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Family matters

December 2025

Federal Budget 2025 Highlights

The federal government has now passed a new budget. Here is how it it may impact people with disabilities.

New one-time $150 payment

- Access to a one-time supplemental payment of $150 to help offset the cost of applying for or renewing the Disability Tax Credit (DTC). This is intended to help ease administrative costs for those already in the system, not expanding eligibility.
  - Applies only to people who qualify for both the DTC and the Canada Disability Benefit (CDB).
  - Retroactive to the launch of the CDB and expected to roll out by the end of 2026–27.

Income exemption for the Canada Disability Benefit (CDB)

- The government will introduce legislation to exempt the CDB from being treated as income under the Income Tax Act.
- Ensures recipients can keep the full value of their benefit without claw backs from other programs.

Commitment to review the Disability Tax Credit (DTC) program

- The government reaffirmed its promise to review and reform the DTC application process, but no details or timelines were provided.
- Advocacy will continue for meaningful participation of persons with disabilities in shaping this review and for a more accessible, transparent, and equitable process.

Top-Up Tax Credit (new measure)

To prevent unintended tax increases from the middle-class tax cut (Bill C-4), Budget 2025 introduces a Top-Up Tax Credit.

- The credit ensures that individuals whose non-refundable tax credits exceed the first income-tax bracket threshold ($57,375 in 2025) are not penalized by the gradual reduction of the base credit rate (from 15% → 14.5% in 2025 → 14% in 2026).
- This measure will maintain the 15% rate for qualifying credit amounts above the first bracket threshold.
- The Top-Up Tax Credit applies from 2025 to 2030, protecting those with large credit claims (e.g., high medical expenses, tuition, or credits for dependents).

Provincial Updates

British Columbia has removed barriers for couples on disability assistance. Starting December 1, 2025, couples in B.C. who both receive disability assistance will be eligible for the same support rate as two single individuals.

Beginning January 1, 2026, couples where one partner has a Persons with Disabilities (PWD) designation will benefit from increased annual earnings exemptions - rising from $19,440 to $23,400.

These changes will automatically apply - no application is required.

From all of us at CLS, we wish you all the best for a wonderful holiday season

Happy Holidays