

Tax Tip

Week of December 13, 2010

Disability Tax Credit

In addition to being blind or receiving life sustaining therapies, individual may qualify for the disability tax credit due to issues related to the aging process. In order to qualify for this credit, a medical practitioner, normally a doctor must sign CRA Form T2201 to certify the existence of the disability. There are two key terms on this form – markedly restricted and significantly restricted:

Markedly restricted – An individual is markedly restricted if, all or substantially all the time, he or she is unable (or it takes you an inordinate amount of time) to perform one or more of the basic activities of daily living listed below.

Significantly restricted – Individuals qualify if they do not quite meet the criteria for markedly restricted, but the ability to perform a basic activity of daily living is still substantially restricted

Activities of Daily Living – CRA defines these activities as speaking, feeding, hearing, dressing, walking, mental functions necessary for everyday life and issues with bowel or bladder functions. The condition must be prolonged which is defined as expecting to last more than 12 months.

An individual is markedly restricted if they cannot perform one of the functions of daily living and significantly restricted, which is lower standard, if they cannot perform two functions.

As parents start to lose their physical or mental skills, they may qualify for the disability tax credit, but Form T2201 must be signed before a claim can be made.

