

Professional

Psychotherapists fight to access sales tax exemption

Psychotherapy is subject to sales tax, while other health services are exempt. A look at the bizarre process for achieving tax-free status



by [Hadassah Alencar](#) July 4, 2023

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Photo by Alex Green.

After a back injury left musician Brenley MacEachern unable to sit, lie down or stand upright without pain, she worked with a physiotherapist to form a treatment plan and then with a psychotherapist to form a plan to keep her on track with the physical exercises.

The bills for her care surprised MacEachern, who is a singer, songwriter and guitarist for the Juno-nominated band Madison Violet. She paid sales tax on the bill for psychotherapy and none on physiotherapy.

In January, MacEachern stepped up to endorse a campaign to remove the sales tax from psychotherapy — a health occupation that involves talking through mental health issues to identify and change problematic thoughts and behaviours.

“Other mental health services, like psychologists or social workers, they don’t have to charge this tax,” said Eachern in an Instagram video. “We need equal access to all kinds of mental health services.”

The video is one small part of a campaign to remove the tax, which is charged because of a technicality over provinces’ use of different titles in registering the profession.

How the sales tax sausage gets made

The struggle started in 2004 when the Canada Revenue Agency (CRA) and Department of Finance Canada (DFC) told the Canadian Counseling and Psychotherapy Association (CCPA) that a health profession must be registered in five provinces to be exempt from HST/GST.

It took more than 10 years to get the profession in Nova Scotia, Prince Edward Island and New Brunswick registered under the term “counseling therapist” and in Ontario as “registered psychotherapist.” In Quebec, the profession has been regulated under the “registered psychotherapist” title for decades.

In 2018, the DFC did not approve the tax exemption status because the profession was registered under two different titles.

Since then, the CCPA has tried for tax-free status through a private member's bill, registering the occupation in more provinces or convincing DFC the titles "counseling therapist" and "psychotherapist" are synonymous.

In the latest development, Conservative MP Stephen Ellis tabled bill C-323 to amend the Excise Tax Act and make psychotherapy and counseling therapy exempt from sales tax.

He became the second MP in recent years to do so. NDP MP Lindsay Mathysen's private member's bill was tabled in December 2021 for the same cause. She also launched a petition that collected more than 14,000 names supporting the Tax Free Therapy campaign.

"Our biggest hope is Bill C-323," said Barbara MacCallum, CEO emerita of the CCPA. "If it ever gets to third reading, it should pass because it has full support."

Psychotherapy and counseling therapy: Different titles, same function

Lindsey Thomson, CCPA's director of public affairs and a registered psychotherapist, said the CRA and DFC have not explained why they consider the professions different, beyond their different titles.

"There is a significant lack of awareness and confusion around the use of the term counseling and psychotherapy... They're synonyms for each other," Thomson said.

Different sectors of government do recognize the terms "psychotherapist" and "counseling therapist" as similar. For instance the National Occupation Classification system (NOC code), which classifies all occupations in Canada, lists the two titles under the same code and description.

Daniel Farb, a registered psychotherapist and a member of the tax-free therapy advocacy subcommittee, made an explanatory video on the history and issues of tax exemption of the profession. “Part of why I made the video was just being incredulous at how ridiculous and slow — or non-moving — the process has been,” said Farb.

Broad provincial registration key to tax-free status

Given that most private member’s bills fail to pass, the association’s other path is to register “counseling therapists” in at least two more provinces to meet the requirement to be registered in five provinces. That would automatically give the profession tax-free status.

However, it is possible Quebec and Ontario, where the occupation is registered as “psychotherapist,” would be excluded from the sales tax exemption as the occupation will not have met the five-province registration requirement.

In a sentiment echoed by other psychotherapists, Rachel Fulford, a registered psychotherapist and board member of the Ontario Society of Registered Psychotherapists (OSRP), said she is concerned the sales tax could be a barrier to some people seeking mental health services.

“It’s important that the federal government and particularly the Ministry of Finance understand that when I charge my clients 13 per cent extra on every session, by the end of eight sessions, they’ve paid for an extra session in tax.”

Fulford said she, along with some colleagues, lowered fees to help clients access their services during the pandemic.

“There was an influx of clients at the onset of the pandemic because many people were experiencing mental health symptoms they had never experienced before such as anxiety, depression, grief,” said Fulford.

“The last thing they needed was for their psychotherapist to say, ‘Sorry, you can’t afford me anymore.’”

“My therapist was able to offer me a lower rate than her standard rate,” said MacEachern. “And if I didn’t have to pay tax, then maybe she wouldn’t have had to,” said MacEachern. “A psychotherapist absorbed that cost, rather than the government.”

Correction: A prior version of this article incorrectly said that Barbara MacCallum is a registered psychotherapist.