

## Disability Benefits Guide

### *What is the Disability Tax Credit?*

The Disability Tax Credit (DTC) is a non-refundable tax credit that helps Canadians with severe and prolonged impairments — or their supporting family member — reduce income tax owing. It also unlocks additional medical expense deductions (e.g., attendant care, nursing home costs) and eligibility for additional tax benefits (e.g. Canada Disability Benefit and Registered Disability Savings Plans). The DTC itself is indexed annually for inflation. If the impairment has been ongoing for more than one year, approval can be granted retroactively.

### *How to Apply*

There are two methods to apply. The digital form is recommended for fastest processing. On the form you can request that CRA automatically reassess prior tax years if the DTC is approved retroactively. Your medical practitioner may charge a fee for completing the form.

#### **Digital Form**

Complete Part A of the form online (see instructions below) or by phone (1-800-959-8281), then provide the reference number to your medical practitioner to complete Part B.

##### **Online:**

1. Sign in to My Account at [canada.ca](https://canada.ca)
2. Select “Benefits and credits”
3. Select the “Apply for DTC” button

#### **Paper Form**

Complete the [T2201 form](#) (Part A), then provide to your medical practitioner who completes Part B. If you give us the completed form, we can submit it online to CRA on your behalf.

### *What is the Canada Disability Benefit?*

The Canada Disability Benefit (CDB) is a separate federal income-tested benefit providing direct financial support to working-age Canadians with disabilities. DTC eligibility is a prerequisite. Payments are intended for DTC eligible individuals with low family incomes.

### *What is a Registered Disability Savings Plan?*

A registered disability savings plan (RDSP) is a savings plan intended to help an individual who is approved to receive the DTC to save for their long-term financial security. RDSP beneficiaries (DTC eligible recipients) are entitled to the Canada disability savings bond (bond) and Canada disability savings grant (grant). Both the bond and grant entitlement depends on the family income of the beneficiary.

Contributions to an RDSP are not tax deductible and can be made until the end of the year in which the beneficiary turns 59. Original contributions that are withdrawn are not included as income to the beneficiary when paid out of an RDSP. However, the grant, bond, investment income earned in the plan, and the proceeds from rollovers are included in the beneficiary's income for tax purposes when paid out of the RDSP. Any income activity within the plan is tax-deferred (not taxed until withdrawn).

### *How HW Partners Can Help*

We can help submit your application to CRA, amend any impacted tax returns, maximize RDSP bonds and grants and advise on related deductions. Reach out to our office to discuss your situation if you have any questions.