



Disability **Tax Credit Guide**
to **uncovering** up to
\$40,000
in **Disability** Benefits

Contents

Disclaimer.....	2
Introduction	2
What is the Disability Tax Credit?	2
How Does the Disability Tax Credit Work in Canada?	3
• Retroactive.....	3
• Current and Future	3
Who Is Eligible for Disability Tax Credit?	3
How to Qualify for Disability Tax Credit?.....	5
What is the Disability Tax Credit Form T2201 / Certificate?	5
How to Apply for DTC?.....	6
Option 1	7
Option 2	7
Option 3	7
How Much Time Does the CRA Take to Process Applications?	8
Eligibility Assessment.....	8
Refund Assessment.....	8
Where Do I Send the Application?.....	8
How Much is the DTC Worth?	9
How is the DTC Calculated?	10
Who Qualifies for the Disability Tax Credit?.....	10
What Disabilities Qualify For Disability Tax Credit in Canada?.....	11
Can You Get Disability Tax Credit if You've Never Worked?	11
Will I Have to File Taxes if I'm Getting DTC?	11
Does Disability Tax Credit Expire?	11
How Can I Appeal the DTC Decision?.....	12
Contact Information.....	12

Disclaimer

For clarification, Blue Ocean Financials clearly states that we are, in no way, guarantying that the tax benefits will be exactly as we stated. This guide is a general outline to provide the public a simple & easy to understand resource about CPP Disability Benefits. Not all benefits received will be the same value amount, due to individual conditions some may receive more, some may receive less. For more information, please contact us toll FREE at 1800-123-1234 for FREE consultation.

Introduction

The Canadian Government, in an effort to counterbalance the various expenses the disabled Canadian population an exclusive tax credit, namely the Disability Tax Credit. This tax credit has been put in place to ease the burden placed on disabled population of Canada financially. Furthermore, the tax credit is also an essential requirement in order to register for the Disability Savings Plan. At the Canadian Disability Credit, an updated version of the extensive guide is currently available for the year 2017. The guide has been created for the sole purpose of providing the disabled Canadians with all the information necessary along with the frequently asked questions that one may have on the topic. This includes the various ways the tax credit works along with the application methodology and process, we have tried our level best to provide you with all the information necessary.

What is the Disability Tax Credit?

The Disability Tax Credit, or the DTC is a non-refundable tax credit solely created for the purpose of providing a more equitable tax system for Canada's disabled population. It was established by the Canadian government for the first time in 1988. The purpose of this effort was to enable a tax paying disabled Canadian along with their family to compensate for the various disability costs and reduce the amount of income tax that a disabled individual must pay annually. Initially, disabled Canadian population criticized the DTC for having a difficult application process, for being too restrictive as well as providing insufficient tax relief. But, later in 2014, all these concerns were addressed and the DTC was amended to address them.

How Does the Disability Tax Credit Work in Canada?

There are two ways in which the DTC works, i.e.:

- **Retroactive**

A person suffering for a disability, had the symptoms or had been diagnosed with the disability for the past 10 years or longer can apply for DTC retroactively.

- **Current and Future**

If an individual has been recently diagnosed, or have recently started showing the symptoms of a disability, then this individual is eligible for DTC.

IMPORTANT: The Canadian government has recognized the fact that a disabled individual may not be able to earn a living, or maybe earning a meager living because of their disability. Thus, one of the biggest benefits that the government provides in the form of the DTC is the fact that once the disability is approved, the credits can be utilized by another member of the family responsible for making a living. This family may be the spouse or common-law partner, a parent, a grandparent, a sibling, an uncle or aunt, a niece or nephew or a child or a grandchild of the disabled individual.

Who Is Eligible for Disability Tax Credit?

The DTC or the Disability Tax Credit was created with the sole purpose of helping those individuals that have been suffering from permanent or prolonged impairment. This impairment can be either physical, neurological, physiological or emotional in nature. An impairment of one of these kinds should also be severely restricting to the individual suffering from it, especially with regard to their regular every day activities. The ADL is used as an excellent indicator for disability in Canada. It includes, dressing, bathing, walking, lifting, carrying along with various other elements of personal care. Additionally, it is also worth mentioning that the eligibility for DTC is not based on disability alone, but also the severity of the impairment as the duration of the impairment. The DTC also follows the

CRA i.e. the Canadian Revenue Agency's definition of "prolonged illness" to screen out eligible candidates.

Here are the various things the DTC looks for in order to determine your eligibility;

- The individual suffering from disability requires extensive therapy to enable them to perform all the activities of a daily life.
- The impairment has lasted for almost a year and it is expected to last up to a minimum of twelve months.

A 'markedly restricted' criteria has also been introduced by the CRA, which includes:

- An individual suffering from a disability requires an inordinate amount of time to perform one or two activities that are regular part of time. This includes medication, therapeutic assistance and technological devices.
- The restriction an affected person can bear should be 90% of the time or more.

Further detailed is a list of the most common conditions that have been accepted by the CRA to treat 'prolonged impairments', i.e.:

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

The DTC is not responsible alone for labelling people as 'disabled'. It is responsible for providing the people suffering from prolonged illness with income tax relief.

How to Qualify for Disability Tax Credit?

To claim your DTC, you must satisfy the following criteria:

- Be a Canadian citizen.
- Prove that your disability is negatively affecting the activities of your daily life.
- You must be assessed as having a condition that is severe enough to result in a prolonged impairment or is markedly restricted.
- You must be able to prove that you deal with a significant impairment, or you are dependent upon “life-sustaining” therapy through medical assessments.
- You must have paid federal taxes in the years you are claiming the DTC for.

It is also worth mentioning that if you are claiming the DTC for a family member, a friend or a common law-partner, then you should be able to show your ongoing support of that individual.

What is the Disability Tax Credit Form T2201 / Certificate?

The sole way to apply for DTC is by filling out the T2201 Form. This is the form that will be considered as your application for the tax credit and it has to be included in order for your case to be proceeded. You can download the form from the [CRA Website](#).

The form also contains a questionnaire that will be a great help if you're still not sure of your eligibility.

- All of your personal information as well as finances will be included in Part A.
 - You will have to provide information like your name, address, date of birth, and social insurance number.

- If you're filling the form on someone else's behalf, there will be a few other sections you're going to have to fill.
- Part B is where your medical practitioner will be explaining the condition of your ailment.
 - The field for your medical practitioner are spread through page 3-6 of this form.
 - The doctor will be confirming the state of your state in medical areas such as vision, hearing, speaking, walking, bowler and bladder function, feeding, dressing and mental functions.
 - Each section must be filled by a doctor of the respected field. For instance, the section confirming the state of your vision should only be filled by your optometrist.
 - If the patient is on life sustaining therapy, the medical practitioner should fill out Page 7.
 - Page 8 should be filled by your practitioner explaining how your illness if affecting your daily life. Make sure you explain to your doctor that this section needs to be as descriptive as possible.

How to Apply for DTC?

In order to apply for a DTC, you should mail your T2201 form to CRA by mail. It is important to remember that the CRA only accepts hard copy of this form. Fax or email is not acceptable.

There are three ways for a disabled person to carry out their applications.

1. Completing the application and submitting it on your own.
2. Asking an accountant or a bookkeeper to complete the forms and get them signed from your medical practitioner.
3. Calling a DTC Service Company that will fill out the forms, work with your doctor and mail the forms to the CRA.

We'll discuss the pros and cons of each option down below.

Option 1

Pros

- Obviously, since you're going to be doing everything on your own, there will be no additional costs.

Cons

- There's a higher probability of your application being rejected.
- Your knowledge is limited and you might not be able to get maximum refunds.

Option 2

Pros

- The accountant will be filling the form and no effort will be required on your part.

Cons

- The accountant will charge a fee for their services.
- An accountant might not make an effort to build you a concrete application.

Option 3

Pros

- A DTC Company can highly increase your chances of being selected.
- Once you get approved, the folks there will try their best to maximize your refund.
- The company will also be dealing with your doctor to create you a strong case.

Cons

- The fee for a DTC Service Company will be higher than the other options.

How Much Time Does the CRA Take to Process Applications?

A DTC Application process basically has two stages:

Eligibility Assessment

At this stage, the CRA will determine if you qualify to receive refunds. They'll probably take 5-10 weeks to process your application. The CRA has a vast number of forms to go through, that is why it'll be some time before you hear back from them. Sometimes, the CRA even sends a questionnaire to the doctor for further information and this will take even more time.

Refund Assessment

Once your form gets approved, the CRA will move your application to a phase where they check your taxes and calculate the amount you'll be getting back.

Where Do I Send the Application?

Once you complete all the forms and fill out everything, you will have to mail the form to the CRA. As we mentioned earlier, the CRA does not accept anything other than hardcopy of the form. Scans, photocopies or any sort of softcopy will not be accepted.

You will be sending the forms to your nearest provincial tax centre. This information is included in the forms but we will mention the tax centres down below:

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

- The federal DTC for individuals with prolonged or permanent form of disability is \$8113 for the year of 2017.
- If the disabled person is a child not of the legal age, then there will be an addition of \$4732 for the year of 2016.
- The federal value will be calculated at 15%.
- Below is a chart that states the DTC for the year of 2017.

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

How is the DTC Calculated?

There are multiple refunds that can be received after your application is accepted. These refunds depend on a variety of factors.

The following value is just a gross estimation. It is not accurate and it is possible that the refund you receive is completely different.

- Disabled Adult – \$1,500-\$2,000
- Disabled Child – \$3,000-\$4,000

You can also calculate your disability tax credit via 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 the Disability Tax Credit?

If the person trying to claim DTC is suffering from a prolonged form of disability, then they qualify for the disability tax credit. However, getting accepted highly depends on the severity of your disability as well as its duration.

The disability or its effects must result in one of the following conditions.

- The claimant suffers problems with hearing, speaking, walking, bowel or bladder functions, eating, dressing or other basic mental functions.

- The disabled person requires life-sustaining therapy that takes up a huge portion of their time and doesn't allow them to work.

Or, one of the following criteria must be validated.

- The disabled claimant suffers problems in two of the above mentioned activities.
- The disabled person is suffering from severe loss of vision despite treatment.

What Disabilities Qualify For Disability Tax Credit in Canada?

This is something that most applicants do not understand. The CRA doesn't accept or reject applications based on the type of disability. Instead, the criteria for their judgement is the way the disability is affecting that person's life. Therefore, it doesn't matter what mental or physical disability you have, as long as your daily life is being affected by it.

Can You Get Disability Tax Credit if You've Never Worked?

Yes and no. The DTC is designed to help tax-paying citizens in case of a disability. If you've never worked, you've probably never paid taxes and since you're just getting your taxes back with DTC, you don't qualify for DTC. However, if you were dependent on someone that pays taxes, you may claim DTC on their taxes.

Will I Have to File Taxes if I'm Getting DTC?

Yes, you will still have to regularly pay your taxes.

Does Disability Tax Credit Expire?

The state of your Tax Credit primarily depends upon your disability. Initially, if the CRA only gives you a few years of tax returns, you'll have to reapply after the credit expires. However, the CRA does approve for lifetime if your physician does not expect your condition to get better.

How Can I Appeal the DTC Decision?

Most of the folks that get approved were rejected on their first go. However, the appeal is much more difficult. You'll have to further your evidence to explain the extent of your disability. We recommend asking the help of a professional because each time you get rejected, your chances of getting accepted keep dropping at the same time.

Contact Information



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