

# Canadians Set To Benefit From Proposed Tax Exemption On The Canada Disability Benefit: What It Means For Personal Injury Claimants In Ontario



As personal injury lawyers in Ontario, Canada, we at **Bergeron Clifford LLP** pay close attention to legislative changes that affect our clients' rights, financial well-being, and quality of life. Recently, the federal government announced a proposed rule change to ensure that the new Canada Disability Benefit will not be considered taxable income. This development, highlighted in a recent [CTV News article](#) (Dec. 2024), holds significant implications for Canadians living with disabilities—particularly those who have sustained life-altering injuries and are navigating complex benefits systems.

## **What Is the Canada Disability Benefit?**

Set to take effect in July 2025, the Canada Disability Benefit is intended to provide eligible individuals with up to \$200 per month. Advocates, while welcoming this step, have voiced concern that the benefit amount may be insufficient. Nonetheless, the recent federal proposal to exempt this benefit from taxation is a noteworthy stride forward. By ensuring the benefit is not treated as income, the government aims to prevent unintended reductions in other provincial and territorial benefits.

## **Tax-Exempt Status Could Prevent 'Benefit Clawbacks'**

According to the CTV News report, the government's planned legislation will keep the Canada Disability Benefit from being counted as taxable income under the *Income Tax Act*. Just as importantly, Ottawa is urging provinces and territories to refrain from reducing other benefits. If the legislation passes, it will close a loophole that could have led to so-called 'benefit clawbacks.'

As personal injury lawyers, we know that many of our clients rely on various forms of financial support following a serious accident or injury. Ensuring that these supports remain stable and are not diminished by new federal initiatives is critical. The government's latest stance suggests a commitment to making sure the Canada Disability Benefit genuinely supplements, rather than replaces or reduces, existing support structures.

## Implications for Personal Injury Clients in Ontario

For individuals who have been seriously injured—such as those suffering from catastrophic injuries, chronic pain, or mobility issues—the interplay between different types of disability and insurance benefits can be complex. In Ontario, accident victims often receive financial compensation through a combination of insurance settlements, long-term disability benefits, and government disability supports. Exempting the Canada Disability Benefit from taxation and ensuring it does not reduce provincial benefits is a positive development that may help ensure injured individuals maintain a stable financial footing.

This regulatory shift is also significant for those who are in the midst of personal injury litigation or insurance claims. With clarity regarding the treatment of disability-related financial supports, claimants and their legal counsel can better strategize how to secure fair compensation without risking reductions in other much-needed benefits.

### A Step Forward, But Advocacy Continues

While the proposed exemption from taxation is welcome, disability advocates, as cited by CTV News, continue to press for increases to the amount provided by the Canada Disability Benefit. The stated \$200 per month may be a start, but it is far from sufficient to meet the financial needs of many Canadians who live with significant disabilities. Organizations like March of Dimes Canada emphasize the importance of ongoing dialogue and adjustments to ensure the “full value” of this benefit for recipients.

### How Bergeron Clifford LLP Can Help

At **Bergeron Clifford LLP**, we understand that navigating the legal and financial landscape following a serious injury can be overwhelming. Our role as personal injury lawyers is to advocate for your rights, ensuring you have access to all the supports, benefits, and compensation you deserve. When benefits programs change or new legislation is introduced, we pay close attention so that we can provide informed guidance to our clients.

- **Holistic Approach:** We evaluate all aspects of your financial and legal position—including government disability benefits, private insurance, and settlement claims—to help you maximize your recovery and quality of life.
- **Up-to-Date Legal Advice:** As soon as these proposed changes become law, we will incorporate them into our strategic legal advice.
- **Long-Term Support:** Beyond securing compensation, we assist clients in understanding how various forms of support interact. Our goal is to help ensure that changes at the federal, provincial, or territorial level do not negatively impact your financial security.

### Looking Ahead

As the federal government moves forward with this legislative change, we encourage all Ontarians affected by personal injury and disability-related issues to stay informed. The non-taxable status of the Canada Disability Benefit, combined with provincial cooperation, could simplify access to essential financial supports. However, the conversation around the adequacy of the benefit amount will continue—and so will our commitment to fighting for better protections for our clients.

*The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.*

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