

Special Tax Edition

*This special edition of In Touch provides some basic tax tips that may be particularly useful for caregivers of people with Alzheimer's disease or a related dementia. **Please note that this information is a summary only. It is meant to alert caregivers about what they may want to consider discussing with their tax preparer.** For complete information contact the Canada Revenue Agency by calling 1-800-959-8281 or visiting their website at: www.cra.gc.ca. Income tax rules are complicated and change every year, so we encourage you to get professional help with your taxes.*



Elections Canada Question

The Canada Revenue Agency (CRA) is asking if you will let them keep your voters list information up to date. Make sure you make the choice as most tax preparers will automatically choose 'yes' and not even ask.

GST/HST Credit

The GST/HST credit is a tax-free quarterly payment that helps individuals and families with low and modest incomes offset all or part of the GST/HST that they pay. To receive the GST/HST credit, you have to apply for it, even if you received it last year. CRA does the calculation, but only if you ask. If you don't qualify they will write to tell you, but if you don't ask, they won't give it to you even though they know that you would qualify. You can use CRA's online service to get an estimate of your GST/HST credit by going to: www.cra.gc.ca/benefits-calculator.

Marital Status

- You are married as long as you have not had 'a breakdown in the relationship'.
- Common-law is living together as if married but without a marriage license. If a couple has been living together for 12 consecutive months, they are considered common-law. A common-law partner will have the same income tax rights and obligations as a spouse. See the CRA website (www.cra.gc.ca) for a more detailed definition of "common-law".
- You are only single if you were never married or common-law.

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Public Transit Passes Amount

- This is a federal non-refundable tax credit to encourage commuters to use public transit.
- Retain your transit pass to support your claim. If the pass does not have all of the required information, you will also need to keep receipts along with your pass(es) to support your claim. Visit the CRA website (www.cra.gc.ca) and search “transit amount” for more details.

Investment Income

- You are required to report all interest earned even if you didn't get a tax slip. Banks don't usually send a slip unless your interest earned is more than \$50. You are supposed to total the amounts from your bank statements or contact the bank and request the total.
- If you were paid interest from CRA (if you file late but get a refund they actually do pay interest on your refund amount) it will be listed on your notice of assessment. If you don't report it, they will just add it on, so your tax calculation will be off.



Charitable Donations

- Always ask for a receipt when you donate to any registered charity.
- Donations can be carried forward and credit claimed for five years.
- For the first \$200 you receive a federal non-refundable tax credit of 15%, but anything over \$200 will give you 29%. There is a parallel provincial credit as well. Therefore, it is wise to save them up to net a larger deduction if you are not a serious donor. You can also combine your receipts with those of your spouse or common-law partner to maximize the tax benefit for your donation.

Joint Election to Split Pension Income

- If you or your spouse or common law partner has a private pension, RRSP, RRIF, or foreign pension income, you have the choice to split the income provided that certain criteria are met.
- This is beneficial if one person has a larger share of the family income, as it usually would reduce the total tax burden for the couple.
- It usually wouldn't be of value to couples that have similar income levels and deductions.
- If you are unsure, ask your tax preparer to see if it benefits your situation.
- It is called an 'election' because it is not done automatically. There is a form (T1032) that needs to be completed and signed by both spouses (or someone who has been appointed Power of Attorney).

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Disability Amount

- This is a non-refundable tax credit that a person with a qualifying impairment can claim to reduce the amount of income tax he or she has to pay in a year.
- To qualify a person must have an impairment in physical or mental functions that is severe and prolonged during the tax year. Impairment is prolonged if it has lasted, or is expected to last, for a continuous period of at least 12 months.
- Persons diagnosed with Alzheimer's disease or a related dementia who meet the criteria set out by CRA may qualify.
- Make sure that your doctor dates the 'Disability Tax Credit Certificate' (form T2201) to the year of diagnosis or earlier, if possible, so that you are able to adjust prior year returns to benefit from the tax credit (your doctor only fills this form out once and then you will use it for the tax credit claim for subsequent years).
- Under certain conditions, your dependant or spouse/common-law partner may be able to transfer some or all of their disability amount to you.

Caregiver Amount

- You qualify if you or your spouse or common law partner's child, grandchild, brother, sister, niece, nephew, aunt, uncle, parent or grandparent live with you and depend on you due to mental or physical impairment.
- The person must be 18 years or older and their net income has to be less than \$18,645. The person (other than child and grandchild) must be resident in Canada.
- No disability certificate is required so persons with mild impairment qualify.
- Parents and grandparents do not have to have any impairment if they are 65 or older.
- **Important note: you cannot claim a spouse for this deduction.**

Medical Expenses

- You are permitted to claim a non-refundable tax credit for medical expenses incurred on behalf of yourself, your spouse or common-law partner and by specified relatives who were dependent on you for support during the year.
- Expenses for adult dependants can be claimed but must be reduced by the lesser of 3% of their net income and \$2,024.
- If an expense is related to health it may be eligible. Some examples are:
 - ✓ dental services
 - ✓ renovations to your home to accommodate a disability (e.g. installing ramps)
 - ✓ prescription medications
 - ✓ eyeglasses (prescription required)
 - ✓ hearing aids
 - ✓ wheelchairs

You must have receipts with the date, name of seller and your name. Hand-written receipts are acceptable if you buy something used (e.g. an electric scooter). Just make sure that there is a phone number for the seller in case the CRA wants to confirm the purchase.



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- Travel expenses for medical treatment are eligible if medical treatment is not available to you within 40 kilometers of your home and you travel to get the treatment somewhere else. Keep a log with dates and distances. You can choose to use the simplified method to calculate the expense based on a per kilometer rate depending on your province of residence. No receipts are required. If this applies to you ask for the extra “Travel Expenses for Medical Expenses” handout or look this up on the CRA website: www.cra.gc.ca (search “Medical Expenses” and then click on “Travel Expenses for Medical Expense”).
- If you travel 80 kilometers or more you may be able to claim meals and accommodation. Keep all of your receipts for accommodation expenses. For meals, you can keep your receipts and choose the detailed method to calculate your expenses, or if you choose the simplified method you may claim a flat rate of \$17 a meal, to a maximum of \$51 per day (Canadian or US funds), per person, without receipts.
- Premiums paid for private insurance such as extended benefits or dental plans are deductible. So is travel health/accident insurance, but not trip cancellation.

Home Care or Residential Care

- If a full-time attendant is hired to care for a disabled person you can claim up to \$10,000 as a medical expense and still claim the Disability Amount or you can claim the total cost and not claim the Disability Amount.
- If you live in a residential home for seniors and are disabled you can claim the cost that is identified as paid for attendant care of up to \$10,000 and still claim the Disability Amount, or the total costs of attendant care and not claim the Disability Amount.
- If a disabled person is in a full-time nursing home you can claim the full cost as a medical expense but you are not able to claim the Disability Amount.

Refundable Medical Expense Supplement

- If you claim medical expenses this is a refundable credit you may qualify for.
- You are required to have earned income (from a job or self employment) of \$3,135 or more and you and your spouse’s combined net income has to be below \$45,255.

How to get more information

- Canada Revenue Agency has improved their website and it is easy to find what you need. Visit: www.cra.gc.ca
- Go to your local post office; the General Income Tax and Benefit Guides are helpful and easier to understand than they used to be.
- You can call CRA and talk to their telephone agents:
 - ✓ Dial **1-800-959-8281**
 - ✓ You may have to redial 3 or 4 times to get past the busy signal.
 - ✓ The phone will be answered by a recording. When it starts telling you to press numbers to select your option, press the star key to the left of the zero and you will be able to talk to the next available person.

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