

Disability – Accessing your benefits

An Educational Session sponsored by the Chartered
Professional Accountants of Canada (CPA Canada)



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Agenda

- CRA definition of a disability
- Disability Tax Credit
 - Form T2201 & Federal Tax Schedule 1
- Other eligible credits
- Determining eligibility
- Registered Disability Savings Plan
 - Canada Disability Savings Grant
 - Canada Disability Savings Bond
- RDSP contributions, withdrawals & repayments
- Steps to RDSP setup and maintenance
- Tools & resources



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CRA Definition of a Disability

- Various credits available for qualifying individuals to claim on their income tax returns
- Largest is the Disability Tax Credit (DTC) – requires specific approval by CRA
- What is considered a qualifying disability?
- How does an individual determine eligibility?

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CRA Definition of a Disability



Samantha broke her leg on February 1 and was told she could apply for the DTC to save on her taxes. Her cast will be removed March 14.



Peter has been on kidney dialysis for 7 years. He receives a minimum of 15 hours of treatment per week. He is on the organ donor waitlist.



Grace is 47 years old and recently had cataract surgery on both her eyes. It will take approximately one week to heal.



Michael has a son, Max, who is 4 years old and was diagnosed with autism.

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CRA Definition of a Disability

Must meet ONE:

- Is blind
- Is **markedly restricted** in at least one of the basic activities of daily living
- Is **significantly restricted** in at least two or more of the basic activities of daily living.
- Needs life-sustaining therapy



Must meet ALL:

- Is prolonged
- Is present all or at least 90% of the time.

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Qualified Medical Practitioners

- Form T2201 – DTC certificate
- Part B of Form T2201 must be completed by a medical practitioner.
 - medical doctors
 - nurse practitioners
 - optometrists
 - audiologists
 - occupational therapists
 - physiotherapists
 - psychologists
 - speech-language pathologists
- The type of medical practitioner you need to visit with depends on the type of disability.

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Form T2201 – Disability Tax Credit Certificate

Canada Revenue Agency / Agence du revenu du Canada **6729**
Protected B when completed

Disability Tax Credit Certificate

Use this form to apply for the disability tax credit (DTC). The Canada Revenue Agency (CRA) will use this information to make a decision on eligibility for the DTC. See the "General Information" on page 6 for more information.

Step 1 – Fill out and sign the sections of Part A that apply to you.
Step 2 – Ask a medical practitioner to fill out and certify Part B.
Step 3 – Send the form to the CRA.

Part A – To be filled out by the taxpayer

Section 1 – Information about the person with the disability

First name and initial: **John** Last name: **Doe** Social insurance number: **1 1 1 1 1 1 1 1 1 1**

Mailing address (Apt No. – Street No. Street name, PO Box, RR):
123 My Way Street

City: **Toronto** Province or territory: **Ontario** Postal code: **M 1 1 M 1 1 M 1 1** Date of birth: **1 1 9 1 5 1 0 2 1 4**

Section 2 – Information about the person claiming the disability amount (if different from above)

First name and initial: Last name: Social insurance number:

The person with the disability is: ☐ my spouse/common-law partner ☐ my dependant (specify):

Answer the following questions for all of the years that you are claiming the disability amount for the person with the disability.

1. Does the person with the disability live with you? Yes ☐ No ☐
If yes, for which year(s)?

2. If you answered **no** to Question 1, does the person with the disability regularly and consistently depend on you for one or more of the basic necessities of life such as food, shelter, or clothing? Yes ☐ No ☐
If yes, for which year(s)?

Give details about the **regular** and **consistent** support you provide for food, shelter or clothing to the person with the disability (if you need more space, attach a separate sheet of paper). We may ask you to provide receipts or other documents to support your request.

*****If you are preparing this application on the behalf of another individual that you support (your spouse or dependant)*****

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What happens when the T2201 is approved?



- What does this mean?
- How long is the certificate valid?
- What if the medical condition changes?
- Is there an impact on prior years tax returns?
- What can you do if your application is denied?

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What is the Disability Tax Credit (DTC)?

- What is the federal amount of the DTC?
- Where are these amounts claimed?
- How is the DTC applied to a tax return; is it a refundable or non-refundable tax credit?
- What is the DTC supplement?



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What is the Disability Tax Credit (DTC)?

- Where do I locate the DTC on my tax return?
- Let's review Schedule 1 – Federal Tax!

T1-2017		Federal Tax		Protected B when completed Schedule 1	
This is Step 5 in completing your return. Complete this schedule and attach a copy to your return. For more information, see the related line in the guide.					
Step 1 – Federal non-refundable tax credits					
Basic personal amount	claim \$11,635	300			1
Age amount (if you were born in 1952 or earlier) (use the federal worksheet)	(maximum \$7,225)	301	+		2
Spouse or common-law partner amount (attach Schedule 5)		303	+		3
Canada caregiver amount for spouse or common-law partner, or eligible dependant age 18 or older (attach Schedule 5)		304	+		4
Amount for an eligible dependant (attach Schedule 5)		305	+		5
Canada caregiver amount for other infirm dependants age 18 or older (attach Schedule 5)		307	+		6
Canada caregiver amount for infirm children under 18 years of age					
Enter the number of children for whom you are claiming this amount	352	×	\$2,150	=	357
CPP or QPP contributions:					
through employment from box 16 and box 17 of all T4 slips (attach Schedule 8 or Form RC381, whichever applies)		308	+		8
on self-employment and other earnings (attach Schedule 8 or Form RC381, whichever applies)		310	+		9
Employment insurance premiums:					
through employment from box 18 and box 55 of all T4 slips (maximum \$836.19)		312	+		10
on self-employment and other eligible earnings (attach Schedule 13)		317	+		11
Volunteer firefighters' amount		362	+		12
Search and rescue volunteers' amount		363	+		13
Canada employment amount					

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Other credits you may be eligible for

- ✓ Amount for an eligible dependent (Line 305)
- ✓ Canada Caregiver Amount + Supplement (Lines 303 & 304) or Spouse or Common Law Partner
- ✓ Home Accessibility Expenses (Line 398)
- ✓ Canada Caregiver Amount + Supplement (Lines 305 for Dependent over 18)
- ✓ Regular Medical Expenses
- ✓ Working Income Tax Benefit Supplement

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Activity – Determining eligibility

- Review the Activity handouts
- Scenarios
- Medical Criteria Summary
- Determine eligibility for DTC & potentially other eligible credits.

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Determining Eligibility

Using the medical criteria worksheet in your handouts, can you determine which of the individuals would qualify for the Disability Tax Credit? Place an "X" under Yes or No.

The facilitator will take up the solution. If you made errors, make notes as to what criteria was incorrect to help in your determination and understanding of the criteria.

Case	Notes	
Marcus is 51 years old. He suffered an injury at work and can no longer see from his left eye.	Marcus continues to work and has a prosthetic eye.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Evelyn is 67 and suffered a stroke in 2015. Since then her speech has been slowing down and she is no longer able to speak without aid.	Evelyn communicates using sign language the majority of the time with an iPad.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Martin is 71 and noticed over the years his hearing has been declining. He can hear only very faintly.	Martin has a hearing aid; he wears it 75% of the time.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Joanna is no longer able to walk on her own aside from a few short steps.	Joanna is dependent upon a wheelchair for mobility.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Tom had bladder cancer and is now in remission. As a result of his surgery he is no longer able to control his bladder/bowel functions.	Tom wears an ostomy "bag" to facilitate his bladder/bowel function.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Robert has struggled all his life with mental health issues. He no longer is able to be alone as he has no control over his reactions to his environment.	Robert is supported by his mother full time as he is unaware of where he is or what he is doing the majority of the time.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Jose was in a car accident at the age of 18. She suffered a serious brain injury. She spends the majority of her day bed-ridden.	Jose is not mobile and is fed using a feeding tube.	<input type="checkbox"/> Yes <input type="checkbox"/> No

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Registered Disability Savings Plan (RDSP)

- What is an RDSP?
- Who can contribute to an RDSP?
- Who is the beneficiary of an RDSP?

At A Glance

The RDSP is partly modeled after the Registered Education Savings Plan (RESP) and its associated grant and bond incentive programs. As with RESPs, money contributed to an RDSP is not tax deductible, there are no annual contribution limits and earnings and growth on all contributions accrue tax-deferred.

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Contributions

- Money contributed to an RDSP is **NOT** tax deductible
- **NO** annual contribution limits
- Contributions can be made until beneficiary turns 59
- Earnings and growth on all contributions accrue tax-deferred
- Beneficiary may be eligible for government contributions to the RDSP through:
 - *Canada Disability Savings Grant*
 - *Canada Disability Savings Bond*

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Key stakeholders



PLAN HOLDER

Opens the RDSP



CONTRIBUTOR(S)

Anyone who makes deposits to the RDSP



BENEFICIARY

Person who will receive \$ in the future

Visit the CRA website for a list of financial institutions that offer the RDSP, Grant and Bond.

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RDSP – Additional Grants



Canada Disability Savings Grant

- For the first \$500 contributed into the RDSP, the beneficiary will receive \$3 for every \$1 contributed.
- For the next \$1,000, the beneficiary will receive \$2 for every \$1 contributed.
- The maximum grant for any one year is \$3,500. The lifetime maximum grant is \$70,000.

*Based on beneficiary income under \$100,392 limit

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RDSP – Additional Grants



Canada Disability Savings Grant Bond

- The government will pay a bond of up to \$1,000 a year to low-income Canadians with disabilities.
- No contributions have to be made to get the bond.
- The lifetime bond limit is \$20,000.
- A bond can be paid into an RDSP until the year in which the beneficiary turns 49.

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Canada Disability Savings Grant

Example (below threshold) – Based on \$1,500 Contribution

Maximum annual grant allowed by the CRA	Calculation	Amount
\$3 for every \$1 on the first \$500 (300%)	$\$500 \times 300\% =$	\$1,500
\$2 for every \$1 on the next \$1,000 (200%)	$\$1,000 \times 200\% =$	\$2,000
	Total for the year	\$3,500

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Canada Disability Savings Bond

Maximum annual grant allowed by the CRA	Calculation	Amount
\$1,000 per year*	Total bond entitlement regardless of contribution made	\$1,000

Note: \$1,000 is paid even if no contribution is made, provided income was below the family income threshold in relevant years.

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RDSP – Calculation

Canada Disability Savings Grant & Bond Summary

Activity to Plan	By Whom	Amount
Contribution	Contributor	\$1,500
Grant	CRA	\$3,500
Bond	CRA	\$1,000
Total Change for the year		\$6,000

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RDSP – Contributions & Withdrawals

- Are contributions to an RDSP deductible?
- Are withdrawals from an RDSP taxable?

Activity	Taxable	Deductible
Contribution to RDSP		NO
Receive Grant	NO	
Receive Bond	NO	
Withdrawal from Plan	YES – only income earned within the plan and grant and bond amounts, not contribution amounts.	

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RDSP – Repayment conditions

The 10 Year Rule

For each \$1 withdrawn from an RDSP, \$3 of any CDSGs or CDSBs that were paid into the plan in the 10 years preceding the withdrawal must be repaid

The CRA created the Grant & Bond to support **LONG-TERM** savings and expect the funds remain within the plan for periods exceeding 10 years.

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RDSP – Repayments & plan closures

- Changes that can cause repayments and closure of plans
- What happens if the beneficiary is no longer eligible for the DTC?
- What happens if the beneficiary passes away?
- What happens if the beneficiary has a shortened life expectancy?



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Protect your savings

- Be aware of fraud & risk
- Does your issuer understand your savings needs?
- Can the issuer answer your detailed questions about the matters we discussed and give you guidance?
- Are you investing in a comfortable way according to your risk tolerance?
- Hot tip that's too good to be true
- Quick money



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Steps to RDSP setup and maintenance

1. **Apply for T2201**
2. **Receive approval (up to 3 months)**
 - If denied, review denial letter and resubmit if eligible
3. **Choose your Issuer**
 - Research rates & plan
 - Ask your current financial institution



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Steps to RDSP setup and maintenance

4. **Set up plan** – Choose investment type (mutual funds, daily savings, etc.)
5. **Plan your annual contributions** – Ensure the Issuer creates the “Assistance Holdback Amount”
6. **Make contributions**
7. **Review Grant and Rebate Annual Summary**
8. **Withdrawals** – Reported on T4A

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Tools & resources

- Canada Revenue Agency – *RDSP: Open, transfer or rollover*
canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-disability-savings-plan-rdsp.html
- Self Assessment Questionnaire
- Sample T2201
- Sample Schedule 1 – Federal Tax

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Questions?

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