

The Disability Tax Credit – What You Need To Know

BACKGROUND

On June 23, 2022, Bill C-19 received royal assent in Parliament and enacted a change to the Income Tax Act in relation to the Disability Tax Credit (DTC). The change allows any individual who is diagnosed with type 1 diabetes (T1D) to automatically qualify for the DTC. Individuals no longer need to provide a list of their activities, including documented average number of hours spent per week, but will now be automatically considered to have met the criteria for life-sustaining therapy, thereby making them eligible for the DTC.

How to apply:

1. Individuals with T1D are still required to submit an application and will need to work with their medical practitioner to complete form T2201 – Disability Tax Credit Certificate, including the section on life-sustaining therapy.
2. This paper form has been updated to reflect the new change with the inclusion of the following note: “If the life-sustaining therapy indicated is for type 1 diabetes and you are filing this form for 2021 or later years only, you may skip to question 6. Individuals in this case are deemed to have met the criteria for life-sustaining therapy.”.

Further information can be found by visiting www.canada.ca/disability-tax-credit or by calling 1-800-959-8281. To receive form T2201 – Disability Tax Credit Certificate, please visit www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2201.html or call the same toll-free number: 1-800-959-8281.

Key Notes

- Patients with T1D will still need to get a medical practitioner to sign off and confirm they have a type 1 diabetes diagnosis.
- With this new change, medical practitioners for patients with T1D will no longer need to:
 - List the eligible activities the patient or another person dedicates time to administering the life-sustaining therapy
 - Provide the minimum number of times per week the patient needs to receive the life-sustaining therapy
 - Provide the average number of hours per week the patient or another person needs to dedicate to activities to administer the life-sustaining therapy

The DTC for individuals with T1D is applicable to the 2021 year and onwards – it is not retroactive to prior years.

Individuals may apply for the DTC at any time during the year. Even if a tax return has already been filed tax return or the applicant was previously denied the DTC prior to this this change, individuals should still consider applying.