

## The Disability Tax Credit

The disability tax credit is a special tax credit available to certain persons with disabilities and their caregivers. The purpose of the disability tax credit is to recognize that persons with disabilities have certain costs that persons without a disability would have.

The disability tax credit is a non-refundable *tax credit* meaning that the credit can only be used by persons that would otherwise owe tax. The disability tax credit can be transferred from the person with a disability to certain caregivers in cases where the person themselves does not have sufficient taxable income, and thus tax otherwise payable, to use the credit.

### Requirement #1 – Prolonged Impairment

The person must have an impairment that has lasted, or can reasonably be expected to last, for 12 consecutive months.

### Requirement #2 – Marked Restriction

The term “marked restriction” is a legal term in the *Income Tax Act*.

The restriction must be in a “basic activity of daily living” which means any one of the following:

- mental functions necessary for everyday life
- feeding or dressing oneself
- speaking so as to be understood, in a quiet setting, by another person familiar with the individual
- hearing so as to be understood, in a quiet setting, by another person familiar with the individual
- eliminating (bowel and bladder functions) or
- walking

For the Disability Tax Credit, an individual is considered *markedly restricted* in performing the mental functions necessary for everyday life if, *all or substantially all the time*:

- The individual is **unable** to perform them by himself/herself even with appropriate therapy, medication, and devices (for example, memory aids and adaptive aids); or
- The individual requires an **inordinate amount of time** to perform them by himself/herself, even with appropriate therapy, medication, and devices. An inordinate amount of time means that the individual takes **significantly** longer than for an average person who does not have the impairment.

In the case of a child this would be compared to someone of the same age.

Mental functions for everyday life include:

- **memory** (for example, the ability to remember simple instructions, basic personal information such as name and address, or materials of importance and interest)
- **problem-solving, goal setting, judgement** (for example the ability to solve problems, set and keep goals, and make appropriate decisions and judgements)
- **adaptive functioning** (for example, abilities related to self-care, health and safety, social skills and common, simple transactions)

Partial List of Considerations:

The following is a partial list of possible matters to communicate to the Canada Revenue Agency to assist them in determining if an individual is markedly restricted in mental functions necessary for everyday life:

Does the individual require an inordinate amount of time compared to someone of the same age to do any of the following?

- count money or make a simple purchase without help
- read information in a book
- perform simple math operations
- remember commonly used words
- sort information
- follow simple instructions (e.g. directions to the washroom)

**Requirement #3 – Certification by a Qualified Practitioner**

The tax legislation relies on the opinion of the medical community to qualify taxpayers.

A qualified practitioner (a medical doctor or psychologist in the case of mental functions necessary for everyday life) is required to complete **Form T2201 “Disability Tax Credit Certificate”** to certify that the patient qualifies for the disability tax credit:

<http://www.cra-arc.gc.ca/E/pbg/tf/t2201/README.html>

The form is submitted to the Canada Revenue Agency’s Disability Tax Credit Unit for review. The Canada Revenue Agency reviews the application and, based on the information provided by the qualified practitioner, will accept or reject the application.

Although the Canada Revenue Agency is not authorized to second guess the opinion of your medical professional, rejection often happens when the form is filled out poorly or inadequately. Persons with disabilities, or parents, should work with their medical professional to present the best case to the Canada Revenue Agency.

Adapted from information from Canada Revenue Agency and workshop materials produced by Ryan Minor, CA.

Learning Disabilities Association of Ontario  
[www.LDAO.ca](http://www.LDAO.ca)