI Patient Cost Estimator: Patient Cost Estimator | CIHI

Table 1: Chronic exposure to gluten can result in long term serious health complications

Issue	Billing Category	Cost per patient in hospital
1 -Visit to the Emergency room for severe/acute diarrhea with fluid loss	258 - Other gastroenterology disorder	\$5,808
	436 – Fluid or Electrolyte imbalance	\$4,565
1 Case excessive vomiting, fluid loss	257 – Signs Digestive Symptoms	\$4127
	436 – Fluid or Electrolyte imbalance	\$4,565
1 -Visit due to panic attack	672 – Misc. Mental Health Disorder	\$8173 (child) to \$9600 for adult
1 - Migraine	041 - Migraine	\$2974

Table 2: Chronic exposure to gluten can result in long term serious health complications.

Issue	Billing Category	Cost per patient in hospital	Additional costs
1 – Broken leg due to osteopenia	767 – Other fracture of leg	\$2200 - \$5400	Lost time at work or school, Unemployment reimbursement
1 Miscarriage	558 Primary Caesarian 555 Post Abortion medically	\$6700 \$2652	
1 Lymphoma Cancer	615 – Intervention Lymphoma	\$13,103 (adult)	Lost time work/school Unemployment benefits + caregiver benefits
1 – 3 Iron Infusions for Anemia	635- Anemia	\$5963 per injection \$17,889 for 3 sessions	
1 Gastroenteritis or bleeding	231- Minor Gastrointestinal intervention	\$11,000	Lost time work/school
1 Vitamin deficiency	635 Other Anemia	\$5963	

Medical Expenses Credit Claimable by a Family of Four for Gluten-free Products¹¹

Gross Income	Income Tax (after Basic Personal Credit)	Minimum Expenses Threshold for Eligibility	Avg Annual Incremental Household Cost	Avg Pro-rated (APR) Cost	Deduction (APR Cost - Threshold)	Maximum Credit	Total Credited	% of Household Costs
One family member with celiac disease								
\$ -	\$ -	\$ -	\$ 4,000	\$ 1,000	\$ 1,000	\$ 150	\$ -	0.0%
\$ 10,000	\$ -	\$ 300			\$ 700	\$ 105	\$ -	0.0%
\$ 20,000	\$ 1,221	\$ 600			\$ 400	\$ 60	\$ 60	1.5%
\$ 30,000	\$ 3,292	\$ 900			\$ 100	\$ 15	\$ 15	0.4%
\$ 40,000	\$ 5,297	\$ 1,200			\$ -	\$ -	\$ -	0.0%
\$ 50,000	\$ 7,457	\$ 1,500			\$ -	\$ -	\$ -	0.0%
\$ 60,000	\$ 10,411	\$ 1,800			\$ -	\$ -	\$ -	0.0%
\$ 70,000	\$ 13,376	\$ 2,100			\$ -	\$ -	\$ -	0.0%
\$ 80,000	\$ 16,341	\$ 2,400			\$ -	\$ -	\$ -	0.0%
\$ 90,000	\$ 19,463	\$ 2,421			\$ -	\$ -	\$ -	0.0%
\$ 100,000	\$ 22,958	\$ 2,421	\$ -	\$ -	\$ -	\$ -	0.0%	
Two family members with celiac disease								
\$ -	\$ -	\$ -	\$ 4,000	\$ 2,000	\$ 2,000	\$ 300	\$ -	0.0%
\$ 10,000	\$ -	\$ 300			\$ 1,700	\$ 255	\$ -	0.0%
\$ 20,000	\$ 1,221	\$ 600			\$ 1,400	\$ 210	\$ 210	5.3%
\$ 30,000	\$ 3,292	\$ 900			\$ 1,100	\$ 165	\$ 165	4.1%
\$ 40,000	\$ 5,297	\$ 1,200			\$ 800	\$ 120	\$ 120	3.0%
\$ 50,000	\$ 7,457	\$ 1,500			\$ 500	\$ 75	\$ 75	1.9%
\$ 60,000	\$ 10,411	\$ 1,800			\$ 200	\$ 30	\$ 30	0.8%
\$ 70,000	\$ 13,376	\$ 2,100			\$ -	\$ -	\$ -	0.0%
\$ 80,000	\$ 16,341	\$ 2,400			\$ -	\$ -	\$ -	0.0%
\$ 90,000	\$ 19,463	\$ 2,421			\$ -	\$ -	\$ -	0.0%
\$ 100,000	\$ 22,958	\$ 2,421	\$ -	\$ -	\$ -	\$ -	0.0%	
Three family members with celiac disease								
\$ -	\$ -	\$ -	\$ 4,000	\$ 3,000	\$ 3,000	\$ 450	\$ -	0.0%
\$ 10,000	\$ -	\$ 300			\$ 2,700	\$ 405	\$ -	0.0%
\$ 20,000	\$ 1,221	\$ 600			\$ 2,400	\$ 360	\$ 360	9.0%
\$ 30,000	\$ 3,292	\$ 900			\$ 2,100	\$ 315	\$ 315	7.9%
\$ 40,000	\$ 5,297	\$ 1,200			\$ 1,800	\$ 270	\$ 270	6.8%
\$ 50,000	\$ 7,457	\$ 1,500			\$ 1,500	\$ 225	\$ 225	5.6%
\$ 60,000	\$ 10,411	\$ 1,800			\$ 1,200	\$ 180	\$ 180	4.5%
\$ 70,000	\$ 13,376	\$ 2,100			\$ 900	\$ 135	\$ 135	3.4%
\$ 80,000	\$ 16,341	\$ 2,400			\$ 600	\$ 90	\$ 90	2.3%
\$ 90,000	\$ 19,463	\$ 2,421			\$ 579	\$ 87	\$ 87	2.2%
\$ 100,000	\$ 22,958	\$ 2,421	\$ 579	\$ 87	\$ 87	2.2%		
Four family members with celiac disease								
\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ 4,000	\$ 600	\$ -	0.0%
\$ 10,000	\$ -	\$ 300			\$ 3,700	\$ 555	\$ -	0.0%
\$ 20,000	\$ 1,221	\$ 600			\$ 3,400	\$ 510	\$ 510	12.8%
\$ 30,000	\$ 3,292	\$ 900			\$ 3,100	\$ 465	\$ 465	11.6%
\$ 40,000	\$ 5,297	\$ 1,200			\$ 2,800	\$ 420	\$ 420	10.5%
\$ 50,000	\$ 7,457	\$ 1,500			\$ 2,500	\$ 375	\$ 375	9.4%
\$ 60,000	\$ 10,411	\$ 1,800			\$ 2,200	\$ 330	\$ 330	8.3%
\$ 70,000	\$ 13,376	\$ 2,100			\$ 1,900	\$ 285	\$ 285	7.1%
\$ 80,000	\$ 16,341	\$ 2,400			\$ 1,600	\$ 240	\$ 240	6.0%
\$ 90,000	\$ 19,463	\$ 2,421			\$ 1,579	\$ 237	\$ 237	5.9%
\$ 100,000	\$ 22,958	\$ 2,421	\$ 1,579	\$ 237	\$ 237	5.9%		