



Pilgrim Accounting Inc.

PROFICIENCY IN ACCOUNTING

NEWSLETTER

WHO CAN CLAIM THE DISABILITY TAX CREDIT?

When disability strikes, it not only impacts your quality of life, but also your ability to earn a living. Even if you are not the person with the disability, but you have to support them financially, the burden can quickly accumulate. That is why in Canada the federal government does allow for a Disability Tax Credit to assist people in such circumstances.

It is a non-refundable tax credit that helps the disabled person or the person supporting them reduce the amount of income tax they have to pay. It is designed to give the person impacted some relief for disability costs, since these expenses are unavoidable and not something a taxpayer could have planned for in advance.

Another significant aspect of the Disability Tax Credit is that it is a door opener to other forms of assistance such as the registered disability savings plan, the working income tax benefit, and the child disability benefit.



But the Disability Tax Credit is not an automatic thing just because you have a disability. Even if you get a disability payment from Canada Pension, social assistance or Worksafe, you do not get this credit just for the asking. While it covers a huge variety of people with different conditions and disabilities, you have to engage in a process to see if you are eligible to claim this. It all starts with getting a medical practitioner to sign off on Form T2201. You can download this form from the Canada Revenue Agency site at www.cra.gc.ca/form and search for T2201.

You fill out just the first page by yourself. Everything else has to be filled out by your doctor or, as of March 22, 2017, by a nurse practitioner. The medical practitioner has to be able to certify that you have a prolonged, severe impairment.

You will likely be charged a fee by the medical practitioner to fill out this form. Once they have done this for you, you can send it to the CRA.

Once you learn that your Disability Tax Credit application has been approved by the Canada Revenue Agency, if you are preparing your own tax return and are claiming the disability amount for yourself, see line 316. If you are claiming the disability amount for your dependent, see line 326. To claim it for your spouse or common-law partner, see line 326.

If you were eligible for the tax credit for previous years but did not claim it when your tax return was filed, you can request adjustments for up to 10 years under the Canada Revenue Agency's Taxpayer Relief Provision. Your certified tax preparer can help you with that. To give you some idea of maximum disability amounts, for 2016 it was \$8,001. The maximum supplement for persons under 18 was \$4,667.

Be careful not to be taken in by companies that promise to help you secure this tax credit. Not only will they charge you a fee, but many of them take up to 30 percent of the money they secure for you. You can handle it yourself by securing the form and submitting it. It takes about 15 minutes of your time and could save you thousands of dollars.

Many people who are eligible for this tax credit fail to file for it and that is a shame, because these are the people who most need it.

Contact us for advice!

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