

Guide to Income Tax and Benefits: 2016 Tax Year

This guide is intended to provide some basic tax tips that may be particularly useful for people living with dementia and their care partners. Please note that this information is only a summary and is not a complete list. It is meant to alert people living with dementia and care partners about some options you may want to consider discussing with your tax preparer.

For complete information about any personal tax matters you can contact the Canada Revenue Agency (CRA) by calling 1-800-959-8281 or by 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 income taxes.

Are You Ready?

To begin, you will need to gather all the necessary documents to complete your tax return, this includes:

- Tax Slips (your T4 for example)
- All supporting documents for any deductions you make or credits you plan to claim (for example: medical receipts, statements from a care facility, charity donation receipts).
- Your most recent notice of assessment or reassessment for carry-forward amounts or other amounts you may need to complete your return.

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Spouse or Common-Law Partner Amount	
Qualifications	<ul style="list-style-type: none"> • You can claim this amount if at any time during the year you supported your spouse or common-law partner and his or her net income was less than \$11,474 (federal) or \$8,586 (B.C.)
Details	<ul style="list-style-type: none"> • Both of you cannot claim this amount for each other for the same year. • Should be claimed by the higher income spouse. • The net income cut-off may be impacted if you claim the Family Caregiver Amount (see page 5).
Required Forms	<ul style="list-style-type: none"> • None.
How to claim	<ul style="list-style-type: none"> • Line 303 on the Federal Schedule 5 Form. • Line 5812 on the BC428 British Columbia Tax Form.

Amount for an Eligible Dependant	
Qualifications	<ul style="list-style-type: none"> • You may be able to claim this amount if at any time in the year you met all the following conditions at once: <ul style="list-style-type: none"> ○ You did not have a spouse or common-law partner or, if you did, you were not living with, supporting, or being supported by that person. ○ You lived with the dependant you supported (in most cases in Canada) in a home you maintained. • You may qualify if the dependant is your parent or grandparent or if the dependant is your child, grandchild, brother or sister <u>and</u> depends on you due to mental or physical impairment. • The net income of the dependant must be less than \$11,474 (federal) or \$8,586 (B.C.).
Details	<ul style="list-style-type: none"> • You <u>cannot</u> claim this amount if: <ul style="list-style-type: none"> ○ The person was only visiting you. ○ You or someone else is claiming a Spouse or Common-Law Partner Amount (see page 2). ○ Someone else in your household is making this claim. ○ You are making a claim for this person for the Amount for Infirm Dependants Age 18 or Older (see page 3). • The net income cut-off may be impacted if you claim the Family Caregiver Amount (see page 5).
Required Forms	<ul style="list-style-type: none"> • None.
How to claim	<ul style="list-style-type: none"> • Line 305 on the Federal Schedule 5 Form. • Line 5816 on the BC428 British Columbia Tax Form.

Amount for Infirm Dependants Age 18 or Older	
Qualifications	<ul style="list-style-type: none"> • You may be able to claim this amount if: <ul style="list-style-type: none"> ○ A specified relative is dependent on you for support due to mental or physical impairment. ○ The dependant is a resident of Canada. • The net income of the dependant must be less than \$13,595 (federal) or \$11,377 (B.C.).
Details	<ul style="list-style-type: none"> • You can claim this amount for more than one person. • This amount can be split with another person, if they also help support the dependant. • You <u>cannot</u> claim this amount if anyone is claiming the Amount for an Eligible Dependant (see page 2) or can claim the Caregiver Amount (see page 4) for this person.
Required Forms	<ul style="list-style-type: none"> • The CRA may ask for a signed statement from a medical practitioner stating when the impairment began, the expected duration of the impairment, and that the individual is dependent due to physical or mental impairment.
How to claim	<ul style="list-style-type: none"> • Line 306 on the Federal Schedule 5 Form. • Line 5820 on the BC428 British Columbia Tax Form.

Disability Amount	
Qualifications	<ul style="list-style-type: none"> • To claim this amount: <ul style="list-style-type: none"> ○ You have a severe and prolonged impairment in your physical or mental functions in the tax year. ○ Impairment is prolonged if it has lasted, or is expected to last, for a continuous period of at least 12 months. ○ At least 90 per cent of the time you are unable or take an inordinate amount time to perform one or more of the basic activities of daily living. • People with Alzheimer’s disease or another dementia, in most circumstances, will qualify for the benefit.
Details	<ul style="list-style-type: none"> • In certain circumstances, some or all of this credit can be transferred from the person with dementia to a spouse, common-law partner or other supporting person. • The transferred amount can be split between several people, if they support the same dependant. • This amount may be impacted by claims for Attendant Care (see page 7).

Disability Amount	
Required Forms	<ul style="list-style-type: none"> • Your doctor (or other qualified practitioner) must certify that you meet certain conditions by completing the T2201 Disability Tax Credit Certificate Form. • If claiming this amount for the first time, the Disability Tax Credit Certificate must be submitted. Once approved, there is no need to submit this form each year unless asked. • Ensure that the practitioner dates the Disability Tax Credit Certificate to the year that the impairment began. The CRA can adjust your previous returns if you would have qualified for the credit in those years. (Use the Adjustment Request Form). • If the practitioner charges a fee for completing this form, you may be able to claim the amount as a Medical Expense (see page 6).
How to claim	<ul style="list-style-type: none"> • Line 316 (Line 318 if transferred to you) on the Federal Schedule 1 Form. • Line 5844 (Line 5848 if transferred to you) on the BC428 British Columbia Tax Form.

Caregiver Amount	
Qualifications	<ul style="list-style-type: none"> • You may be able to claim this amount if your or your spouse's/common-law partner's child, grandchild, brother, sister, parent or grandparent (or other specified relative) lives with you and depends on you due to mental or physical impairment. • Parents and grandparents do not have to have impairment if they are 65 years or older. • The dependent must be 18 years of age or older. • The dependant must be a resident of Canada (except a child or grandchild). • The net income of the dependant must be less than \$20,607 (federal) or \$19,237 (B.C.).
Details	<ul style="list-style-type: none"> • You can split this claim if you and another person support the same dependant. • You can claim this amount for more than one person. • A signed statement from a qualified practitioner is <u>not</u> required, so persons with mild impairment may qualify. • You <u>cannot</u> claim this amount: <ul style="list-style-type: none"> ○ For a spouse or common-law partner. ○ If the person was only visiting you. ○ If anyone (other than you) claims an Amount for an Eligible Dependant for this person (see page 2).

Caregiver Amount	
	<ul style="list-style-type: none"> • If anyone (including you) can claim this amount for the dependant, no one can claim an Amount for Infirm Dependants Age 18 or Older (see page 3) for this person.
Required Forms	<ul style="list-style-type: none"> • None.
How to claim	<ul style="list-style-type: none"> • Line 315 on the Federal Schedule 5 Form. • Line 5840 on the BC428 British Columbia Tax Form.

Family Caregiver Amount	
Qualifications	<ul style="list-style-type: none"> • If you have a dependant with an impairment in mental or physical functions, you may be able to claim an additional amount of up to \$2,121 for one or more of the following: <ul style="list-style-type: none"> ○ Spouse or Common-Law Partner Amount (see page 2). ○ Amount for Eligible Dependant (see page 2). ○ Caregiver Amount (page 4).
Details	<ul style="list-style-type: none"> • You can claim this amount for more than one person.
Required Forms	<ul style="list-style-type: none"> • The CRA may ask for a signed statement from a medical practitioner showing when the impairment began and what the duration of the impairment is expected to be.
How to claim	<ul style="list-style-type: none"> • Line 315 on the Federal Schedule 5 Form (add to applicable credit).

Medical Expenses	
Qualifications	<ul style="list-style-type: none"> • You may be able 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. • The actual amount of qualifying medical expenses is limited by the income of the individual to a maximum of \$2,237 in the year.
Details	<ul style="list-style-type: none"> • You can only claim the part of an expense for which you have not been or will not be reimbursed. • Some examples of eligible expenses are: <ul style="list-style-type: none"> ○ Payments to certain qualified practitioners. ○ Walking aids and wheelchairs. ○ Prescription medications, eyeglasses or contact lenses. ○ Hearing aids. ○ Dentures and dental services. ○ Personalized therapy plan for a mental or physical impairment. • Visit www.cra.gc.ca/medical for more information, including a full list of eligible expenses.
Required Forms	<ul style="list-style-type: none"> • Receipts may be requested.
How to claim	<ul style="list-style-type: none"> • Lines 330 to 332 on the Federal Schedule 1 Form. • Lines 5868 to 5876 on the BC428 British Columbia Tax Form.

Medical Expenses: Expenses for Medical Services Not in Your Area	
Qualifications	<ul style="list-style-type: none"> • You can claim transportation and travel expenses provided: <ul style="list-style-type: none"> ○ Substantially equivalent medical services were not available near your home. ○ You took a reasonably direct travelling route. ○ It is reasonable for you to have travelled to get the medical services.
Details	<ul style="list-style-type: none"> • If you had to travel at least 40 kilometres (one way) to get medical services, you may be able to claim the public transportation expenses you paid. • If you had to travel at least 80 kilometres (one way) from your home to get medical services, you may be able to claim accommodation, meal, and parking expenses in addition to your transportation expenses as medical expenses. • If a medical practitioner certifies in writing that you were unable to travel by yourself, you can also claim the transportation and travel expenses of an attendant.

Medical Expenses: Expenses for Medical Services Not in Your Area	
Required Forms	<ul style="list-style-type: none"> • Receipts may be requested.
How to claim	<ul style="list-style-type: none"> • Claim as a Medical Expenses (see page 6).

Medical Expenses: Attendant Care (at home or in a facility)	
Qualifications	<ul style="list-style-type: none"> • You can claim amounts you or your spouse or common-law partner paid for attendant care or care in a facility. • If you are receiving attendant care services in your home, you must: <ul style="list-style-type: none"> ○ Be eligible for the disability tax credit. ○ Have a written certification from a medical practitioner that states the services are necessary.
Details	<ul style="list-style-type: none"> • You can claim as medical expenses the salaries and wages paid to all employees that perform certain specified duties or services. <ul style="list-style-type: none"> ○ See the CRA Guide RC 4065-Medical Expenses - 2016 for a full list of attendant care services you can claim. • An attendant who is hired privately will probably be considered an employee. Refer to the CRA Guide 'Employee or Self-Employed?' for more information. • The paid attendant cannot be your spouse or common-law partner. • If you are claiming expenses greater than \$10,000 (full-time care), the disability tax credit can also not be claimed.
Required Forms	<ul style="list-style-type: none"> • To claim attendant care expenses paid to a facility, you must send the CRA a detailed breakdown from the facility that clearly shows the amounts paid for staff salaries that apply to the specified attendant care services listed in RC 4065-Medical Expenses - 2016. • The Disability Tax Credit Certificate (Form T2201) or medical certification, depending on the expense type. <ul style="list-style-type: none"> ○ See the CRA Guide RC 4065-Medical Expenses - 2016 for guidance.
How to claim	<ul style="list-style-type: none"> • Claim as a Medical Expenses (see page 6).

Refundable Medical Expense Supplement	
Qualifications	<ul style="list-style-type: none"> ● This refundable tax credit is available to working individuals with low-income and high medical expenses. ● Your employment income must be \$3,465 or more.
Details	<ul style="list-style-type: none"> ● The amount of this supplement is 25 per cent of the medical expenses that qualify for the Medical Expenses tax credit (see page 6). ● The amount is reduced by 5 per cent of a combined family income greater than \$26,277.
Required Forms	<ul style="list-style-type: none"> ● Receipts may be requested.
How to claim	<ul style="list-style-type: none"> ● Line 452 on the Federal T1 Income Tax and Benefit Return Form. (Use the T1 General 2016 Federal Worksheet to calculate this amount).

Home Accessibility Tax Credit (New)	
Qualifications	<ul style="list-style-type: none"> ● You may be able to claim this amount if: <ul style="list-style-type: none"> ○ You own a home in Canada and paid for eligible renovations to improve the safety or accessibility of your home. ○ You are 65 year of age or older or eligible for the Disability Tax Credit, and the home is your main residence. ○ You are the spouse/common law partner of the qualifying individual. ○ The renovations are permanent and allow the individual to access the home or be more mobile/functional within the home. ○ The renovations reduce the risk of harm within the home or in accessing the home.
Details	<ul style="list-style-type: none"> ● You can claim up to \$10,000 in expenses. ● You may claim this for an eligible dependant under certain circumstances. ● See Line 398 in the CRA's General Income Tax and Benefit Guide for more details.
Required Forms	<ul style="list-style-type: none"> ● Eligible expenses must be supported by acceptable documentation, such as agreements, invoices and receipts. They must clearly identify the type and quantity of goods bought or services provided.
How to claim	<ul style="list-style-type: none"> ● Federal Schedule 12 Home Accessibility Expenses Form. ● Line 398 on the Federal Schedule 1 Form.

B.C. Home Renovation Tax Credit for Seniors and Persons with Disabilities (Changed)	
Qualifications	<ul style="list-style-type: none"> You may be able to claim eligible expenses for certain permanent home renovations that improve access, mobility, or reduce the risk of harm within the home. You're eligible to claim the credit for the year if on the last day of the tax year you are: <ul style="list-style-type: none"> A B.C. resident, and A senior (65 years of age or older) or a family member living with a senior, or A person with a disability or a family member living with a person with a disability (for 2016 and later tax years).
Details	<ul style="list-style-type: none"> The maximum credit is \$1,000 per tax year, calculated as 10 per cent of the qualifying renovation expense (maximum \$10,000 in expenses). Some examples of eligible expenses are: <ul style="list-style-type: none"> Grab bars and handrails. Wheelchair ramps, lifts and elevators. Walk-in bathtubs. This credit can be split between eligible residents of the home to a maximum amount of the credit. For seniors and family members living with seniors, your renovation expenses must happen on or after April 1, 2012. Expenses made or incurred under an agreement entered into before this date don't qualify. For persons with disabilities and family members living with them, renovation expenses must happen on or after February 17, 2016.
Required Forms	<ul style="list-style-type: none"> You must retain documentation to support your claim, including receipts from suppliers and contractors. If work has been performed by a family member, receipts for labour and materials must have a GST/HST number. If you are claiming this amount as a person with a disability the Disability Tax Credit Certificate (Form T2201) is required.
How to claim	<ul style="list-style-type: none"> Schedule BC(S12) Form. Box 6048 on the BC479 British Columbia Credits Form.

GST / HST Exempt Goods and Services	
Qualifications	<ul style="list-style-type: none"> • Some goods and services used by people with dementia are exempt from the goods and services tax/harmonized sales tax (GST/HST). • If you paid GST/HST in error, you can ask the supplier for a refund or a credit. • If you can't get a refund or a credit from the supplier (for example, if the supplier refuses or goes out of business), you can apply to the CRA for a rebate by completing the GST 189 Federal Application for Rebate of GST/HST Form.
Details	<ul style="list-style-type: none"> • Some services are only exempt if they are publicly subsidized or funded. • Some examples of exempt expenses are: <ul style="list-style-type: none"> ○ Certain health care services. ○ Home care services (such as cleaning and meal preparation). ○ Personal care services (such as assistance with bathing, feeding, dressing and taking medication) provided to you in your place of residence. ○ Care and supervision services. ○ Home-delivered meals through certain programs. ○ Certain medical devices and supplies.
Required Forms	<ul style="list-style-type: none"> • The CRA requires copies of proof of purchases, receipts or documents for purchases listed on your rebate application, with your rebate claim.
How to claim	<ul style="list-style-type: none"> • GST189 General Application for Rebate of GST/HST Form. • Refer to the CRA Guide 'Disability-Related Information' to learn more.

Examples of How Tax Benefits and Credits Might Affect You

The following scenarios overview some of the different tax benefits and credits that are discussed in this guide.

Scenario # 1

Mary is separated and her children have moved away from her home. Her mother Janet has Alzheimer's disease and moved into a suite in Mary's house. To make the home safer and more accessible for her mother, Mary has made home renovations, spending \$4,000 for necessary upgrades. Janet has significant medical expenses, which Mary has paid for, including prescriptions, a wheelchair and eyeglasses totaling \$3,500. Mary has also paid for a nurse to come to the home to care for Janet several days a week, costing \$8,000 in total.

Mary's Eligible Credits

- Caregiver Amount with Family Caregiver Amount
- Amount for Eligible Dependant with Family Caregiver Amount
- Disability Amount (transferred)
- Medical Expenses: $\$4,000 + \$3,500 + \$8,000 = \$15,500$
- Refundable Medical Expenses Supplement (depends on Mary's income)
- Home Accessibility Tax Credit
- B.C. Home Renovation Tax Credit for Seniors and Persons with Disabilities

Scenario # 2

Jim is married with two children who live at home. Jim's elderly father, Michael, needs full-time support in residential care due to his advanced dementia. Care at the residence costs \$28,000 per year, \$15,000 of which are deemed care costs. Jim paid for all the costs himself. Michael is over 65 years of age and eligible for the Disability Tax Credit, he also spends \$1,800 on other medical expenses during the year.

Jim's Eligible Credits

- Amount for Infirm Dependents Age 18 or Older (Jim's return)
- Medical Expenses: \$15,000 (Jim's return, depends on Michael's return)
- Refundable Medical Expenses Supplement (depends on Jim's income or Michael's income)
- Disability Tax Credit (Michael's return, depends on Jim's return)

Getting Authority to Handle Financial Affairs

It is important for people in the early stages of Alzheimer's disease or another dementia to plan ahead for legal, financial and health care matters by preparing an Enduring Power of Attorney and a Representation Agreement. It is strongly encouraged that families consult a lawyer or notary public for assistance with preparing legal documents. The following resources provide information on planning for a time when you might need someone to manage your legal, financial and health care affairs or for getting the authority to support someone else to manage theirs.

Nidus Personal Planning Resource Centre and Registry

Nidus is currently the only community-based resource in Canada devoted to personal planning. Nidus is also the expert on Representation Agreements, which are a legal model for supported decision making. The Personal Planning Registry is a secure online service for storing your important information and documents and making them available to others who need to know. Visit www.nidus.ca or call **1-877-267-5552** (voicemail only) for more information.

CRA Form T1013: Authorizing or Cancelling a Representative

Taxpayer information is considered confidential according to the CRA. Consent can be given for another person to act as a representative for income tax matters by filling out [Form T1013](#). If you have a legal representative (for example, Power of Attorney or Guardian), you do not need to fill out Form T1013.

Agreement to Administer Federal Pension Benefits

You can apply to Employment and Social Development Canada to act as the trustee of Canada Pension Plan (CPP) and Old Age Security (OAS) benefits for a relative or friend who is incapable of managing their own affairs due to a mental or physical illness or impairment. For details, call **1-800-277-9914** or visit www.servicecanada.gc.ca and type 'agreement to administer benefits' into the search toolbar to access the [Agreement to administer benefits under the Old Age Security Act and/or the Canada Pension Plan by a Private Trustee](#) form.

Alzheimer Society of B.C.

[Cam and Sally's Story and Getting Your Affairs in Order: Legal Planning and the Dementia Journey](#)

[Journey](#): Learn about the important legal issues that affect people with dementia and their families. Follow Cam and Sally's Story as one family's experience using the law.

[Freda's Story: Living Alone and Finding Help on the Dementia Journey](#): Information on legal, personal and health care planning for people with dementia who live alone.

For additional information and resources about personal planning visit www.alzheimerbc.org or call the [First Link® Dementia Helpline](#) at 1-800-936-6033.

Additional Resources and Information

Community Volunteer Income Tax Program

The objective of this program is to help individuals who are not able to prepare their income tax and benefit returns by themselves. In partnership with the CRA, community organizations host tax preparation clinics and arrange for volunteers to prepare tax returns for eligible individuals. For more information, visit www.cra.gc.ca/volunteer or call **1-800-959-8281**.

Employment Insurance (EI) Compassionate Care Benefits

EI compassionate care benefits are paid to people who have to be away from work temporarily to provide care or support to a family member who is gravely ill and who has a significant risk of death within 26 weeks (six months). A maximum of 26 weeks of compassionate care benefits may be paid to eligible people, and can be shared with other family members. Unemployed persons on EI can also apply. You may also be eligible if you are a close friend or neighbour and the gravely ill person considers you a family member. For more information, call **1-800-206-7218** or visit www.canada.ca/en/services/benefits/ei/ei-compassionate.html.

Veterans Affairs Canada: Veterans Independence Program (VIP)

Eligible veterans may receive financial assistance for personal care, housekeeping, grounds maintenance and/or other services under the VIP. Primary caregivers and low-income or disabled survivors of veterans who were receiving services under the VIP before they passed away or were admitted to a health care facility may be eligible to continue to receive these services. For more information call **1-866-522-2122** or visit www.veterans.gc.ca/eng/services/health/veterans-independence-program.

Disability Benefits Help Sheets

Disability Alliance B.C. provides a series of help sheets that describe key disability programs and benefits in B.C. Call **1-800-663-1278** or visit www.disabilityalliancebc.org/money.htm for more information.



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First Link® Dementia Helpline: 1-800-936-6033

Email: info@alzheimerbc.org

Website: www.alzheimerbc.org