

RECOMMENDATION

ALBERTA SENIORS TRANSITION TAX CREDIT

Alberta Seniors Transition Tax Credit

Summary & Recommendation

Overview

ASCHA's proposed Alberta Seniors Transition Tax Credit is based on the successful tax credit established in Québec in 2000. The Québec tax credit is commonly referred to as CHS in relation to the acronym of the French words for residential and long-term care centres. For simplicity, our proposal will also refer to the Québec model as CHS. CHS was initially intended to assist seniors who were losing their autonomy; however, the original intent was removed before the introduction of legislation. The premise of our recommendation is that when you empower seniors to continue to make their own choices (supplemented by appropriate support services, which we will all need as we age), their quality of life increases and allows for more freedom to enjoy living wherever they choose to call home. It also alleviates some pressures and expectations for the government to provide these supports.

A National Institute of Aging (NIA) study in 2020 found that one-quarter of Canadians aged 75+ had at least one unmet need related to the activities of daily living. The study also suggests these unmet needs are underestimated because seniors often do not know what supports are available or how best to access them¹. Unmet needs for seniors are directly related to their quality of life as they age, impacting feelings of security and the broader health ecosystem.

Policy Objective: Supporting seniors by offering financial incentives to assist with the cost of aids to daily living as needs evolve will result in decreased health spending over time, whether they choose to remain in their current homes with added support or transition into congregate living settings. Pressure on Alberta's healthcare system is reduced by preventing or delaying the placement of seniors into publicly funded long-term care sites, which may not be the right place for the senior at that time, but their options are limited.

Overall Picture: CHS grew from over 8,000 in 2000 to more than [408,217 in 2020](#). As eligibility for expenses was expanded, the number of CHS recipients increased in addition to the growing cohort of seniors and the government increasing the rate over time. As a result, the program cost has grown from \$2 million in its inception to \$536.1 million by 2018 and will reach \$1 billion annually over the next five years. This clearly demonstrates the demand for the program.

Recommendation: Alberta adopts a tax credit for seniors (Alberta Seniors Transition Tax Credit) to assist with ongoing aging-related costs that focus on improving quality of life, increasing autonomy, and addressing the costs to be supported in the areas required, with the added benefit of reducing reliance and spending within the public health system.

Please note that work to assess the overall benefit to the Québec government is being conducted by the C.D. Howe Institute, contracted through the Ontario Retirement Communities Association (ORCA). With the Government of Alberta's support, ASCHA could have this work expanded to include the Alberta context. The estimate for this work would be approximately \$55,000, which our current budget would not allow us to undertake.

¹ [National Institute of Aging/Telus Health Survey, March 2020](#)

Eligibility Criteria:

- 1) Age: seniors aged 80 and above, with potential consideration for those slightly younger if they have specific health conditions that warrant an earlier transition.
- 2) Income: sliding scale based on income, with low to middle-income seniors receiving a higher credit.
- 3) Residency: must be a permanent resident of Alberta for at least a year before applying
- 4) Support needs: services ranging from in-home care, mobility aids, home modifications for accessibility, and the cost of transitioning to congregate living sites.

Québec Model Features & Evolution

Year	Credit Rate	Expenses Limit (Independent)	Expenses Limit (Dependent)
2000-2006	23%		\$12,000
2007	25%		\$15,000
2008** to 2012	30%	\$15,600	\$21,600
2013 to 2017	31%-35% (+ 1% per year)	\$19,500	\$25,500
2017 to 2021	35%	\$19,500	\$25,500
2022 to 2026	36%-40% (+ 1% per year)	\$19,500	\$25,500

Reduction Rate

The tax credit was gradually reduced for independent seniors if the family income exceeded a reduction threshold (automatically indexed yearly). There is no reduction threshold if a senior is a dependent, and for couples, if at least one member is a dependent.

- In 2008, a 3% reduction rate was applied to an income threshold of \$50,000, indexed annually since 2009, to \$60,135 in 2021.
- As of 2013 the reduction threshold no longer applies to dependent seniors.
- A second reduction rate of 7%, above an income threshold of \$100,000, was implemented in the tax year 2022, applying exclusively to independent seniors and indexed annually starting in 2023.
- In 2022, income-based reductions for dependent seniors were applied at a rate of 3% above the income threshold of \$60,135. However, this only applies to the CHS enhancement (35% to 40%).

Tax Credit Payments

- Seniors can claim the tax credit when they file their income tax return or **apply for advance payments no later than December 1st to receive monthly tax credit payments** for eligible services, including in their rent or condominium fees.
- Advance payments related to eligible services not included in their rent or condominium fees are made within 30 days after receipt of the application for advance payments.



Current Québec Program Eligible Expenses

Eligible expenses are for Québec residents 70 years of age or older. The categories below reflect the Québec language. The Alberta Seniors Transition Tax Credit will need to reflect the categories in Alberta's market.

Eligible expenses based on dwelling type in Québec:

Dwelling Type	Eligible Services	Non-Eligible Services
<p>Health Establishment: Hospitals, public (and private publicly funded) residential and long-term care centres, and rehabilitation centres</p>	<p>Services not provided by the health establishment in which the senior lives. These include dressing and hygiene assistance services (e.g., bathing and eating assistance), nursing services, clothing care services and civic support services (i.e., help to go to the grocery store or pharmacy, help completing forms for tax credit advance payments).</p>	<p>Services provided by the health establishment for which the senior is paying, and services provided by a spouse, dependent, hairdresser, or regulated professional member (except nurses) or cost of toiletries.</p>
<p>Condominium: Building where a senior owns and lives in a private portion of the property.</p>	<p>Divided into those that are included in the condominium fees and those that are not:</p> <ul style="list-style-type: none"> • Condo Fees: Includes housekeeping services in common areas and minor maintenance work outside and inside the building including seasonal work. • Non-Condo Fees: Includes dressing and hygiene assistance services, meal services, nursing services, housekeeping, grounds maintenance, snow removal, and grocery delivery services. 	<p>Non-eligible services are the same as those for a health establishment and expenses incurred in constructing, repairing, or renovating the condominium. Delivery from a restaurant and the cost of food.</p>
<p>Apartment: Building that is neither a private seniors' residence nor a health establishment.</p>	<p>Divided into those that are included in the rent and those that are not:</p> <ul style="list-style-type: none"> • Rent: Includes 5% of the monthly rent for a minimum monthly rent of \$600. • Non-Rent Fees: Same as condominium. 	<p>Same as condominium.</p>
<p>House: An eligible house is one that is owned and occupied by a senior.</p>	<p>The eligible expenses for this category are defined into the following categories: personal care services (services related to daily activities), meal services, nursing services, supervision and support services (for example: non-specialized night supervision, monitoring and companion sitting, emergency call system and civic support services.)</p>	<p>Personal services: Cost of toiletries, professional care (for example, hairdresser) or services provided by a member of a professional order such as a podiatrist.</p> <p>Meal services: Delivery from a restaurant or cost of food.</p> <p>Supervision and support services: cost of purchasing, renting or installation of safety products.</p>



<p>Private Seniors' Residence: Private residential and long-term care centres that are not publicly funded.</p>	<p>Divided into those that are included in the rent and those that are not.</p> <p>Rent: Eligible services included in the rent agreement consist of a basic amount and laundry, housekeeping, meal service, nursing service, and personal care services (see Table 2 [page 7] of the paper for calculating eligible expenses included in the rent).</p> <ul style="list-style-type: none"> • 65% for an independent person living alone or with a spouse under 70. • 70% for a household with two independent spouses aged 70 years or over. • 75% for a dependent person living alone or with a spouse under 70. • 80% for a household with two spouses aged 70 or over, at least one of whom is dependent. <p>Non-Rent Fees: Same as condominium</p>	<p>Same as condominium.</p>
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Source: [An Overview of the Refundable Tax Credit for Home-Support Services for Seniors, CFFP, Université de Sherbrooke](#) and [Revenu Québec – Tax Credit for Home-Support Services for Seniors](#)

Estimate of Alberta Program Cost

Using [2021 Census numbers](#)¹, Québec had a population of 1,211,565 million citizens over 70, suggesting the program uptake of 408,217 in the year prior was approximately 33.7% of the total 70+ demographic. Using the simple measure of the [total Québec program cost \(\\$576.6 million\)](#) with the number of recipients (408,217) in 2020, the average would be \$1,412.48 per recipient (rounded to the nearest cent).

Using the same Census 2021 data, we included some scenarios based on program uptake using different age eligibility and the average cost per recipient in Québec. It is essential to note from the Québec experience that age eligibility has meant an increasingly successful program, but it comes at a significant cost. Beginning the program at age 80 may still find broad support while reducing overall program costs. It would also allow for later expansion to a lower age threshold at a future date.

70+ years		411,955 Albertans		75+ years		248,065 Albertans	
20% Program Uptake	\$ 116,375,640	20% Program Uptake	\$ 70,077,370	30% Program Uptake	\$ 174,563,460	30% Program Uptake	\$ 105,116,055
30% Program Uptake	\$ 174,563,460	50% Program Uptake	\$ 290,939,099	50% Program Uptake	\$ 175,193,426		

¹ [Statistics Canada – Comparison Age and Gender Pyramid, accessed November 14, 2023](#)



80+ years	142,545 Albertans
20% Program Uptake	\$ 40,268,392
30% Program Uptake	\$ 60,402,588
50% Program Uptake	\$100,670,981

82+ years	110,370 Albertans
20% Program Uptake	\$31,179,084
30% Program Uptake	\$46,768,625
50% Program Uptake	\$77,947,709

85+ years	72,380 Albertans
20% Program Uptake	\$20,447,060
30% Program Uptake	\$30,670,591
50% Program Uptake	\$51,117,651

These are rough estimates based on the assumption that Alberta implements a similar version to Québec and will vary based on the specific details of the program and what uptake would look like.

Conclusion

Implementing an Alberta Seniors Transition Tax Credit like the Québec model will allow our members to continue serving Albertans as they age with the right housing at the right time in their lives. We have recommended a slightly higher eligibility age because the government could extend the eligibility age at a later date.

We make this recommendation because our members, who work to support Albertans as they age, witness firsthand the existing gaps and the impacts on personal and community well-being. This recommendation aligns with our [principled positions](#), including living well in community, housing focus, and person-directed choice.

To discuss this or the seniors housing sector more broadly, contact our Executive Director, Irene Martin-Lindsay, at irene@ascha.com or 780-439-6473.

ASCHA's NOBLE CAUSE: Albertans live in housing that honours their dignity, serves their needs and inspires purpose in their chosen community.