



MENTAL HEALTH AND THE DISABILITY TAX CREDIT

Tips and suggestions for healthcare providers.



The Disability Tax Credit offers significant benefits for people with mental health disabilities. Healthcare providers can play a key role in supporting their patients' application for the DTC.

WHY IS THE DISABILITY TAX CREDIT SO IMPORTANT?

- The DTC provides a tax break for adults who can work, and for caregivers who look after somebody with a disability.
- The DTC can be claimed retroactively for the last 10 years.
- Having the DTC is the only requirement to open a Registered Disability Savings Plan (RDSP). This long-term savings plan allows the person with the disability to receive up to \$90,000 in grants and bonds over the course of their lifetime. They are also able to save up to \$200,000 in this account.
- Any money that is deposited into and withdrawn from the RDSP is exempt from being qualified as income. This means that people living with disabilities can save for their future without having to stop receiving provincial and federal disability benefits, including income assistance.

WHO IS ELIGIBLE?

A person with a mental health disability can qualify for the DTC if:

- 1.** Their mental health disability causes them to be markedly restricted in adaptive functioning, including problem solving, goal setting, judgment, and memory – Complete "Mental Functions Necessary for Everyday Life" section.
- 2.** They are markedly restricted overall by the combination of a mental health and one or more physical health disability (in vision, hearing, speaking, walking, eliminating, feeding, or dressing) – Complete "Cumulative Effect of Significant Restrictions" section.

**Note about "marked restrictions": The DTC certificate indicates that a marked restriction is one that causes a person to be unable to or takes an inordinate amount of time to perform a particular activity. However, people whose mental health impairments are characterized by periodic episodes may qualify if these episodes cause them to be consistently unable to maintain stable daily functioning without support and/or supervision.*

GENERAL APPLICATION TIPS

1. Only complete the sections relevant to your patient's disability. If the disability does not affect a specific domain, leave the section blank or cross it out.
2. Report less severe disabilities in the "Cumulative effect of significant restriction" section.
3. Make sure to specify when your patient became disabled. This will allow your patient to claim credits retroactively.
4. Provide detailed information in the "Effects of Impairment" section to explain the nature of your patient's restrictions. The more information provided in this section, the less likely the CRA will request additional follow-up information.

EFFECTS OF IMPAIRMENT

The "Effects of Impairment" section is required for all applicants. Include your patient's relevant diagnoses, while emphasizing the effects of their impairment(s) on their everyday life and daily functionality. This section should include information about:

- **Activities impacted:** For example, adaptive functioning (health and safety needs, self-care, social functioning, management of finances, etc.), memory, problem-solving, goal setting, and/or judgment.
- Examples of the effects of impairment specific to the client.
- **Frequency:** How often is the person inhibited in managing this activity relative to a similar person who does not have their impairment(s)?
- **Assistance Required:** Does this patient require help with daily activities? Do they use any assistive devices? Does this patient need any supervision to ensure their safety or that they remember to take medication?

Avoid Irrelevant Information

- Do not include the patient's ability to work, housekeep, manage a bank account, drive, or engage in recreational activities.

APPENDIX: EXAMPLE CASES

Scenario 1: Mental Functions

Mrs. Jones has struggled significantly with symptoms of severe depression. She is significantly restricted in speaking due to word finding difficulty and cognitive slowing. She has serious restrictions performing mental functions for everyday life - the most pronounced of which has been cognitive problems and cognitive slowing. She has trouble with self-care and sometimes doesn't get dressed. She has trouble preparing food for herself. She has trouble leaving the house. She has marked problems with memory and forgets her train of thought frequently. She has trouble remembering to turn off taps or burners. This occurs substantially all of the time.

On the DTC certificate the doctor has indicated Mrs. Jones is markedly restricted in mental functions.

Her doctor indicates the effects of her impairment are as follows:

- **Adaptive functioning – self-care:** Mrs. Jones suffers from major depressive disorder. She is unable to adequately meet her self-care needs (e.g. personal hygiene, dental hygiene, exercise, eating) substantially all the time. This is due to depression, lack of memory, and lack of motivation. She receives help from others to engage in these activities. This occurs substantially all of the time.
- **Adaptive functioning – social interactions:** Mrs. Jones experiences anxiety and a severe fear of being judged by others. She is unable to initiate social interactions and avoids responding to others substantially all the time. When she does interact with others, she cannot retain information or understand what the other person is saying, which markedly restricts her communication. For example, this occurs at a doctor's appointment or at her son's school.
- **Memory:** Persistent short term memory deficits and ongoing brain fog. Patient struggles to recall words and forgets to attend appointments, take medication, etc. Difficulty following instructions. This occurs substantially all of the time.
- **Goal-setting:** Mrs. Jones is unable to keep goals she has set without others holding her accountable. This is due to lack of motivation and significantly impairs her adaptive functioning and self-care goals. She is frequently isolated at home and does not attend scheduled appointments. This occurs substantially all the time.
- **Decision making:** Mrs. Jones is unable to make simple decisions such as what to buy at the grocery store and what to cook substantially all the time. This markedly restricts her adaptive functioning, especially pertaining to self-care activities.

Scenario 2: Cumulative Effects

Mr. Lee is diagnosed with bipolar disorder and rheumatoid arthritis. Over the past five years, he has required hospitalization for mania twice and continues to be monitored by an assertive community treatment team. During manic episodes, Mr. Lee believes he receives emails from God. When Mr. Lee is not experiencing a manic episode, he sometimes experiences bouts of severe depression. Mr. Lee has been receiving PWD benefits for 10 years and works casually in data entry during periods when his mental health is stable. His arthritis results in Mr. Lee walking more slowly than other people his age without a disability.

On the DTC certificate in the "Cumulative effect of significant restrictions" segment, the doctor has indicated Mr. Lee has significant restrictions in mental functions and walking.

Mr. Lee's doctor indicates the effects of his impairment as follows:

- **Adaptive functioning – decision making & judgment:** Mr. Lee has experienced four periods of mania in the past five years where his judgement was severely restricted. In two of those episodes, he required hospitalization and suffered delusional thinking.
- **Adaptive functioning – self-care:** Patient has had three extended periods of severe depression in the past five years when he was unable to manage self-care (e.g. personal hygiene, dental hygiene, exercise) substantially all the time. He relied on help from others to manage these activities during this time.
- **Walking:** Mr. Lee has rheumatoid arthritis and chronic pain in his lower back and neck. The pain is severe, consistent, and radiates down into his right leg. To prevent additional pain, he must walk with a cane and walk slower. He estimates that he walks at least twice as slow as an average person his age without his condition, and this occurs at least 90% of the time.
- **Cumulative effect:** The effect of the above significant restrictions are equivalent to at least a marked restriction in a single basic activity of daily living.

DTC APPROVAL

The Canada Revenue Agency determines the status of a DTC application.

RESOURCES

Canada Revenue Agency Resources

- www.canada.ca: Guide RC4064 Disability-Related Information
- www.canada.ca: Tax credits and deductions for persons with disabilities
- A dedicated CRA line for health care providers is available to discuss the DTC program, application criteria and the Income Tax Act. Call 1-800-280-2639.

Access RDSP

We provide free supports and services for medical practitioners and patients, including:

Disability Tax Credit Support:

- For one-on-one support with the DTC, email: rdsp@disabilityalliancebc.org or call Toll-free: 1-800-663-1278

RDSP Support:

- Assistance to open an RDSP
- Specialized support and navigation for Indigenous peoples
- RDSP & Disability Planning Helpline
- RDSP & DTC Info sessions for individuals, organizations and professionals
- \$150 grant for low-income BC residents

For more on these services, call toll-free: 1-844-311-7526, email: info@rdsp.com or visit www.rdsp.com.

Access RDSP is a partnership between BC Aboriginal Network on Disability Society (BCANDS), Disability Alliance BC (DABC) and Plan Institute.



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