



CESTNICK

TAX MATTERS

Many Canadians with disabilities are missing out on tax savings and benefits

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My cousin Paul is a special guy. He's one of the kindest people I know, doesn't have any hair to speak of (he blames his sister for his hair loss), loves to dance the Macarena and will bring his own grilled cheese sandwiches to any restaurant just in case they don't have it on the menu.

One other thing that's true about Paul, who has Down syndrome, is that he's claiming all the benefits he's entitled to from our government. Far too many Canadians who qualify for the Disability Tax Credit are not.

Those who qualify

You could be eligible for the DTC if a medical practitioner certifies that you have a severe and prolonged impairment in one of several eligible categories or have significant limitations in two or more of the categories. You might also qualify if you receive therapy to support a vital function. To qualify, you've got to apply for certification by completing Form T2201, Disability Tax Credit Certificate, which you can complete

online or in paper format. The Canada Revenue Agency says the current wait time to process an application is up to about 15 weeks. For more details, go to www.cra.gc.ca and enter "DTC" in the search field.

Obtaining a DTC certificate is the first step toward receiving most tax credits and other benefits that are available to those with disabilities. But according to a recent report of the CRA's Disability Advisory Committee, there are complexities in the application process, tax filing difficulties and challenges with CRA processes that have limited the number of eligible people claiming credits and benefits.

According to the report, 96.6 per cent of completed applications for the DTC are approved, but only about one-quarter of people with disabilities submit a completed DTC application. Further, just 64 per cent of those with a DTC certificate claimed the credit in 2022.

Early start to financial planning for kids with disabilities can help with long-term savings

Benefits available

If you or a loved one can qualify for the DTC, it's worth persisting and getting the DTC certificate. Here are the key credits and benefits available:

Disability tax credit. The DTC is a non-refundable tax credit that can be worth more than \$2,000 (federal and provincial) annually. The actual amount of the credit federally is 14.5 per cent of \$10,138 for 2025, or \$1,470, plus the provincial or territorial credit, bringing the total between \$2,000 and \$3,000 for most people who qualify. The credit can also be transferred to a spouse.

Canada Disability Benefit. The CDB is new as of June, 2025. You could be eligible for tax-free monthly CDB payments if you're between 18 and 64 years old, qualify for the DTC, and you (and your spouse if applicable) have filed your 2024 tax return. The most you can receive from July, 2025, to June, 2026, is \$2,400 (\$200 a month). Your payments are based on your level of income. When you apply, you can get back-payments for up to 24 months (but only going back to June, 2025, when the program started). Visit canada.ca and enter "CDB" in the search field for more details.

New Canada Disability Benefit will leave many people with disabilities behind

Registered disability savings plan. An RDSP can help accumulate savings for the future of a disabled individual. The plan can be set up by a disabled individual once they're 18, or by a parent or guardian while the disabled beneficiary is a minor. There are no annual contribution limits, but the maximum that can be contributed is \$200,000 in the lifetime of the beneficiary. An RDSP plan can also

receive government grants, called the Canada Disability Savings Grant (up to \$3,500 annually, or \$70,000 in a lifetime) or the Canada Disability Savings Bond (up to \$1,000 annually or \$20,000 in a lifetime). See my article from Jan. 23 for more details.

Child Disability Benefit. The child disability benefit is a tax-free monthly payment made automatically to those who are already receiving the Canada Child Benefit and who care for a child under age 18 who qualify for the DTC. For the period July, 2025, to June, 2026, you could get up to \$3,411 (\$284.25 a month) for each child who is eligible for the DTC, but the benefit is reduced when adjusted family net income is more than \$81,222.

Other benefits. If you (or a dependent in some cases) qualify for the DTC, you could also be eligible for the Canada Workers Benefit (the disability supplement), Canadian Dental Care Plan, the Home Buyers' Plan (to allow RRSP withdrawals to buy a home, even if you're not a first-time homebuyer), the Home Accessibility Tax Credit, Medical Expense Tax Credit, Canada Caregiver Credit (if you're caring for someone with a disability) or establishing a Qualified Disability Trust in your will for a disabled beneficiary.

Have a conversation with a tax professional for more details.

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