
Income Tax Deductions for Unique Needs

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As we all know, tax laws, especially those surrounding tax deductions, are very complex. We recommend that if you feel you have a unique tax situation, (e.g., a child with special learning needs) you seek the opinion of a competent Tax Accountant.

Form T2201, Disability Tax Credit Certificate

The disability tax credit is a non-refundable tax credit that reduces the amount of income tax you have to pay. You may be able to claim the disability amount (for yourself or your child) if a qualified person certifies that the individual in question has a severe mental or physical impairment which causes marked restrictions in any of the basic activities of daily living and the impairment is prolonged.

A qualified person, includes, but is not limited to: a Medical Doctor (for all areas), a Speech-Language Pathologist (for speech) and a Psychologist (for perceiving, thinking and remembering).

Prolonged impairment is one that has lasted, or is expected to last at least 12 months.

Basic activities of daily living include, amongst others, speaking and perceiving, thinking & remembering.

Note: Your income tax form may be processed faster if you are pre-approved for the disability amount. CCRA will accept completed forms T2201 at any time during the year. After the T2201 has been reviewed, you will be advised, in writing, whether or not your application has been approved. If you are filing your Tax return but have not had a response as yet, CCRA recommends you claim the disability amount as though you qualify. You may obtain the T2201 at www.ccra.gc.ca/forms or at your local tax office. In Ontario, forms must be mailed to Sudbury Tax Services Office, PO Box 20000, Stn. A, Sudbury, ON P3A 5C1.

Therapy

For individuals who qualify for the disability tax credit and are 18 years and older, you may claim the cost of therapy prescribed and supervised by a doctor or a psychologist (for mental disability). These expenses must be those not already allowable as medical expenses.

Tutoring

You can claim the cost of tutoring that a medical practitioner certifies as necessary because of a person's learning disability or mental impairment, by someone who is in the business of providing such services to the public.

Care, Equipment and/or School

You can claim, as a medical expense, amounts paid for full or part-time care (including training) in a school...or other establishment that has the equipment, facilities or personnel needed by the individual. A mental or physical handicap (including any resulting behavioural problems and learning disabilities) must be certified in a letter from a medical practitioner or another appropriately qualified individual confirming the person's need for the equipment, facilities or personnel available in an establishment operated for the person's handicap.



Child Care – all Ages

Child Care expense rules take into account the disability of the individual. For this purpose “child” includes a son or daughter who has a disability regardless of age. See Form T778, Child Care Expense Deduction.

Learning Disabilities (LD)

For individuals with a learning disability, the Learning Disabilities Association of Canada (LDAC) has worked extensively with CCRA to ensure individuals with LD are treated fairly under the Income Tax Act. Areas such as tutoring, therapy, talking books, specialized camps may qualify for a tax deduction or credit. Please contact the LDAC for their publication “Income Tax Preparation and Learning Disabilities” by C. Gudbranson and published by LDAC. If you wish more details regarding the information included in this article, you may reach Canada Customs and Revenue Agency (CCRA) at: www.cca-adrc.gc.ca or at www.cca-adrc.gc.ca/tax/individuals/topics/disabilities or by telephone at 1-800-959-8281. Forms or publications may be downloaded from www.cca.gc.ca/forms.

Child Disability Benefit (CDB)

In July 2003, the CCRA announced the Child Disability Benefit (CDB), a tax-free supplement, for children who have a severe and prolonged impairment. The CCRA will automatically calculate and include the CDB in the Canada Child Tax Benefit (CCTB) payment in March, 2004 (retroactive to July, 2003) for families who have already submitted the Disability Tax Credit Certificate T2201. If you receive the Canada Child Tax Benefit (CCTB) for a child with a severe and prolonged impairment, and you have not applied for the Disability Tax Credit, you are encouraged to initiate the T2201 as soon as possible to ensure your eligibility for this new benefit.