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## **Tax Benefits Available to Persons with Disabilities**

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According to recent statistics issued by Statistics Canada, in excess of 10% of Canadians aged 15 or older are limited in their daily activities due to a disability. The Federal Government and the Government of Ontario have tax and other programs to help with this reality. This article will focus on a couple of tax measures designed to help Canadians with disabilities.

The Disability Tax Credit is a non-refundable tax credit (meaning it only reduces income taxes payable) with a maximum benefit available in 2016 of \$8,001.00. The credit can be claimed by the disabled person or their immediate family. To qualify for the credit, an application must be filed with the Canada Revenue Agency using Form T2201. General Information is provided by or about the disabled person on one part of the form and a medical practitioner must complete the parts of the form concerning the disabled person's physical and/or mental restrictions. The medical information must confirm that the disabled person is unable to perform one or more of the basic activities of daily living such as speaking, hearing, walking, feeding, dressing, eliminating, or mental functions necessary for everyday life. The disabled person must be "markedly restricted" in his or her ability to perform at least one activity of daily living and that restriction must be certified by the medical practitioner as being a "severe and prolonged impairment" – at least 12 continuous months. If the Canada Revenue Agency accepts the application a Notice of Determination is issued confirming eligibility for the Disability tax Credit.

If a disabled person qualifies for a Disability Tax Credit then he or she also qualifies for a Registered Disability Saving Plan. The plans are offered by financial institutions and the disabled person or others with his or her permission can contribute up to \$200,000 to the plan. Parents or grandparents can also designate the plan as the beneficiary of their RRSPs or their RRIFs and have those sums roll over tax free to the Registered Disability Plan bearing in mind the \$200,000 lifetime limit.

The Federal Government also offers additional contributions to Registered Disability Plans by means of Canada Disability Savings Grants and Canada Disability Savings Bonds. Both grants and bonds are dependent on the disabled persons family income. The grants are matching grants on a sliding scale (less income more grant) with a maximum of \$70,000 available from the government. The bonds are pure non-matching grants with a \$20,000 maximum for disabled persons with low family income.

Because one the goals of the Federal Government is to encourage long-term savings the grant and the bonds are refundable to the government if they are not left in the plan for at least 10 years. The refund rules with the 10 year hold requirement are relaxed if the Registered Disability Savings Plan is converted into a Specified Disability Savings Plan (if life expectancy is 5 years or less). Withdrawals from the Registered Disability Plan must begin at age 60 with the commencement of annual lifetime disability



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payments. The financial institutions providing the plans must keep a separate assistance holdback amount to be able to refund the government if necessary.

If the disabled person is receiving Ontario Disability Support Plan payments from the Ontario Government the financial qualifications for those benefits do not include the assets and income from Registered Disability Plans or Specified Disability Plans. So disabled persons receiving Ontario ODSP benefits are not penalized for having Registered Disability Plans.

Disabled persons and their families and guardians should be aware of these benefits and plan accordingly.

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