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# A GUIDE TO THE DISABILITY TAX CREDIT FOR PSYCHOLOGISTS

A guide to help you support patients applying for the Disability Tax Credit (DTC)

Created by Access RDSP in partnership with the BC Psychological Association.

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## WHAT IS THE DISABILITY TAX CREDIT?

The Disability Tax Credit (DTC) offers significant benefits for individuals living with restrictions to mental functioning. Many applicants are denied the DTC because the eligibility criteria for the mental functioning category is either insufficient or difficult to understand. Psychologists play a key role in supporting applications for the DTC.

## SHOULD I ENCOURAGE PEOPLE TO APPLY?


**Yes!** The profound intersections between poverty and health have been well researched and documented. The DTC not only helps defray medical costs; it is also the gateway to other important financial supports:

- The DTC is available to individuals with any level of income, including individuals receiving provincial disability benefits, those who work full time, and individuals with no income.

- In the 2020 tax year, the DTC provided a non-refundable tax credit of up to \$8,576. An additional \$5,003 was available for eligible children younger than 18 years of age, for a total of \$13,579 per year. The amount an individual receives will depend on their personal situation. Previous year amounts can be found at: [www.canada.ca/en/revenue-agency/services/tax/individuals/segments/tax-credits-deductions-persons-disabilities/disability-tax-credit](http://www.canada.ca/en/revenue-agency/services/tax/individuals/segments/tax-credits-deductions-persons-disabilities/disability-tax-credit)
- The DTC credit may be transferred to a qualified support person such as a family member or spouse. It is also retroactive for the past 10 years.
- The DTC offers access to other benefits including the Canada Workers Benefit, Child Disability Benefit, Caregiver Credit, and more.
- The DTC allows individuals to open a Registered Disability Savings Plan (RDSP). Individuals under the age of 50 may qualify for up to \$90,000 in government grants and bonds.



THE DTC IS THE MAIN REQUIREMENT TO OPEN AN RDSP. RDSPS CAN OFFER LONG-TERM FINANCIAL SECURITY FOR PEOPLE WITH A DISABILITY.



THE INFORMATION YOU PROVIDE IN YOUR PATIENT'S APPLICATION CAN MAKE THE DIFFERENCE BETWEEN A DTC DENIAL OR ACCEPTANCE.

## WHO IS ELIGIBLE?

The qualification criteria for the DTC are specific and limited. Specifically:

- Being approved for the DTC does not rely on a specific diagnosis or condition.
- Prolonged: the person's disability must last, or be expected to last, at least 12 months.
- Severe (marked restriction): This means that the individual is unable to or takes an inordinate amount of time (approximately three times longer) to perform the activity all or substantially all of the time, even with appropriate therapy and devices.
- Individuals undergoing therapy to support a vital function can qualify under the "Life Sustaining Therapy" category.
- Individuals with two or more less severe restrictions (significant restrictions) may qualify for the DTC in the "Cumulative effects of significant restrictions" section. This could include a combination of mental functioning restrictions with a physical health disability such as in vision, hearing, speaking, walking, eliminating, feeding, dressing. Individuals on life-sustaining therapy may also be eligible.

## GENERAL APPLICATION TIPS

1. As a medical practitioner, you are **only required to complete Part B** of the application form. For several reasons, some individuals may have difficulty filling in Part A of the form. Where possible, you may need to assist or review Part A of the form on their behalf. In particular, you will want to confirm that they have selected 'yes' in Section 3 to 'automatically readjusting taxes.'
2. While you should use your best judgement when helping the individual, it is **ultimately the CRA that determines DTC eligibility**.
3. Eligibility is **not based on the diagnosis**, rather it is the impact on everyday life. Take time to describe how restrictions can impact functionality.
4. Do **not** include the person's ability to work, housekeep, manage a bank account, drive or engage in recreational activities. These activities are not considered relevant to DTC eligibility.
5. Fill out only the section(s) on pages 2 to 4 of the form that apply to your profession. Each category states which medical practitioner(s) can certify the information in this part. For psychologists, this is the 'Mental Functions Necessary for Everyday Life' section. If the individual you support does not have a speech restriction, for example, it is not necessary to complete that section.

We continue to advocate for reforming DTC eligibility criteria to reflect cognitive or mental health restrictions, but for now, have provided guidance on how to successfully support applicants in navigating the existing requirements.

## HOW CAN PSYCHOLOGISTS HELP PEOPLE APPLY?

As a psychologist, you are one of the named medical practitioners who can complete the DTC on an individual's behalf. The sections you are required to fill in are:

- 'Mental Functions Necessary for Everyday Life'
- Effects of Impairment
- Duration
- Certification

Please note: for individuals with two or more less severe restrictions (significant restrictions), they may qualify under "Cumulative effects of everyday restrictions". It may be the case that an individual you are supporting is submitting an application under this category. As a psychologist, you are not able to submit an application under this section. They will require the support of a GP or Nurse Practitioner to complete their application. In this case, you may be asked to provide information to their medical practitioner to support their application. Further guidance and examples have been provided later in this guide.

## SECTION SPECIFIC TIPS

### 'Mental Functions Necessary for Everyday Life'

Mental functions necessary for everyday life include:

- **Adaptive functioning:** (for example, abilities related to self-care, health and safety, abilities to initiate and respond to social interactions, and 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 judgment taken together:** (for example, the ability to solve problems, set and keep goals, and make the appropriate decisions and judgments)

Individuals must be unable or take an inordinate amount of time to perform these functions by themselves **AND** this is the case all or **substantially all of the time**.

People whose mental health impairments are characterized by **periodic episodes may qualify**. Because of the unpredictability of their condition(s), they are considered to be restricted substantially all of the time.

You may wish to include reference to the date of onset, or when restrictions to functioning started to occur. If restrictions are very severe, this can be from birth. In other cases, it is best to reference the age at which restrictions started to impact daily functioning. This does not have to be the date of a diagnosis, if applicable.

## EFFECTS OF IMPAIRMENT

The “Effects of Impairment” section is required for all applicants. Include your relevant diagnoses, while emphasizing the effects of their impairment(s) on the individual’s everyday life and daily functionality. This section should include information specific examples of the effects of impairment, such as:

- Activities impacted: Adaptive functioning such as health and safety needs, self-care, social functioning, management of finances, etc.; memory; problem solving; goal setting, and/or judgment.
- 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 individual require help with daily activities? Do they use any assistive devices? Does this individual need any supervision to ensure their safety or that they remember to take medication?
- Avoid irrelevant information: Do not include the individual's ability to work, housekeep, manage a bank account, drive, or engage in recreational activities.

Whether filling out this form for a child or an adult, assess the individual compared to someone of **similar age with no impairment**. For children, consider and describe how the child is coping in typical environments with age-appropriate expectations. Include details such as safety risk, effect on social relationships (peers and family members), requirements for repeated instructions or cues, impulsivity, and the effect (if any) of medication.

Refer to the example scenarios as a guide to completing this section. You can also refer to the Appendix for additional examples.

### Certification

In question two of this section, you are asked to confirm if you have medical information on file supporting the information you have provided on the form. If you feel you need additional medical information to certify the application, you may want to ask the individual to provide or transfer relevant medical information to you. You do not need to include any medical information or assessments you receive from other healthcare providers when submitting the form.

There is no evidence to suggest that the CRA preferences a certain medical professional over another based on perceived seniority or length of time that they have known the individual.



## EFFECTS OF IMPAIRMENT | EXAMPLE SCENARIO 1

“Mental functions necessary for everyday life”

- Alec experiences psychotic episodes several times a year since age 20. Given the unpredictability of the psychotic episodes and the other defining symptoms of the impairment (for example, lack of initiative or motivation, disorganized behaviour and speech), they continue to need daily supervision. These episodes have increased in severity and frequency over the past few years.

## EFFECTS OF IMPAIRMENT | EXAMPLE SCENARIO 2

“Mental functions necessary for everyday life”

- Sam requires constant reminders and assistance to complete self-care tasks including brushing teeth, showering, eating, and getting out of bed due to lack of concentration. Sam has difficulty with verbal comprehension and has difficulty expressing themselves. They will lose track of conversation or thoughts when speaking and will frequently change topics. Sam has difficulty retaining information and forgets conversations, names, and recent events. They require verbal and visual reminders to keep track of their daily schedule. They often display a hyper-focus in areas of interest and avoids non-preferred tasks. Sam is easily distracted when performing simple tasks and leaves many tasks unfinished. They require assistance and support to manage current and future oriented tasks. Sam exhibits impulsive behaviour and requires constant reassurance when making simple decisions.

## QUESTIONNAIRE

The Canada Revenue Agency (CRA) occasionally requests additional information regarding the applicant in a follow-up questionnaire specific to each individual.

In this questionnaire, the CRA may ask you to provide examples from the individual's life, explaining how they require additional time to perform activities or are unable to complete certain activities. The CRA may ask you to verify that the individual experiences their restriction(s) at least 90% of the time and that the restrictions are severe. You may need to re-submit the information you already provided.

Please use our guidelines in General Application Tips and Section Specific Tips to assist you in completing the questionnaire.



## RESOURCES

### Canada Revenue Agency Resources

- The latest version of the DTC form (T2201) including fillable PDFs [www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2201](http://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2201)
- 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.
- Other tax credits and deductions for persons with disabilities: [www.canada.ca/en/financial-consumer-agency/services/living-disability/tax-credit-disability](http://www.canada.ca/en/financial-consumer-agency/services/living-disability/tax-credit-disability)
- For additional CRA advice on the DTC, refer to Guide RC4064 Disability-Related Information: [www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4064](http://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4064)

### Access RDSP

We provide free supports and services for psychologists and the individuals they support, including:

#### Disability Tax Credit Support

- For one-on-one support with the DTC, email: [rdsp@disabilityalliancebc.org](mailto:rdsp@disabilityalliancebc.org) or call Toll-free: 1-800-663-1278.
- Disability Alliance BC have an online DTC tool ([disabilityalliancebc.org/dtc-app](http://disabilityalliancebc.org/dtc-app)) to help individuals articulate their current situation and help medical practitioners with filling in their application.

#### RDSP Support:

- Assistance and resources for individuals to learn more about the RDSP

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

For more on these services, call toll-free: 1-844-311-7526, email: [info@rdsp.com](mailto:info@rdsp.com) or visit [www.rdsp.com](http://www.rdsp.com)

### APPENDIX

#### **Effects of impairment | Example Scenario 3 (Detailed example)**

- “Mental functions for everyday life” - Farah 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.

#### **The effects of her impairment are as follows:**

- Adaptive functioning – self-care: Farah suffers from a 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: Farah 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.
- Memory: Persistent short term memory deficits and ongoing brain fog. Farah struggles to recall words and forgets to attend appointments, take medication, etc. Difficulty following instructions. This occurs substantially all of the time.
- Goal-setting: Farah 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: Farah is unable to make simple decisions such as what to buy at the grocery store and what to cook substantially all the time.

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Access RDSP is a partnership between  
[BC Aboriginal Network on Disability Society](#),  
[Disability Alliance BC](#), and  
[Plan Institute](#)

Please contact [info@rdsp.com](mailto:info@rdsp.com) for more information or suggestions on this guide.

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