

# THE 2017 DEFINITIVE GUIDE TO THE CANADIAN DISABILITY TAX CREDIT

[DisabilityCreditCanada.com](http://DisabilityCreditCanada.com)



**DISABILITY  
CREDIT CANADA**  
ADVOCATING FOR DISABLED CANADIANS

# Table of Contents

<b>What is the disability tax credit?</b> _____	<b>4</b>
How does the disability tax credit work in Canada? _____	4
Who is eligible for disability tax credit? _____	5
Who can claim disability tax credit: Who qualifies? _____	6
<b>What is the disability tax credit form T2201 / Certificate?</b> _____	<b>8</b>
<b>How to apply/claim for disability tax credit?</b> _____	<b>10</b>
Option 1: Submitting the Disability Tax Credit Form T2201 on your own. _____	11
Option 2: Have your accountant fill out the DTC T2201 Form. _____	11
Option 3: Hire a specialized DTC service company _____	12
How long does it take to process disability tax credit application? _____	12
Where to send/mail disability tax credit certificate? _____	13
New list of Tax Centres _____	13
<b>How much is the disability tax credit amount?</b> _____	<b>15</b>
How is the disability tax credit calculated? _____	16
<b>Who qualifies for disability tax credit?</b> _____	<b>18</b>
What disabilities qualify for disability tax credit in Canada? _____	19
<b>Can you get disability tax credit if you have never worked?</b> _____	<b>20</b>
<b>Do I file taxes if I get disability tax credit?</b> _____	<b>21</b>
<b>Does disability tax credit expire?</b> _____	<b>21</b>
<b>How to appeal disability tax credit decision?</b> _____	<b>21</b>



The Government of Canada, in order to offset the unique expenses disabled Canadians have provides a tax credit known as the Disability Tax Credit. It has helped to ease the financial burden for many disabled Canadians and is also a requirement for applying to the Registered Disability Savings Plan.

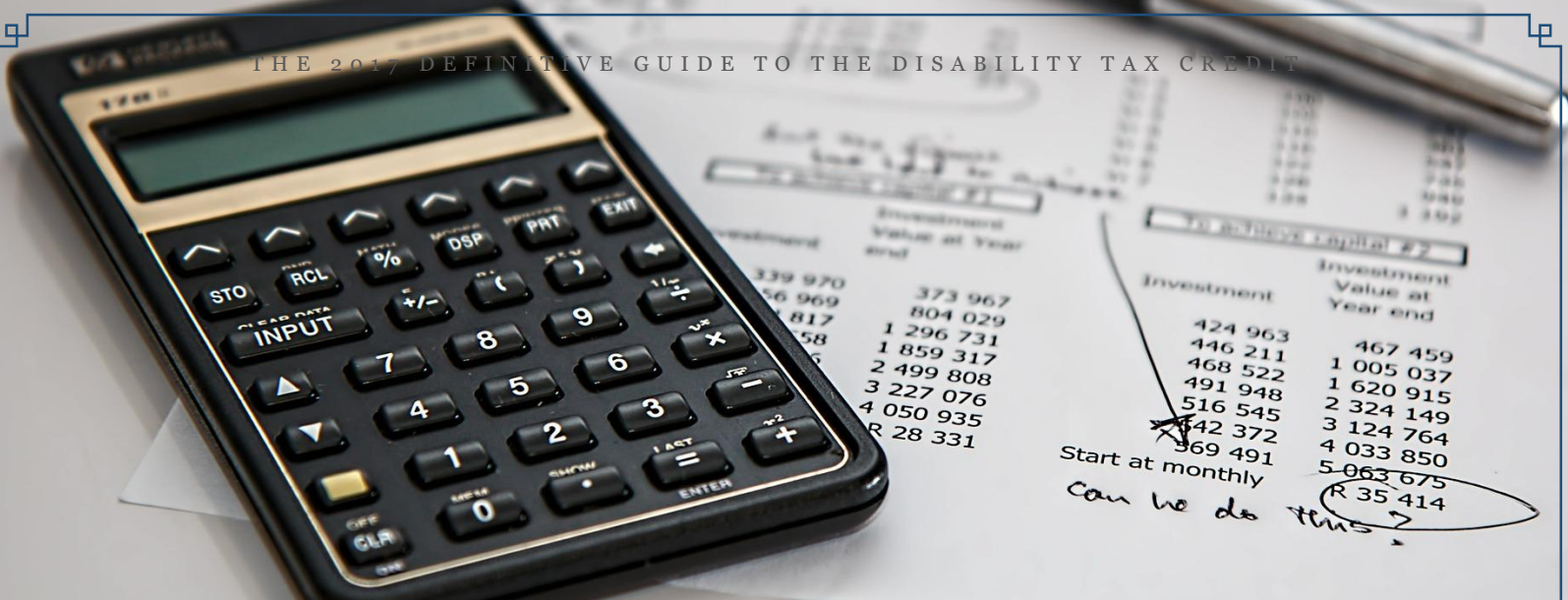
At Disability Credit Canada, we have written this extensive updated guide for 2017 on Disability Tax Credit in order to provide information and answer any questions one might have regarding this tax credit. Starting from how the tax credit works to how one can apply for it, we cover all major aspects.



**Disability Credit Canada Inc.**

364 Supertest Rd. #208 Toronto, Ontario M3J 2M2 Canada  
Toll Free: 1-844-800-6020, Fax: 647-846-7542

[DisabilityCreditCanada.com](http://DisabilityCreditCanada.com)



# What Is The Disability Tax Credit?

The Disability Tax Credit is non-refundable tax credit meant to create a more equitable tax system for Canadians with disabilities and their families.

The Disability Tax Credit (DTC) was established in 1988 by the Canadian government in an effort to help tax paying disabled Canadians and their families offset the various costs of having a disability as well as reduce the amount of income tax a person with a disability (or a family member) would have to pay on an annual basis.

The Disability Tax Credit was criticized by many Canadians with disabilities for being too restrictive, an overly-difficult application process, and insufficient tax relief.

In 2014, the disability tax credit was revamped to address these concerns.



## How Does The Disability Tax Credit Work In Canada?

The Disability Tax Credit works in 2 ways:

- 1. Retroactive** – A person can apply for DTC up to 10 years retroactively if he/she has been diagnosed or had the symptoms of disability in those 10 years or longer.
- 2. Current & Future** – A person can apply for DTC if he/she were just diagnosed or just started having the symptoms of a disability.

*IMPORTANT: The Canadian government recognized that often a disabled person may not be able to earn a living or is earning a meager living due to their disability therefore one of the biggest benefits of the Disability Tax Credit is that once the actual disability was approved, the credits can be applied to another person who supports the disabled. A supporting person can be a spouse or common-law partner, or a parent, grandparent, child, grandchild, brother, sister, aunt, uncle, nephew or niece of the individual.*

## Who Is Eligible For Disability Tax Credit?

The Disability Tax Credit is intended to help people who cope with a prolonged or permanent impairment. The impairment can be: physical, emotional/psychological, or neurological in nature. The impairment must cause a significant restriction in the person's life, most specifically in their abilities to carry out their 'activities of daily living'. The ADL is usually a strong marker for disability in Canada. They include: bathing, dressing, walking, carrying, lifting, and other elements of personal care. It is important to remember that eligibility is not based on the impairment itself, but rather the severity of the impairment.

The CRA – Canadian Revenue Agency’s definition of “prolonged impairment” that is the working definition for the disability tax credit. Here is what they look for:

- ❑ Require and receive extensive therapy to aid in the performance of one’s activities of daily living
- ❑ The impairment has lasted, or is expected to last for a minimum of twelve consecutive months

The CRA also provides criteria for ‘markedly restricted’ which is:

- ❑ An individual is unable to perform, or it takes an inordinate amount of time to perform two or more of their activities of daily living, even with therapeutic assistance, technological/adaptive devices, and/or medication
- ❑ The restriction must affect the individual 90% of the time or more

The following is a list of some of the more common conditions that the CRA continues to accept as “prolonged impairments”:

- ❑ Osteoarthritis
- ❑ **Digestion Disorders:** Inflammatory Bowel Disorder, Colitis, Prostate Problems
- ❑ Limited Mobility Issues – Back and Neck Problems
- ❑ **Breathing Disorders:** COPD, Emphysema, Tuberculosis, Asthma
- ❑ Hearing Impairments
- ❑ **Cognitive Impairments:** Memory Loss, Dementia, Alzheimer’s

This is not about labeling people as ‘disabled’ per se, but rather to provide people with income tax relief. The disability tax credit is an economic incentive to assist with the cost of living life with a disability. A complete list of impairments or conditions applicable for the disability tax credit is on the application form.

## Who Can Claim Disability Tax Credit: Who Qualifies?

To claim Disability Tax Credit you must satisfy the following criteria:

1. Be a Canadian citizen
2. Prove that your disability is affecting your activities of daily living.
  - a. You must be assessed as having a condition (such as those listed above) severe enough to either have a prolonged impairment, or markedly restricted as defined above
  - b. You must be able to prove (through a medical assessment) that either you cope with a significant impairment, or you are dependent upon “life-sustaining” therapy
3. You must have paid federal taxes in the years you are claiming the Disability Tax Credit for. (If your income is too low and you did not pay federal taxes you won’t be able to get those tax credits)

Please note that if you are claiming the Disability Tax Credit for a family member, a common law or a friend you must prove your ongoing support to them such as paying their rent, living expense etc.

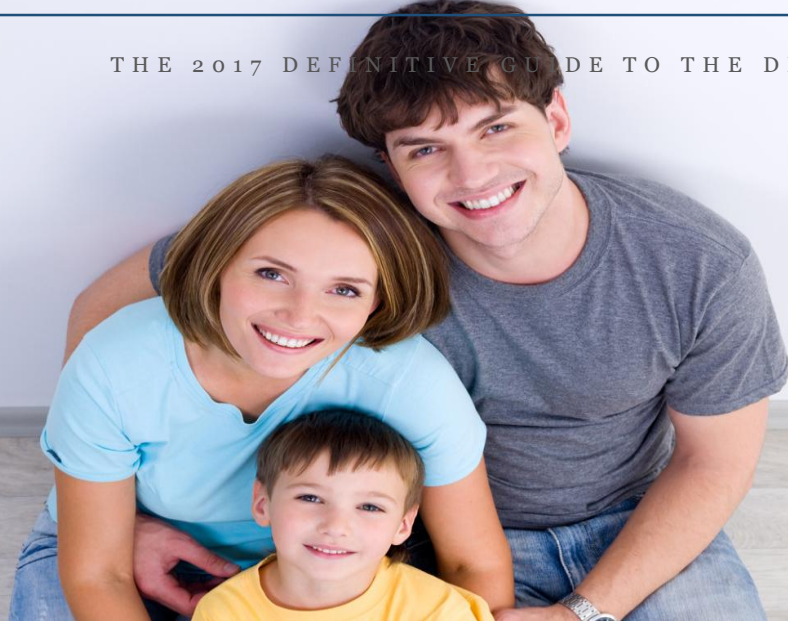


# What Is The Disability Tax Credit Form T2201 / Certificate?

- ❑ The only way to apply for Disability Tax Credit is by filling out the Disability Tax Credit form T2201. This is the actual application form for the tax credit itself. It can be obtained online at: <http://www.cra-arc.gc.ca/E/pbg/tf/t2201/README.html> (No application for the credit is considered without it.)
- ❑ The form contains a Self-Assessment Questionnaire – this is meant to determine eligibility
- ❑ Part A is where all personal information is recorded along with financials.
  - Some of the information that you will be asked to provide in this section is Name, Address, Date of Birth, and Social Insurance Number.
  - If you are filling out the form for somebody else, you will be required to answer some additional questions.



- ❑ Part B is to be completed by a medical practitioner.
- This part encompasses pages 3-6 of the T2201 Form.
- The medical practitioner will be asked to certify your medical state in areas including: Vision, Speaking, Hearing, Walking, Bowel or bladder functions, Feeding, Dressing, and Mental Functions.
- Each respective part must be filled out by the correct medical practitioner. For example, the vision section must be certified by a medical doctor or optometrist and hearing section must be certified by a medical doctor or audiologist.
- **Page 7:** This page is only to be completed if the claimant is on life sustaining therapy and it must be completed by a doctor.
- **Page 8:** This page is about the cumulative effects of the restrictions to your daily living. This page can be completed by your doctor or an occupational therapist.



# How To Apply/Claim For Disability Tax Credit?

In order to apply for the Disability Tax Credit one must submit a “signed by a doctor” t2201 form to the CRA by mail. The t2201 must be the original “hard copy” (not fax or email).

There are three common options for a disabled Canadians or parents of a disabled child to apply for disability tax credit.

- 1. Apply on your own:** Download the t2201 from the CRA’s website, take it to your doctor to sign then send it by mail to the CRA’s processing center.
- 2. Use an accountant / bookkeeper:** Ask your accountant to fill out the t2201, take to your doctor to sign and send to the CRA.
- 3. Use a specialized Disability Tax Credit service company:** Call or visit a Disability Tax Credit service company, have an assessment done and have them work with your doctor, fill out the forms and submit to the CRA.

Below are some of the pros and cons for each option.

## **Option 1: Submitting the Disability Tax Credit Form T2201 on your own**

### **Pros:**

- ☐ It's Free: There is not cost involved. You can download the form from the CRA's website, have your doctor fill it out and submit it to the CRA.

### **Cons:**

- ☐ There is a higher chance of you being denied by the CRA.
- ☐ In case of approval, you might not be able to get approved for the maximum time.
- ☐ You might not have the knowledge of how to maximize your refunds

## **Option 2: Have Your Accountant Fill Out The DTC T2201 Form**

### **Pros:**

- ☐ The accountant can help you go through the form and fill it out on your behalf

### **Cons:**

- ☐ Your accountant will just fill out the form and send it in.
- ☐ It will cost you: usually accountants charge a flat fee to process the application
- ☐ The accountant will usually not speak with your doctor to build you a strong case

## Hire A Specialized Disability Tax Credit Service Company

### Pros:

- ☐ A specialized Disability Tax Credit service company helps to build you a strong case leading to higher chances of getting approved.
- ☐ Once approved, the company works to maximize your returns.
- ☐ The company takes on the hassle of dealing with your doctor as well as filling out your forms.

### Cons:

- ☐ It will cost you: Specialized Disability Tax Credit service companies charge a fee for the service they provide.

## How Long Does It Take To Process Disability Tax Credit Application?

The Disability Tax Credit application process is comprised of 2 main processes:

1. **Eligibility assessment** - Once the t2201 was mailed to the CRA's processing centre one can expect a wait time of 4-10 weeks before they hear back from the CRA as to the status of their application.
  - Often times, the CRA may send a questionnaire to the doctor requesting additional information and clarifications which will take longer time.
2. **Refund assessment** – If your application was approved it will go into assessment process where the CRA checks your retroactive tax situation and calculate the amount of refund you will receive.

- If you signed up for direct deposit with Canada Revenue Agency, the disability tax credit will be directly deposited into your account. If you are not signed up for direct deposit, they will send you a cheque.

## Where To Send/Mail Disability Tax Credit Certificate?

If you've received all the necessary documents and signatures from a qualified practitioner, you can go ahead with your application! But you may be wondering which documents you need, and where to send them. We've got it all spelled out below.

- ☐ You Must Send a hard copy to the CRA which does not accept faxes, photocopies, or scans of the Medical Certificate. The form must be signed by the doctor and the claimant.
- ☐ You are required to send everything to your provincial tax center, so it is dependent upon where you live. Information is inside the application itself

## New List Of Tax Centers

Early 2017 the CRA has closed down and consolidated several tax centres.

Please see the up-to-date list of the CRA tax centres:

- ☐ **Winnipeg Tax Center:** 66 Stapon Road, Winnipeg, Manitoba, R3C 3M2
- ☐ **Ontario, Sudbury Tax Center:** P.O. Box 20000, Station A, Sudbury, Ontario, P3A 5C1
- ☐ **Quebec, Shawinigan-Sud Tax Centre:** 4695 Shawinigan-Sud Blvd, Shawinigan, Quebec, G9P 5H9



- **Quebec, Jonquière Tax Centre:** 2251 René-Lévesque Blvd, Jonquière, Quebec, G7S 5J2
- **Prince Edward Island Tax Centre:** 275 Pope Road, Summerside, Prince Edward Island, C1N 6A2
- **International and Ottawa Tax Services Office:** P.O. Box 9769, Station T, Ottawa, Ontario, K1G 3Y4



# How Much Is The Disability Tax Credit Amount?

- ❑ The federal disability tax credit amount for individuals with a severe and prolonged mental or physical impairment is \$8113 for the year 2017.
- ❑ If the person with a disability is a child under the age of 18, there's an additional supplement of \$4732 for the year 2016.
- ❑ The federal value is calculated at 15%.
- ❑ The provincial amount for disability tax credit depends on individual provinces and is calculated at 10%.
- ❑ Below is the chart which states the provincial disability tax credit amount for the year 2017.

Province	Adult DTC Amount	Child DTC Amount (under 18)
<b>Alberta</b>	\$14,417	\$10,819
<b>British Columbia</b>	\$7,656	\$4,467
<b>Manitoba</b>	\$6,180	\$3,605
<b>New Brunswick</b>	\$8,011	\$4,673
<b>Newfoundland &amp; Labrador</b>	\$6,058	\$2,851
<b>Northwest Territories</b>	\$11,579	\$4,732
<b>Nova Scotia</b>	\$7,341	\$3,449
<b>Nunavut</b>	\$13,128	\$4,732
<b>Ontario</b>	\$8,217	\$4,792
<b>Prince Edward Island</b>	\$6,890	\$4,019
<b>Saskatchewan</b>	\$9,464	\$9,465
<b>Yukon</b>	\$8,113	\$4,732

In summary, should a disabled person qualify for all credits and benefits they stand to receive a total credit of \$1500 - \$2,000 per year.

A family with a disabled child can stand to receive a total of \$3,000-\$4,000 per year in all credits and refunds.

## How Is The Disability Tax Credit Calculated?

It is important to understand that there are several different refunds that can be claimed once the Disability Tax Credit got approved by the CRA.

Refunds & credits may vary greatly due to a multitude of factors.

The following simple calculation is a “gross estimate” and may change dramatically from one person to another:

- ❑ A disabled adult – Can get \$1,500-\$2,000 a year
- ❑ A disabled child – Can get \$3,000-\$4,000 a year

There is another way to calculate the Disability Tax Credit by using the following formula:

- ❑ (Appropriate Tax Rate Percentage) X (Base Amount + Supplementary Amount) The size of your credit is the first figure (currently set at 15 percent) multiplied by the sum of the latter two figures.

Do You Qualify for the Supplementary Amount? – The base amount applies to all people eligible for the tax credit. In 2014 it was \$7,766. The supplementary amount, on the other hand, applies only to those under the age of 18 at the time of applying. The supplementary amount is currently \$4,530. In 2014, if you met the criteria for both the base and supplementary amounts, your disability tax credit would have broken down as follows:  $15 \times (7,766 + 4,530) = \$1,845$



# Who Qualifies For Disability Tax Credit?

If the claimant is suffering prolonged impairments, physical or mental, regardless of their age, they can qualify for disability tax credit.

Getting approved for disability tax credit will depend on the severity of the impairment as well as how long has the person has been suffering from the impairments.

The impairment and the effects of the impairment must result in at least one of the following conditions:

- ❑ The disabled person is 'markedly restricted' in any of the following: hearing, speaking, walking, bowel or bladder functions, eating, dressing, or performance of basic mental functions required in daily life.
- ❑ The disabled person requires life-sustaining therapy and the therapy takes up a huge portion of the time each day.



Or, one of the following criteria's must apply:

- ☐ The disabled person is restricted in at least two basic daily activities
- ☐ The disabled person has significant vision restriction in one or more daily activities despite receiving therapy, appropriate assistive devices and/or medication.

## **What Disabilities Qualify For Disability Tax Credit In Canada?**

It is important to understand that the CRA does not qualify an individual for a certain, specific disability rather for the way the disability effects one's quality of life or the way it effects the "activities of daily living" therefore any physical or mental condition that is effecting your life can be eligible for Disability Tax Credit.

Please note that a major factor in the CRA's determination of one's Disability Tax Credit qualification is the doctor's notes and support of your application.



# Can You Get Disability Tax Credit If You Have Never Worked?

The short answer is NO but the long answer is YES.

The Disability Tax Credit is meant to help tax-paying, disabled Canadians and their families offset the cost associated with having a disability. The Disability Tax Credit is a credit for taxes you already paid therefore you **MUST** pay federal taxes in order to receive DTC.

If you never worked you probably never paid taxes but if you have a family member who supports you or you live with a person (family member, spouse, common-law, friend) who is a tax-paying Canadian and you can prove that they support you then you may claim Disability Tax Credits on their taxes.

## Do I File Taxes If I Get Disability Tax Credit?

Yes, you need to file taxes even if you get a disability tax credit. If you feel unsure, you should consult with the CRA – Canadian Revenue Agency.

## Does Disability Tax Credit Expire?

Once you get approved for Disability Tax Credit you will automatically be approved for future years.

The CRA may look at your application, condition, disability etc. to decide how long in the future they approve you for.

Most of the time they approve you for the next 3-4 years but at times they approve you for unlimited years.

In case you were approved for a few years you will have to re-apply again for Disability Tax Credit just like you did originally so it is important to keep all documents from your original DTC application.

## How To Appeal Disability Tax Credit Decision?

It is quite common to have your Disability Tax Credit application denied. Once denied, one may contest the decision or re-apply, but these steps can be even more challenging to complete correctly.

The appeal process requires you to have new documentation and substantial additional evidence to prove your eligibility. Once you collect this information you can resubmit it to the CRA and request them to reconsider your application.

It is recommended that you use a specialized, professional service to review your initial application and gather the additional evidence so the appeal is successful.

It is also important to understand that there is no limit to the amount of appeals you can submit to the CRA.