

## **INFORMATION ON FUNDING HOME HEALTHCARE SERVICES**

### **Medical Expenses**

A taxpayer can claim medical expenses as a tax credit on their personal tax return. The amount eligible for this claim is calculated by subtracting 3% of the taxpayer's net income or \$1,926 (whichever is lower) from the total expenses claimed.

The more common items claimed are prescriptions, dental care, eye care and attendant care (see below). It is important to note that only the portion you pay can be claimed. Any part that is covered by a health plan cannot be claimed, although premiums paid into the plan are claimable.

### **Disability Credit**

An individual with a severe, prolonged impairment in physical or mental functions can qualify for the disability credit. To claim the credit, the taxpayer needs to file form T2201 with the Canada Revenue Agency. The form normally only needs to be filed once. There is a section which must be completed by a qualified practitioner, in most cases the family doctor, which describes the nature of the disability.

Once the form is filed, Canada Revenue Agency will then decide whether or not the taxpayer qualifies for the disability credit. Just because a taxpayer receives Canada Pension Plan disability payments or worker's compensation payments does not mean he or she is automatically qualified for the disability credit. The criteria for these programs are different than for the disability credit. If the credit is allowed, it may be transferred to a spouse or other supporting person.

### **Attendant Care**

If attendant care is provided in a self-contained domestic establishment, retirement home, home for seniors, nursing home, special school, group home, or other institution, the expense is available to the taxpayer or their supporting person.

A person receiving full-time care in a nursing home may claim the full amount paid to the nursing home. Otherwise, only the portion of the total accommodation expense relating to staff salaries that apply to attendant care services can be claimed.

If one qualifies for the disability credit as well as incurring attendant care expenses, there are two options. The first is to claim both amounts, provided that the attendant care expenses do not exceed \$10,000. The second option is not to claim the disability credit which allows you to claim the full amount of attendant care expenses. Either option can produce tax savings depending on the particular circumstances.

All individual circumstances can vary. The above are general comments on the topic of medical expenses. You should consult a qualified tax professional for advice about your particular situation.

The following table provides a clearer understanding of the different claims that are available with regard to attendant care or care in an establishment.

<b>Type of attendant care expense</b>	<b><u>Form T2201</u> required</b>	<b>Letter from a medical practitioner required</b>	<b>Can you claim the disability amount?</b>
self-contained domestic establishment	Yes, if a letter as described in <b>Note 1</b> is not provided.	Yes, if a Form T2201 is not provided (see <b>Note 1</b> ).	Yes, if \$10,000 or less is claimed and we approve Form T2201.  No, if more than \$10,000 is claimed or we do not approve Form T2201.
retirement homes, homes for seniors or other institutions	Yes (see <b>Note 2</b> )	No	Yes, if \$10,000 or less is claimed and we approve Form T2201.  No, if more than \$10,000 is claimed.
full-time care in a nursing home	Yes, if a letter as described in <b>Note 1</b> is not provided.	Yes, if Form T2201 is not provided (see <b>Note 1</b> ).	No
care or care and training in a special school, institution or other place	No	Yes (see <b>Note 1</b> and <b>Note 3</b> )	Yes, if we approve Form T2201.  No, if we do not approve Form T2201.
group home in Canada	Yes (see <b>Note 2</b> )	No	Yes, if we approve Form T2201.

From CRA's RC4064

**Note 1:**

The letter from a medical practitioner has to certify that the person is likely to continue to be dependent on others for his or her personal needs and care for the long-term; **and** needs a full-time attendant, because of a mental or physical impairment.

**Note 2:**

A detailed statement from the establishment has to be provided showing the amount paid for staff salaries that apply to attendant care services.

**Note 3:**

A medical practitioner has to certify in writing that the person has a mental or physical impairment and confirm the person's need for the equipment, facilities, or personnel available in the establishment.