



## Disability Health Credit

### What is the Disability Tax Credit?

The disability tax credit (DTC) provides tax relief to individuals who, due to the effects of a severe and prolonged mental or physical impairment, are markedly restricted in their ability to perform a basic activity of daily living as certified by a qualified medical practitioner, or would be markedly restricted were it not for extensive therapy to sustain a vital function. Individuals are markedly restricted if, even with therapy or the use of appropriate devices and medication, they are blind or unable to perform a basic activity of daily living, or if they require an inordinate amount of time to perform the activity, all or substantially all of the time. The basic activities of daily living are: walking; feeding or dressing oneself; perceiving, thinking and remembering; speaking; hearing; and, eliminating bodily waste.

The DTC recognizes the impact of non-itemizable disability-related costs on individual's ability to pay tax. For 2004, the credit is 16 per cent of \$6,486, which provides a federal tax reduction of up to \$1,038. This credit can be transferred to a supporting spouse, parent, grandparent, child, grandchild, brother, sister, aunt, uncle, nephew or niece of the individual. The credit amount is fully indexed to inflation.

### Canada Revenue Agency Issues New Disability Tax Credit Certificate T2201 Form

The MDSC is pleased to report that Canada Revenue Agency staff made considerable improvements to the T2201 form for the 2003 taxation year. These changes resulted from consultations held last summer with a number of organizations representing persons with disabilities and health professionals. The MDSC was an active member in the evaluation process. We believe that the changes made will result in greater fairness for people with mental health related disabilities and their families. You will still need the support of a qualified health practitioner to complete the form. The new T2201 form is available at your regional tax office or on the Internet at:

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

### Appealing Prior Denials of the DTC

If you were one of the individuals who was denied the Disability Tax Credit in 2001 we encourage you re-apply using the newly revised T2201 form "Request for an Adjustment". If your doctor agrees that you meet the criteria of being "markedly restricted" in a basic activity of daily living such as walking, speaking, hearing, dressing, feeding, elimination or perceiving, thinking and remembering, during or prior to the 2001 taxation year, then you may very well be entitled to tax adjustment.

### Technical Advisory Committee Established

A Technical Advisory Committee has been established to advise the Ministers of Finance and National Revenue on tax measures for persons with disabilities on how to ensure that the DTC effectively meets its intended purpose. The Committee supports the extension of eligibility to individuals with mood disorders and other episodic conditions that substantially impair their ability to carry out a basic activity of daily living. The MDSC will contribute to this further evaluation process through its participation in the Canadian Alliance of Mental Illness and Mental Health. The final report of the Committee is due by October 31, 2004. For further information of the Technical Advisory Committee, visit [www.disabilitytax.ca](http://www.disabilitytax.ca)

## **What are our concerns?**

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Our overall concerns include:

1. People with serious mental illness experience profound levels of poverty within Canadian society that should be addressed through the taxation system. Of adults with disabilities 43% had an income less than \$10,000 per year and 26% had incomes below \$5,000 . The DTC currently applies only to those individuals with sufficient income to pay tax.
2. Attempts to address federal budgetary concerns over the last decade have been unfairly felt by the disabled who have had reduced access to tax credits and income support programs.
3. The current DTC definition of disability; the eligibility criteria used; and the categories of activities of daily living, systematically exclude people with serious mental illness who should rightfully receive this credit.
4. The existing application process lacks sufficient clarity and definition to ensure consistent interpretation.
5. Too much discretionary power rests with DTC program staff who have insufficient training in rehabilitation principles to interpret and over rule the opinions of professionals entrusted with the responsibility to measure the severity of their patient's disability, as is currently the norm.
6. The amount of sensitive, confidential and potentially harmful medical information required by DTC staff to confirm eligibility violates the right to privacy of disabled Canadian and is not reflected in any other existing tax credit program. This is particularly relevant to people with serious mental illness that experience widespread discrimination and stigma associated with their illness.
7. Many health care professionals are requiring the payment of an administration fee for completion of the DTC certificate. This serves as a significant barrier for the poorest and most vulnerable applicants.

### **What will the MDSC request from government?**

The MDSC will ask for amendments to the Disability Tax Act to include:

- An increase in the amount of tax relief provided to disabled Canadian to reflect the real costs imposed by disability and address widespread poverty experienced by the people living with serious mental illness.
- DTC is made a refundable tax credit to benefit those most vulnerable disabled that are without a taxable income.
- Broaden the definition of disability to be more inclusive of people with mental illness/ impairment.
- Amend the eligibility criteria to reflect the global impact of mental illness on activities of daily living.
- Develop a simple, clear application process with supporting guidelines, providing enough information to determine eligibility by health care professional. Fiscal

accountability is seen as a priority to ensure funds go to the disabled as a tax credit and not to administer the program.

- Private and sensitive medical information NOT be required as part of the application process.
- Determination of eligibility should remain with those health professionals who provide applicants with care and who can best evaluate level of disability and not with DTC program staff.
- Expansion of the number of professional groups (nurses, psychiatric case managers etc) who can determine eligibility. This will address the regional differences in service accessibility, which currently exist across Canada.
- Creation of an efficient, respectful Appeals Process, which is easily accessible and widely communicated to DTC applicants. Provide training to DTC staff to ensure consistent application of the Appeals Process across the country. Appeals should be reviewed by Independent, expert medical advisors with sufficient training to assess eligibility based on medical findings provided.
- Include in legislation a prohibition to prevent the 'claw back' of DTC by other provincial disability programs and private insurance disability pension programs so that the benefit of the DTC is felt directly by the disabled individual. Include the completion of DTC application forms as a billable medical expense within Health Care Act.

### **Should I bother applying for the DTC?**

Yes! If you feel your illness causes prolonged disability, which markedly restricts your activities of daily living (thinking, perceiving and remembering), then you should apply for this credit. The government is very well aware of the concerns raised by community groups and professional bodies regarding the inaccessibility of this program for people with serious mental illness. Hopefully they will take steps to correct the current inequities.

You will need the support of an eligible health care professional (doctor or psychologist) to complete the Disability Certificate. Here are some steps to take.

- ✓ Download the application form. [DTC Application Form](#)
- ✓ Or pick up the DTC Certificate T2201- 02 at your local Canada Customs and Revenue Agency.
- ✓ Ask your doctor if you should complete the non-medical part of the form to make it easier for them.

- ✓ Have your doctor or psychologist complete the medical certification. To be eligible the answers given must be:

Can your patient think, perceive and remember? **NO**

Has your patient's marked restriction in basics activities of daily living (*think, perceive and remember*), blindness or need for life- sustaining therapy lasted, or is it expected to last, for a continuous period of at least 12 months? **YES**

Is the impairment likely to improve sufficiently such that the patient may no longer be markedly restricted in activities of daily living (*think, perceive and remember*), blind or in need of life-sustaining therapy? **NO**

- ✓ You, or your family, can also attach a letter, which describes in your own words, the impact your illness has on your ability to perform activities of daily living (think, perceive and remember).

#### **What if I am denied the DTC?**

Don't give up! Write a letter of appeal to your local Canada Customs and Revenue Agency. It is important to note that over 94% of appeals are approved upon review.

#### **What can you do to help change the DTC?**

Call, fax, email or write your Member of Parliament. Share your concerns regarding the DTC program or any other issues. Let them know what changes you would like to see the government make. The more individual citizens who express concern the greater the impact and the more attention MP's will give to mental health and disability issues.

[Find your MP](#)

Learn more about the work being undertaken by Dr. Caroline Bennett, Co-Chair of the Sub Committee on the Status of Persons with Disabilities. Contact her and share your concerns.

[Persons With Disabilities Committee](#)

Let the MDSC know what you think about the position we are taking. Send us a copy of your protests. [info@mooddisorderscanada.ca](mailto:info@mooddisorderscanada.ca)