



## Decade-long campaign pays off as feds promise to cut service tax from mental health therapy

BY TESSIE SANCI

After more than 10 years of advocating that psychotherapy and counseling services not be subject to tax, two groups connected to the persistent campaign say they're thrilled that the federal government has finally listened.

The proposal to eliminate both GST and HST from the delivery of such services was included in the Nov. 21 Fall Economic Statement. It is one of the measures in the fiscal update's implementation bill, C-59, which is at second reading in the House.

"We're just absolutely thrilled," said **Kim Hollihan**, CEO of the **Canadian Counselling and Psychotherapy Association (CCPA)**, about the government's move. "We do envision

that this will have a significant impact on people seeking care in Canada."

"Ecstatic," said **Andrew Sofin**, president of the **Canadian Association for Marriage and Family Therapy (CAMFT)**, of his own reaction. "At first, I didn't believe it because we've been [advocating for] this for so long." (Hollihan spoke to Hill Times Research by phone on Dec. 1, while Sofin was interviewed by phone on Dec. 6.)

Sofin said he has been talking about this issue for at least 20 years. Hollihan said the recommendation to exempt these particular mental health services from a point-of-sale tax has been included in the CCPA's annual pre-budget submission for more than a decade.

"We have long held the belief that people in Canada should not be taxed on their mental health care ... For the most part, they aren't, other than for counseling, therapy and psychotherapy services," said Hollihan.

If the measure passes, psychotherapy and counseling would join a list of other health services that are not subject to a point-of-sale tax thanks to an exemption from the Excise Tax Act. These include optometry, physiotherapy, psychology and speech-language pathology.

Hollihan said CCPA members have been telling her that the elimination of tax could lead to clients accessing additional sessions.

Sofin said the issue has been one of the top concerns for his group's members. Many therapists absorbed the tax, leading to lower incomes, to avoid the discussion, he said.

"Your clients are in crisis and then you're having a whole discussion of why [they] have to

pay HST and GST," said Sofin. "That's the last thing somebody needs when they're in the middle of a family meltdown."

### Opposition MPs take on the cause

The Liberals' decision to make this government policy follows the introduction of three private members' bills on the issue over the last seven years.

The first bill was sponsored by **Pierre-Luc Dusseault**, who was then an NDP MP in 2017. Dusseault's bill did not make it past first reading, and he went on to lose his Sherbrooke, Que. seat during the 2019 election.

"That bill was so helpful in creating awareness. And that's been the focus of our advocacy, over 10-plus years, creating awareness out there that this is an issue [and] that we're taxing

people on their mental health care. It's just not fair that we're doing that," Hollihan said.

More recently, NDP MP **Lindsay Mathyssen** (London—Fanshawe, Ont.) in 2021 introduced her own private member's bill, C-218, calling to exempt psychotherapy services from the Excise Tax Act, but the bill is outside of the order of precedence. Conservative health critic Dr. **Stephen Ellis** (Cumberland—Colchester, N.S.) introduced a similar bill, C-323, on March 9, 2023. That bill received a unanimous vote of approval at second reading on Sept. 27, and has been awaiting a study by the House finance committee when the Fall Economic Statement was tabled.

Hollihan said that she is thankful to all of the individuals who have shown their support for the issue over the years, including MPs Mathyssen and Ellis, who have been "so gracious" and "so open to our input" on their bills.

### Parallel efforts in provincial regulation and awareness-building

The main obstacle to having psychotherapy recognized for a tax exemption was the lack of provincial regulation of the profession.

"We had been told several years ago [by the federal government] that once we hit five provinces regulating the profession, that we would be eligible for the tax exemption," Hollihan said.

However, once the profession became regulated in five provinces (Nova Scotia, New Brunswick, Prince Edward Island, Ontario and Quebec), the advocacy groups hit another snag: the provinces weren't recognizing the same title. The Atlantic Canada provinces regulate "counseling therapists," while Ontario and Quebec recognize the title of "psychotherapist."

"Finance [Canada] wouldn't accept that those two titles were the same profession. So, a big part of our advocacy has been raising awareness around 'a rose is a rose,' right? So, yes, we're using two different titles. Those are



Efforts to convince the government to eliminate service taxes from psychotherapy and counselling services have included lobbying meetings, committee briefs, committee appearances and promoting the issue online, said the Canadian Counselling and Psychotherapy Association's Kim Hollihan. (Photo courtesy of the Canadian Counselling and Psychotherapy Association)



The Canadian Association for Marriage and Family Therapy's Andrew Sofin said many of his members absorb the GST and HST into their rates in order to avoid explaining the issue to clients who are already struggling with their mental health. (Photo courtesy of Andrew Sofin)

provincial decisions that we have no control over,” said Hollihan.

The CCPA has provided the federal government with documents to show that the education and scope of practice for these professionals—despite the different titles—are the same, according to Hollihan.

Through the Fall Economic Statement, the Liberals have chosen to use the language, “psychotherapists and counselling therapists” as the professionals who will be exempt from GST and HST.

But the question remains whether that would only apply in the five provinces where the profession is regulated.

In response to that question from Hill Times Research, a representative for Finance Canada said in a Dec. 6 email that the exemption would be available in provinces where the profession is not currently regulated on the condition that the person providing the service has the equivalent qualifications as those needed for licensing in one of the regulated provinces.

Another question is the Liberals’ ability to apply this to the five provinces (Ontario, New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island) who charge the HST, which is the harmonized provincial and federal point-of-sale taxes.

The Finance Canada email states that the exemption would apply in respect of the full amount of the HST, but did not provide any details of how that would work considering a portion of those taxes go to their respective provinces.

## Growing political and public support

Part of the strategy to convince the federal government that this issue required action was ensuring that multiple voices were speaking to the subject both on the Hill and in individual communications with politicians.

“We really decided there was power in numbers. Let’s get everybody at the table rather than each of us trying to fight the battle separately because that’s

what I think happened in the past,” said Sofin.

The CAMFT’s focus was in encouraging its members and their clients to connect with their elected representatives. Sofin said that clients would write letters asking why they had to pay tax for these particular mental health services when it was not applicable to other types of health services.

CAMFT has also been supportive of CCPA-led initiatives such as a microsite called [taxfreetherapy.ca](http://taxfreetherapy.ca) which explained the issue and asked site visitors to sign a form letter that would be emailed to their MP.

The CCPA’s lobbying includes using the month of April, which is Counselling and Psychotherapy Month, as a reason to meet with MPs and lobby them about the subject.

Hollihan said the organization makes sure to reach out to MPs across the political spectrum, as well as bureaucrats. In the past, it has met with Finance Canada officials, senior policy advisers to Finance Minister **Chrystia Freeland** (University—Rosedale, Ont.), and

Dr. **Carolyn Bennett** (Toronto—St. Paul’s, Ont.) when she was mental health minister. Hollihan said she hopes to connect with current Mental Health and Addictions Minister **Ya’ara Saks** (York Centre, Ont.) soon.

Also a part of the strategy was “looking for opportunities to include the ask in other areas that may not seem to have a direct connection” to the issue of taxing mental health services, Hollihan said.

That led the CCPA to submit a brief to the House health committee’s study on children’s health (which took place between late 2022 and early 2023). Hollihan said that the brief outlined how exempting psychotherapy and counselling services would impact access to mental health care for children and youth. That brief resulted in an invitation to the CCPA to speak to the committee during its study, in addition to a one-on-one discussion with Conservative MP Ellis, where the MP expressed his interest in the subject and offered to sponsor a bill.