

## **REGISTERED DISABILITY SAVINGS PLAN:**

### **UNDERSTANDING AND QUALIFYING FOR THE DISABILITY TAX CREDIT**

#### **What is the Disability Tax Credit?**

The Disability Tax Credit is a non-refundable tax credit that reduces the amount of income tax paid by a person with a disability or their parent, guardian or caregiver.

To be the beneficiary of a Registered Disability Savings Plan, the person with the disability must have the Disability Tax Credit.

A person is eligible for the credit if:

- a qualified practitioner certifies that the person has a severe and prolonged impairment and certifies the **effects** of the impairment on that person
- the Canada Revenue Agency accepts this certification

#### **Wouldn't the person with the disability already have the tax credit if they qualified?**

The federal government has changed the criteria to qualify for the Disability Tax Credit a number of times over the last five years. Some of the changes were big. Many more people now qualify and don't know it.

Also, as the credit is non-refundable, many people with disabilities *and* low incomes have never applied for the credit as it had no value, not because they didn't qualify.

#### **Do not assume that the person with the disability would not qualify for the Disability Tax Credit.**

#### **What is a “prolonged impairment”?**

An impairment is prolonged if it lasts, or is expected to last for a continuous period of at least 12 months.

#### **What is a “severe impairment”?**

The severity of an impairment is measured by the **effect** of the impairment, even with therapy and the use of appropriate devices and medication. An impairment is severe if the **effect** of the impairment is such that the person with the disability:

- is blind
- requires life-sustaining therapy to support a vital function
- is markedly restricted in one of the basic activities of daily living
- is significantly restricted in two or more basic activities of daily living

#### **What are the “basic activities of daily living”?**

The basic activities of daily living are:

- speaking
- hearing
- walking
- elimination (bowel or bladder functions)
- feeding
- dressing
- performing the mental functions necessary for daily life

#### **What are the “mental functions necessary for daily life”?**

- adaptive functioning (for example, abilities related to self-care, health and safety, social skills and common, simple transactions)
- memory (for example, the ability to remember simple instructions, basic personal information such as name and address, or material of importance and interest)

- Problem-solving, goal-setting, and judgement, taken together (for example, the ability to solve problems, set and keep goals, **and** make appropriate decisions and judgements).

### What is “markedly restricted”?

Markedly restricted means that all or substantially all the time, and even with therapy and the use of devices and medication, either:

- the person with the disability is unable to perform at least one of the basic activities of daily living
- or, the person with the disability takes an inordinate amount of time to perform at least one of the basic activities of daily living

### What is “an inordinate amount of time”?

An inordinate amount of time means that the activity takes significantly longer than for an average person who does not have the impairment.

### What are some examples of “markedly restricted”?

- unable to speak, hear, walk, manage bowel or bladder functions, feed or dress oneself
- must repeat words and sentences several times and it takes a significant amount of time to make himself or herself understood
- able to walk one city block but only by taking a significant amount of time, stopping because of shortness of breath or because of pain, all or substantially all the time
- requires an inordinate amount of time to prepare meals or to feed himself or herself, on a daily basis,

due to significant pain and decreased strength and dexterity in the upper limbs

- unable to leave the house, all or substantially all of the time, due to anxiety, despite medication and therapy
- experiences psychotic episodes several times a year. Given the unpredictability of the psychotic episodes and other problems such as disorganized behaviour and speech, daily supervision is required

### What is “significantly restricted” and when does it qualify?

Significantly restricted means that although the person with the disability does not meet the criteria for markedly restricted, his or her ability to perform a basic activity of daily living or to see is still substantially restricted.

People with more than one significant restriction may qualify for the Disability Tax Credit. In this case, the person must be:

- significantly restricted in **two or more** of the basic activities of daily living, even with appropriate therapy, medications and devices, or significantly restricted in vision and at least one of the basic activities of daily living
- these significant restrictions must exist together all or substantially all of the time
- the cumulative effect of these significant restrictions must be equivalent to a marked restriction in a single basic activity of daily living

## What are some examples of the cumulative effect of “significantly restricted”?

- significant vision loss and an anxiety disorder that restricts their ability to leave their home
- able to walk for 100 metres but then must take time to recuperate. He or she can perform the mental functions necessary for everyday life, but can concentrate on any topic for only a short period of time.
- always takes a long time for walking, dressing, and feeding due to pain or decreased dexterity. The extra time it takes to perform these activities, when added together, is equivalent to being markedly restricted
- takes a long time to feed and dress oneself due to poor fine motor skills. Poor emotional impulse control results in inappropriate social interactions. Due to an inability to accurately judge their capabilities and to problem-solve, the person requires direction and assistance with decision-making.

## Do people with mental illness or mental health problems qualify?

If the **effect** of the mental illness, even with medication and treatment, is marked or if there is a **cumulative effect** in two or more basic activities of daily living, a person with a mental illness may qualify for the Disability Tax Credit. The cumulative effect may be from the mental illness and another disability.

An important aspect to consider is the effect of the mental illness on the “**mental functions necessary for daily life**” (see definition above). For example, what is the effect of the mental illness on self-care or

social interaction, on memory, or on problem-solving, goal-setting, judgment and decision-making.

## Who can fill out the Disability Tax Credit forms?

Different qualified practitioners can fill out different parts of the forms.

Qualified Practitioner	Can Certify:
Medical doctor	all sections
Optometrist	vision
Audiologist	hearing
Occupational Therapist	walking, feeding, dressing and the cumulative effect for these activities
Physiotherapist	walking
Psychologist	mental functions necessary for everyday life
Speech-Language Pathologist	speaking

## What matters when you get the form filled out?

- The Canada Revenue Agency wants to know about the **effects** of the condition, not the name of the condition. The effects of a prolonged medical condition are different from person to person and may change over time. **What matters most is that the description of the effects of a condition is clearly stated.**
- The ability to work **does not matter**. The person with the disability may or may not be able to work. What matters is the effects of a person’s disability on their ability to see, hear, speak, walk, eliminate (the bowel and bladder), prepare food and feed oneself, dress oneself,

and perform the mental functions necessary for daily life (eg. memory, problem-solving, goal setting, judgment, social skills, self care).

- Take time to write down the effects of the disability on the basic activities of daily living. Ask family, friends and service providers what effects they see. Ask a service provider or agency to help with the list. Once the list is complete, take it with you to the doctor or qualified practitioner.
- Your doctor or other practitioner is likely extremely busy and may not be up to date on the application form. And even with good intentions, the standard ten-minute appointment a few times a year doesn't often allow doctors the opportunity to fully appreciate the effects of a patient's condition on their daily life. Neither you nor your doctor wants to spend extra time completing additional questionnaires or appealing a denial. Check with your doctor if he or she is updated on the eligibility requirements for the Disability Tax Credit. Give your doctor the list you wrote outlining the effects of your disability. Be sure your doctor understands how your condition effects you, knows how long you have been affected and that he or she has all of your medical records.
- Even if your application is denied, you can appeal. Or, you can re-apply another year. You will need to show what is different this time. Understanding what went wrong in the first place will also help.

## **For More Information**

### **Disability Tax Credit**

#### **Application:**

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

#### **General Information:**

[www.cra.gc.ca](http://www.cra.gc.ca)

1-800-959-8281  
TTY: 1-800-665-0354

### **RDSP**

[www.rdsp.com](http://www.rdsp.com)

[www.disabilitysavings.gc.ca](http://www.disabilitysavings.gc.ca)

1-800-622-6232  
TTY 1-800-926-9105

### **One-on-One Assistance**

Northern Lights Peterborough  
705 740-9014



[endpovertypeterborough@gmail.com](mailto:endpovertypeterborough@gmail.com)

This material is for information only and is not legal or professional advice.