

DISABILITY TAX CREDIT

The Disability Tax Credit (DTC) is a non-refundable tax credit that helps persons with disabilities, or their supporting family members, reduce the amount of income tax they may have to pay.

Eligibility

To be eligible, you must meet the following criteria:

- You must have a severe and prolonged impairment in physical or mental functions.
- You must be markedly restricted at least 90% of the time.
- The impairment must be prolonged, which means it must have lasted, or be expected to last, for a continuous period of at least 12 months.

Eligibility for the DTC is not based on a diagnosis; it considers the effects of the impairment on a person's ability to perform one or more of the basic activities of daily living.

The Canada Revenue Agency (CRA) defines basic activities of daily living in relation to an individual as:

- The mental functions necessary for everyday life (e.g., memory, problem solving, goal setting, judgement, and adaptive functioning)
- Feeding or dressing oneself
- Speaking so as to be understood, in a quiet setting, by another person familiar with the individual
- Hearing as so to be understood, in a quiet setting, by another person familiar with the individual
- Eliminating (bowel or bladder functions)
- Walking

How to Apply

Step 1: Fill out all the sections that apply to you and sign Part A of the Form T2201, the Disability Tax Credit Certificate. This form is available here: bit.ly/2QhJWvM.

Step 2: Ask a medical practitioner to fill out and sign Part B of Form T2201. As of March 21, 2017, nurse practitioners have been added to the list of medical practitioners qualified to certify eligibility for the DTC for all types of impairments, within the scope of their practices. A cost may be involved for the medical practitioner to fill out Form T2201, however, this cost may be eligible to be claimed as a medical expense on your income tax return.

Step 3: Send the Form to the Disability Tax Credit Unit of your local Tax Service Office.

Note: If you receive Canada Pension Plan or Quebec Pension Plan disability benefits, workers' compensation benefits, or other types of disability or insurance benefits, it does not necessarily mean you are eligible for the DTC. These programs have other purposes and different criteria, such as an individual's ability to work.

Claiming the DTC

After the CRA receives the T2201 Form, they will review the application to determine if the individual is eligible for the DTC. If the CRA needs more information, they may contact the medical practitioner who certified the T2201 for additional information.

Once the review is complete, the individual will receive a Notice of Determination to inform them of the decision. The decision will be based on the medical information provided by the medical practitioner as it pertains to the criteria in the Income Tax Act. If the application is denied, it will be explained why on the notice of determination.

If the application is denied, speak with your medical practitioner about the reason noted on the notice of determination. “If you disagree with the CRA’s decision, the next course of action would be to write to your tax centre and ask them to review your application. Include any relevant medical information that you have not already sent. Alternatively, you can file a formal objection within 90 days of the date of the notice of determination” (Lau, 2017).

If you are eligible for the DTC, you may claim the disability amount on your income tax and Benefit Return at Line 316 (for yourself), Line 318 (transferred from a dependent), and Line 326 (for your spouse or common-law partner).

Other Programs

Canadians with disabilities and medical practitioners can find out about the different programs at www.canada.ca/disability or by requesting the guide RC4046, Disability – Related Information. The Agency’s website contains a video on how to apply for the DTC as well as vignettes, which illustrate examples of how the effects of an impairment can vary from one person to the next.

Eligibility for the DTC may open the door to other programs, such as the registered disability savings plan, the child disability benefit, and the working income tax benefit disability supplement.

Additional Resources

Disability Tax Credit | Government of Canada | bit.ly/2QnEKGw

Disability Benefits | Government of Canada | bit.ly/2QjGARZ

Tax Service Office Listing | Government of Canada | bit.ly/2QmJY5E

Sources

Gaucher, L. (2018). Personal Communication.

Lau, George (2017). *Applying for the Disability Tax Credit*. Manning Elliot – Accountants & Business Advisors. Retrieved from: www.manningelliott.com/blog/applying-for-disability-tax-credit