

Independent Living Skills workshop: Q & A with TaxWise

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Guest Speaker:

Chris MacLean – tax specialist (TaxWise)

The primary focus at TaxWise is on working with people with increased medical costs or disability related issues to ensure they get the full benefits that they are entitled to.

Refundable tax credits – you get a refund by claiming the expense even without a taxable source of income.

Non-refundable tax credits – refund is applied to your return only if your income is over a certain cutoff amount. These credits only serve to reduce the amount of tax you pay.

*Provincially, 6-8% and federally, 15% of the value is refunded on the amount you owe. So you can receive a refund of up to 23% of the claims value.

Deductions – there are fewer tax deductions available than tax credits. They are more substantial because when you make a claim you will get 100% of the value of the product/service back.

Any cost, paid out of pocket, that helps to accommodate a disability or for medical reasons can be claimed as a medical expense. If your insurance covers a part of the expense, you can still claim the remaining portion as a medical expense if you paid out of pocket.

Many unusual items that help to improve accessibility can be claimed (eg. installation of hard wood floors) as medical expenses as long as you have supporting documents from qualified professionals explaining how and why those products/modifications are necessary to accommodate a medical condition or disability.

The Disability Tax Credit (DTC) is the starting block for related tax measures. This credit can be claimed retroactively for up to 10 years. It is a fixed value that offers around \$1500 in tax savings per year. It does require a taxable source of income. You must first apply to be eligible. Part of the application process involves having a medical professional support your claims about how your disability/medical condition affects your daily life. Cumulative restrictions for intermittent/multiple issues are also eligible for the DTC. The CRA emphasizes that approval is largely based on how well your claims are supported by a qualified professional. You may need to reapply after a specified period of time, or you may be re-evaluated if your condition changes.

The DTC can be claimed on behalf of another person if they receive support from you. A non-disabled person is only eligible to claim the DTC if they provide financial support a person with a disability who is eligible for the DTC. Only one DTC amount can be claimed per eligible individual – so you cannot claim the credit on behalf of your dependent if they are also claiming the benefit.

The caregiver amount is granted to someone providing support to a person with a disability living in the same household. To be eligible to claim this amount, you must be providing at least some financial support to the individual.

The family caregiver credit is for people who are supporting their spouses. For this amount, you are not claiming your spouse as a dependent, so it increases the value of other allowed credits that you may be eligible to claim.

When claiming medical expense you must first meet a minimum amount of spending before getting any refunds. Medical expenses must make up over 3% of the person with the disability's income before receiving any refund.

Travel expenses can also be claimed, if they are necessary for medical treatment. You must provide supporting documentation for your medical trips. If you must drive over 40km (one way) to a medical facility for necessary treatments/tests you are able to claim the mileage. If you must drive over 80km (one way) to a medical facility for necessary treatment/tests you can claim the

mileage, your meals for the day as well as overnight expenses (when necessary). If using paratransit, the details are determined individually.

Respite and attendant care can also be claimed as a medical expense.

Accessible vehicles can be claimed sometimes, but it is more likely that you would be approved to claim modifications to a current vehicle for accessibility purposes.

Medical expenses incurred out of the country can also be claimed IF they meet certain criteria for eligibility. (eg. necessary care is not available in your country, it is the closest facility offering a particular treatment for your specific needs, wait times in your country are unacceptable for the urgency of your treatment etc.) These claims **MUST** be well supported by qualified medical professionals. Travel expenses would be covered, if your treatment at the out of country facility is considered strictly necessary.

It is recommended that anyone with a disability or medical issue consult a tax professional because they know what they are doing and can help you to make sure that the correct benefits and amounts are being claimed in the correct ways, by the correct people. This will prevent and unexpected claw backs by Revenue Canada if something was mistakenly claimed. (Eg. they know all the ins and outs of joint claiming, income splitting, involuntary separation etc.)