

FACT SHEET



The 2004 Medical Expense Tax Credit and Learning Disabilities

(line 330 on the Income Tax Form)

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There are many valuable personal tax credits programs and benefits available for individuals with disabilities such as the disability tax credit, infirmity over 18 credit, devices or equipment credit, the caregiver credit, and the Child Disability Benefit that should be investigated by families supporting persons with disabilities. This article provides a brief summary of one such program - the Medical Expense Tax Credit and explores how you may qualify for it if you or your child has learning disabilities.

Learning Disabilities Association of Canada (LDAC) has had several correspondences and meetings with Finance Canada and Canada Revenue Agency (CRA) over the last few years to ensure that individuals with learning disabilities are fairly treated under the Income Tax Act. Because tax laws are complex, and many tax advisors often do not have occasion to use these unique tax credits, families are at risk of losing refunds worth many thousands of dollars. If your child has other physical, mental or emotional impairment, you may also qualify for other tax benefits that are not mentioned in this article.

Please consult with a tax advisor. Tax decisions should not be made simply on the basis of the information provided here. You are advised to print out this article and give a copy to your tax advisor.

Following are clarifications on a number of expenses related to learning disabilities which are eligible under the Medical Expense Tax Credit (METC) of the Income Tax Form under line 330 of Schedule 1. S.118.2(2) and Regulation 5700 in the Income Tax Act contain over 60 different medical expenses. I have highlighted a few of the important ones with regard to learning disabilities.

1. *The cost of a **psychological assessment** to determine if there is a diagnosis of learning disabilities.*
Section 118.2(2) (a) of the Income Tax Act includes as an expense eligible for the Medical Expense Tax Credit (METC) payments to a medical practitioner where a medical practitioner may be an authorized psychologist.
2. ***Tutoring** services to remedy basic academic skills notably reading, spelling, written expression and mathematics when the delay in acquisition of basic academic skills is secondary to specific learning disabilities.*

and **Tutoring services** to remedy deficits and maximize strengths in the learning disabilities profile including organizational strategies, study skills, time management, coordination activities, social skills training, and strategies to improve attention, memory, reasoning, logic, communication, and non-verbal visual-perceptual abilities.

- (i) S. 118.2(2) (I.91) as remuneration for tutoring services that are rendered to, and are supplementary to the primary education of, the patient who
- (ii) has a learning disability or a mental impairment, and
- (iii) has been certified in writing by a medical practitioner to be a person who, because of that disability or impairment, requires those services,

if the payment is made to a person ordinarily engaged in the business of providing such services to individuals who are not related to the payee.

3. **Talking textbooks**

Regulation 5700 (w) talking textbook prescribed by a medical practitioner for use by an individual with a perceptual disability in this case a learning disability, in connection with the individual's enrolment at an educational institution in Canada.

4. **Cost for transportation to and from assessment, therapy and tutoring sessions.**

Specified transportation costs incurred to obtain medical services are included as eligible expenses under section 118.2 (2) (g) and 118.2 (2) (h) of the Income Tax Act. If a medical expense is an eligible expense under the METC then the related qualifying transportation costs may also qualify as an eligible expense. Generally, eligibility is restricted to transportation over 40 kilometers to ensure that only above average expenses receive tax assistance. S. 118.2(2)(g) to a person engaged in the business of providing transportation services, to the extent that the payment is made for the transportation of

- (i) the patient, and
- (ii) one individual who accompanied the patient, where the patient was, and has been certified by a medical practitioner to be, incapable of traveling without the assistance of an attendant

from the locality where the patient dwells to a place, not less than 40 kilometers from that locality, where medical services are normally provided, or from that place to that locality, if

(iii) substantially equivalent medical services are not available in that locality,

(iv) the route traveled by the patient is, having regard to the circumstances, a reasonably direct route, and

(v) the patient travels to that place to obtain medical services for himself or herself and it is reasonable, having regard to the circumstances, for the patient to travel to that place to obtain those services;

(h) for reasonable travel expenses (other than expenses described in paragraph 118.2(2)(g)) incurred in respect of the patient and, where the patient was, and has been certified by a medical practitioner to be, incapable of traveling without the assistance of an attendant, in respect of one individual who accompanied the patient, to obtain medical services in a place that is not less than 80 kilometers from the locality where the patient dwells if the circumstances described in subparagraphs 118.2(2)(g)(iii), 118.2(2)(g)(iv) and 118.2(2)(g)(v) apply;

5. Fees for specialized camps (summer/winter) and specialized private school

in this case, the specialization is learning disabilities. Here, the relevant legislation is section 118.2 (2) (e) of the Income Tax Act. This provision of the METC includes care and training at a school, institution or other place that specializes in the disability that the individual who is attending as an eligible expense.

S. 118.2(2) (e) for the care, or the care and training, at a school, institution or other place of the patient, who has been certified by an appropriately qualified person to be a person who, by reason of a physical or mental handicap, requires the equipment, facilities or personnel specially provided by that school, institution or other place for the care, or the care and training, of individuals suffering from the handicap suffered by the patient;

6. Note taking services

S. 118.2(2) (1.41) on behalf of the patient who has a mental or physical impairment, for note-taking services, if

- (i) the patient has been certified in writing by a medical practitioner to be a person who, because of that impairment, requires such services, and
- (ii) the payment is made to a person in the business of providing such services;

Key Tips

Sadly, the costs of a computer with voice recognition software and scanner are still not eligible expenses for persons with learning disabilities under the Medical Expense Tax Credit program as LD is not considered a physical disability. You do not need to apply for the Disability Tax Credit Certificate to claim any of the above eligible medical expenses **except for # 7 Therapy**. The service must be provided by someone ordinarily engaged in the business of providing such a service to the public and is not related to the patient. To claim any of the above expenses one needs to provide the following written documentation:

1. a **letter from the appropriate medical practitioner** that certifies the individual is a person who because of a diagnosed learning disability requires the services (copies of assessment are not necessary).
2. a **letter from the service provider** certifying that the child is in receipt of such a service because of his learning disability along with a detailed description of the child's program with the service provider.
3. original receipts of services purchased (please keep a copy for your files).

Again, you should not rely on this article alone to determine whether you should claim any of the expenses reviewed here under the Medical Expenses Tax Credit of the Income Tax Act. As noted earlier, there are more the 60 different medical expenses available depending on the type of disability and/or co-existing disability you or your child may have. You are advised to photocopy this article, give a copy to your tax advisor and consult with them.

For more information on eligible medical expenses visit the Canada Revenue Agency website at <http://www.cra-arc.gc.ca/disability/> click on medical expenses. You can also read the income tax guide or contact any regional taxation office. Addresses and telephone numbers are listed in the federal government section of most telephone books.

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