

Disability Tax Credit and Cystic Fibrosis



**Cystic Fibrosis
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What you need to know about the Disability Tax Credit (DTC)

What is the Disability Tax Credit?

The Disability Tax Credit (also called the DTC or disability amount) is a non-refundable tax credit that a person with a qualifying disability can claim to reduce the amount of income tax s/he has to pay in a year. This amount includes a supplement for people under 18 at the end of the calendar year. The amount is claimed on line 316 of your Canadian Federal Income Tax return. The credit can also be claimed on your provincial tax return.

How does the Disability Tax Credit apply to people with cystic fibrosis?

Any person who wishes to claim the Disability Tax Credit must have a physical or mental impairment which is both severe and prolonged (it must have lasted, or be expected to last, for a period of at least 12 months). Individuals with cystic fibrosis often satisfy this condition. To qualify for the DTC, a person must also satisfy one of four other conditions. The condition that applies to many individuals with cystic fibrosis is the requirement to receive life-sustaining therapy.

What is “life-sustaining therapy”?

Life-sustaining therapy must meet the following conditions:

- The individual receives therapy to support life, even if it alleviates the symptoms. Chest physiotherapy to facilitate breathing is an example of life-sustaining therapy. However, implanted devices, special diets, exercise or hygiene do not qualify.

Time must be dedicated for the therapy – at least 3 times a week, for an average of at least 14 hours a week. Time dedicated to therapy means that you must be required to take time away from normal, everyday activities in order to receive the therapy. For 2005 and later, where the life-sustaining therapy requires a regular dosage of medication that needs to be adjusted on a daily basis:

- The activities directly related to determining the dosage are considered part of the therapy, except for those activities related to exercise or following a dietary regime; and
- The time spent by primary caregivers performing and supervising the activities related to the therapy of a child because of his or her age is considered to be time dedicated to this therapy.

Does the time required to do inhalation therapy/nebulized medication count towards the 14 hours?

Cystic Fibrosis Canada's Clinic Subcommittee recommends that CF physicians include the time it takes for inhalation therapy/nebulized medication, done in conjunction with airway clearance, towards the time counted for life-sustaining therapy. Inhaled medications are required therapy and individuals must take time away from normal, everyday activities to receive this therapy.

How do I apply for the Disability Tax Credit (Disability Amount)?

To apply for the Disability Tax Credit, Form T2201, *Disability Tax Credit Certificate*, must be submitted to the Canada Revenue Agency (CRA). To help determine eligibility for the DTC, answer the Questionnaire on the CRA's Web site (<http://www.cra-arc.gc.ca/disability>). If it says you may be eligible, fill in Part A of the *Disability*

Tax Credit Certificate. Take the certificate to your CF clinic to review the form and to request that the doctor certify eligibility. Next, send the completed document to the CRA. It takes six to eight weeks for the CRA to review and respond to your claim. The completed form can be submitted to the CRA any time during the year.

Once the CRA notifies you that you qualify for the DTC, you do not need to apply again, unless asked by the CRA. You must notify the CRA if your condition improves. If you are filing your tax return and have not received a response to your application, claim the disability amount as though you qualify.

If I qualify for the DTC, can my spouse, partner or supporting person, claim the DTC, if I don't?

Yes. All or part of the disability amount can be transferred to a spouse, partner, or another supporting person. The person's name should be put in Part A of Form T2201. For more information see CRA Guide RC4064, *Medical and Disability-Related Information*.

I am under 18. Can I apply for the Disability Tax Credit?

Yes. If you are under 18, you can apply and if you are eligible you or your parents can claim the disability amount. If you claim it, there is a supplement for persons under 18 years of age at the end of year. If your parents claim the disability amount on your behalf, your family may also be eligible for the **Child Disability Benefit**, an amount available under the Canada Child Tax Benefit. See CRA Pamphlet T4114, *Canada Child Benefits*.

Can tax returns from previous years be adjusted to include the DTC?

Yes, you can request a reassessment for up to 10 calendar years. You must send Form T1-ADJ, T1 Adjustment Request, or a letter containing details of your request to the CRA, for each calendar year you would like reassessed. You may send the request with your completed Form T2201.

Note: Send your T1-ADJ or letter separately from your return for the current tax year.

If I qualify for the Disability Tax Credit, are there other deductions/tax credits that I am eligible for?

Yes. By qualifying for the disability amount, you may be eligible to claim certain expenses under the Medical Expense Tax Credit and the Attendant Care Expense Deduction. You may also be eligible for the Registered Disability Savings Plan. Details are available in Cystic Fibrosis Canada's *Registered Disability Savings Plan and Cystic Fibrosis* brochure, or on the CRA Web site.

If you qualify for the disability amount and you have working income, you may be eligible for a working tax benefit disability supplement. See CRA Pamphlet RC4227, *Working Income Tax Benefit* or www.cra.gc.ca/witb for more information.

Where can I get more information?

For more information on the Disability Tax Credit and to download Form T2201 and the other guides listed in this brochure, visit the People with Disabilities section on the CRA Web site www.cra.gc.ca/disability



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