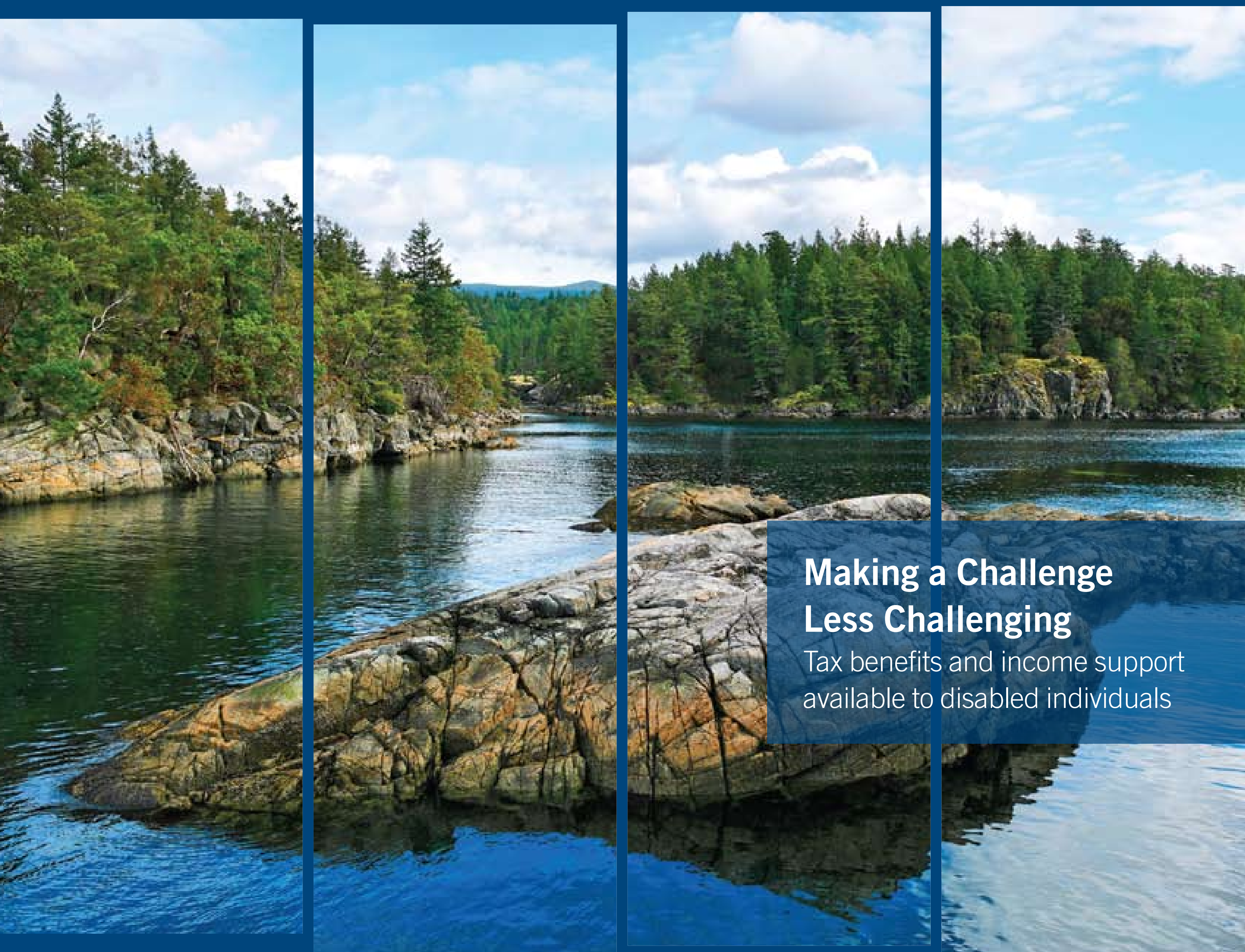
Investor Guide



Making a Challenge Less Challenging

Tax benefits and income support available to disabled individuals

Mackenzie
TAX & ESTATE PLANNING

When disability strikes, it often takes its toll on impacted families both emotionally and financially. Lifestyles generally change as a result, and in many cases, the day-to-day challenges of everyday life increase in complexity and levels of difficulty. Currently, there are over 2 million Canadians of working age who are disabled. In Canada, several types of benefits are available to combat these challenges, and generally include assistance in the form of tax reduction, income support, part-time or full-time home care, or employability assistance. This bulletin focuses on tax assistance and income supports available to disabled persons and/or supporting individuals.

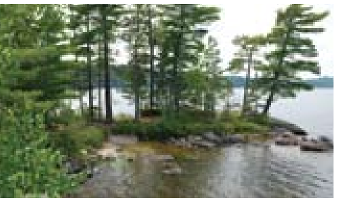
The tax credits and deductions discussed in this bulletin are addressed primarily from a federal perspective. Many of the provinces and territories offer comparable benefits with respect to provincial and territorial tax. To confirm the availability of deductions and credits in a particular province or territory, a financial or tax advisor in the jurisdiction should be consulted.

Income supports are discussed both federally and provincially.

TAX DEDUCTIONS VERSUS TAX CREDITS

Before addressing the deductions and credits available in respect of disabled persons, you should be aware of the difference between tax deductions and tax credits. A tax deduction reduces taxable income, resulting in less income being subject to your marginal tax rate. Because marginal tax rates can differ between taxpayers depending on income, the tax savings generated from a deduction can also differ from taxpayer to taxpayer. In a simple example, assume a $100 deduction is available to two taxpayers, Junior and Ellen. Junior is taxed at a 35% marginal tax rate while Ellen is taxed at 46%. The tax savings realized by Junior from the deduction would be $35 ($100 x .35). Ellen would see savings of $46 ($100 x .46). Therefore, where two taxpayers receive the same deduction, overall tax savings can differ depending on respective tax rates.

Tax credits are generally worth the same to all taxpayers. Because tax credits reduce taxes owing (as opposed to a reduction of taxable income), a credit of the same amount offered to two taxpayers would normally result in equal tax savings to both. Continuing the above example, if Junior and Ellen both received a $100 tax credit, they would each be able to reduce their tax payable by $100. In some cases, depending on the type of credit, this could lead to a tax refund where the credit exceeds tax payable. Most of the credits discussed in this guide are *non-refundable*. This means the credit can be used to offset an outstanding tax liability, but would not create a refund if the credit exceeds tax payable.



TAX DEDUCTIONS AVAILABLE TO DISABLED PERSONS

Disability Supports Deduction

A disability supports deduction is available to individuals with mental or physical impairments where certain expenses are incurred to allow the individual to go to school or earn income. Income generally includes employment income, self-employment income or grants received for conducting research.

Only the person with the impairment can claim eligible expenses for the disability supports deduction, and the claim is normally limited to that person's income for the year. Amounts received as non-taxable reimbursements of eligible expenses, and amounts claimed as eligible medical expenses, cannot be claimed.

Eligible expenses generally include the following services or devices used because of the taxpayer's impairment:

- sign language interpretation services used by individuals who have a speech or hearing impairment as long as the expenses are paid to persons in the business of providing these services
- devices or equipment designed exclusively for blind individuals for operating a computer
- note-taking services used by individuals with a physical or mental impairment and paid to persons in the business of providing these services
- full-time attendant care services provided in Canada. Part-time services may also be claimed if the claimant qualifies for the disability amount. Amounts paid to a spouse, common-law partner, or person under 18 years of age for attendant care services cannot be claimed. Alternatively, subject to limits and whether or not the disability amount is claimed, amounts paid for attendant care may be claimed as a medical expense where no part of the expense is claimed as a disability supports deduction. The medical expense credit is discussed later in this bulletin.
- voice-recognition software used by individuals with an impairment in physical functions

Services or devices claimed normally require a prescription from a medical practitioner. Canada Revenue Agency (CRA) form T929, *Disability Supports Deduction*, is used to calculate the claim.

Example

In January, Kevin lost his sight due to illness and was declared legally blind. As a result, his ability to continue his career as a computer programmer was in question. Determined to continue his profession, Kevin discussed the issue with his medical practitioner and employer, and it was agreed that he would continue to work with the assistance of a Braille printer. The printer was prescribed by his physician, and it was purchased by Kevin at a cost of $750. No reimbursement was received in respect of this cost.

With the assistance of the printer, Kevin was able to continue his job, and earned $50,000 that year. Because his earned income for the year exceeded the cost of the printer, Kevin was able to deduct the full cost on his tax return for the year.

TAX CREDITS AVAILABLE TO DISABLED PERSONS

Disability Amount

The disability amount is a non-refundable tax credit generally available to individuals with severe and prolonged physical or mental impairments. The CRA has a very specific definition of disabled for purposes of the disability amount, and eligibility for other disability benefits (ie. Canada Pension Plan, Quebec Pension Plan, worker's compensation, etc.) does not guarantee eligibility for the disability amount.

To claim the disability amount, the taxpayer's impairment must generally have lasted, or be expected to last, 12 continuous months, and has resulted in blindness, the requirement for life-sustaining therapy, or has markedly restricted the ability to walk, speak, hear, dress, feed, eliminate, or carry out mental functions necessary for everyday life. A qualified medical practitioner must certify the effects of the impairment using CRA form T2201, *Disability Tax Credit Certificate*, and CRA approval is required.

For tax year 2006, eligible individuals age 18 or older can claim a federal disability amount of $6,741. This results in a non-refundable tax credit of approximately $1028 (calculated as $6,741 x 15.25% which is the average 2006 rate applicable to non-refundable credit claims). A similar claim is also available provincially. Eligible individuals under the age of 18 are entitled to the same amount, but may be eligible for a supplement that can increase their claim.

If an eligible taxpayer does not need the full disability credit to reduce tax payable, the excess can be transferred to a spouse or common-law partner or any other related dependant (including parent, grandparent, child, grandchild, sibling, aunt, uncle, niece or nephew) as long as the disabled person was a resident of Canada and depended on the supporting individual for some or all of the basic necessities of life (ie. food, clothing, shelter). If you are considering transferring this credit, keep in mind that it is generally required that you and the supporting person maintain a common residence.

Medical Expense Credit

You are generally entitled to claim a tax credit for eligible medical expenses incurred for yourself, spouse and children age 17 or under. Expenses incurred for other related dependants (ie. adult children or grandchildren, parents, siblings, aunts, uncles, nieces and nephews) can also be claimed under certain conditions. In the case of spouses or common-law partners, either spouse can make the claim regardless of which spouse actually paid the expense.

In any given tax year, eligible expenses are those paid in any 12-month period that ends in the year, provided the claim was not made in the previous tax year. In the year of death, the period is extended to any 24 months that includes the date of death. As illustrated by the following example, the flexibility associated with these claims allows the use of expenses that might not otherwise be claimable.

Example

In November 2005, Mary, a self-employed photographer, incurred medical expenses paid to her dentist. Because 2005 was a great year for her business, her 2005 net income prevented her from claiming the expense that year. In 2006, additional medical expenses were incurred in March and May, however, no further expenses were incurred that year. When filing her 2006 tax return, Mary selected the period from November 2005 to October 2006 for medical expense claims, which allowed her to claim the 2005 dental expense on her 2006 tax return.

Generally, all amounts paid can be claimed even if the expenses were not paid in Canada. However, to make a claim, total expenses must be more than 3% of your net income, or a specified amount ($1,885 for tax year 2006), whichever is less. Only amounts above this threshold can be claimed. Also, expenses that have been reimbursed are not claimable unless the reimbursement was included in your taxable income. Receipts are normally required to support claims made.

While the following list is not fully inclusive, some eligible expenses are listed for your reference:

- payments to a medical doctor, dentist, nurse or public or licensed private hospital
- payments related to the use of guide and hearing-ear dogs and other animals
- premiums paid to private health care services plans (other than those paid by an employer)
- payments for artificial limbs, wheelchairs, crutches, hearing aids or personal assistive listening devices
- payments for prescription eyeglasses, contact lenses, dentures and pacemakers
- prescription drugs
- payments to adapt a vehicle (as prescribed by a medical practitioner) used to transport a disabled person, or payments for a device that enables a disabled person to operate a vehicle
- reasonable costs paid to alter the driveway of an individual with a severe and prolonged mobility impairment to allow easier access to a bus
- sign language interpreter fees paid to a person in the business of providing such services, for an individual with a speech or hearing impairment
- attendant or nursing home care expenses (see following page for details)

If you cannot obtain required medical treatment within 80 kilometres of home, a claim may be allowed in respect of accommodation, meal and traveling expenses.

When claiming medical expenses, consider adding the expenses of yourself and spouse/common-law partner together, and making the claim on one tax return. Because of the 3% net income threshold, a comparison should be done to determine on which return the amounts should be claimed. As the following example indicates, it may be preferable to claim the expenses on the return of the lower income earner.

Example

Karen and Michael, a married couple, incurred eligible medical expenses of $800 and $600 respectively in 2006. Karen's net income for the year was $65,000, and Michael's net income was $45,000.

Because of the minimum thresholds for claiming medical expenses, total expenses claimed by Karen would need to exceed $1,885 (the lesser of $1,885 and 3% of net income ($1,950)) to entitle her to an eligible claim. Total expenses claimed by Michael would need to exceed $1,350 (the lesser of $1,885 and 3% of net income ($1,350)) to entitle him to an eligible claim.

Neither Karen nor Michael can claim their personal expenses individually as their expenses do not exceed their minimum medical expense thresholds. Karen's expense of $800 is below her threshold of $1,885. Likewise, Michael's expense of $600 is below his threshold of $1,350.

Because Karen and Michael are spouses, they could consider combining their expenses for the year. This would result in a total expense of $1,400 ($800 + $600), and allow Michael to make an eligible claim, as total expenses would then exceed his threshold of $1,350. Because Michael's income was lower in 2006, it created a lower threshold for claiming medical expenses, and allowed the family to make use of a claim that would not otherwise be available.

If medical expenses are claimed in respect of related dependants other than a spouse, common-law partner or children under age 18, the dependant's income is used to determine the threshold beyond which claims can be made. Expenses can be claimed up to a maximum of $10,000 per dependant, but total eligible expenses must exceed the lesser of 3% of the dependant's net income and a specified amount ($1,885 for 2006) to be claimed.

Example

Chantelle has two dependent adult children, Gavin and Chris. In 2006, Gavin had a net income of $5,000, and Chris' net income was $7,000. Medical expenses paid by Chantelle for Gavin and Chris was $3,000 and $12,000 respectively. Chantelle's 2006 medical expense calculations in respect of each child are as follows:

Gavin's medical expenses	$3,000
Minus: Lesser of 3% of Gavin's net income and $1,885	$150
Total allowable medical expenses for Gavin (maximum of $10,000)	$2,850
Chris' medical expenses	$12,000
Minus: Lesser of 3% of Chris' net income and $1,885	$210
Total allowable medical expenses for Chris (maximum of $10,000)	$10,000

Therefore, for 2006, Chantelle can claim $12,850 for her children ($2,850 for Gavin and $10,000 for Chris).

Note On Attendant and Nursing Home Expenses

Amounts paid for attendant care or care in a nursing home may or may not be claimed as a medical expense depending on whether or not you claim the disability amount. If the *disability amount is claimed*, no amount can be claimed as a medical expense for nursing home care. Amounts paid for full-time or part-time attendant care can be claimed provided the payment is made to someone over the age of 17 who is not your spouse or common-law partner. The claim would be restricted to a maximum of $10,000 per year (or $20,000 in the year of death).

If the *disability amount is not claimed*, amounts paid for full-time care in a nursing home can be claimed provided you would otherwise qualify for the disability amount, or have been certified by a medical practitioner to require the care because of a lack of mental capacity. Part-time care in a nursing home would not normally qualify. Amounts paid for full-time attendant care can be claimed without limit if paid to someone over the age of 17 who is not your spouse or common-law partner. A medical practitioner must certify your mental or physical impairment to be eligible for this claim. Part-time attendant care can be claimed subject to a maximum of $10,000 per year (or $20,000 in the year of death).

Where the disability amount is not claimed, amounts paid to schools or institutions other than nursing homes for the care or training of mentally or physically handicapped persons may also be allowed as a medical expense if a medical practitioner certifies that the person requires the equipment or personnel of the institution.

Refundable Medical Expense Supplement

The medical expense supplement is a refundable tax credit, which means that you could receive a tax refund if the credit exceeds tax payable. The purpose of this credit is to provide a measure of relief for working individuals with low incomes and high medical expenses.

To receive the supplement, you must have claimed an amount for the disability supports deduction or the medical expense tax credit, resided in Canada throughout the year, and be 18 or older at the end of the year. In addition, the total of your employment income (minus certain deductions) and self-employment income must be more than a certain amount ($2,920 for 2006).

The maximum claim for 2006 is $1000, however, actual claims depend on the net incomes of yourself and spouse (if any), and amounts claimed as a medical expense and disability supports deduction.

Tuition and Education Amount

The tuition and education amount is a non-refundable tax credit offered for eligible tuition fees and time spent in a qualifying educational program. While the *tuition credit* can generally be claimed by anyone in a qualifying program (ie. a program at the post-secondary level or, for individuals 16 or older, one that improves skills in an occupation), only disabled persons can claim a *full-time education amount for part-time* enrolment at a qualifying institution. While eligibility for the disability amount would normally be required to claim the full-time education amount for part-time studies, those who fail to qualify may still qualify for the full-time amount if a medical practitioner certifies their mental or physical impairment in writing.

To claim eligible tuition fees, at least $100 must have been spent at each institution for which a claim is made. Provided the amount represents eligible tuition fees (as supported by a tax slip issued by the eligible institution), there is no limit to the amount that can be claimed. Expenses incurred for books, board and lodging, or students' association fees are not normally considered eligible tuition expenses, and generally cannot be claimed. Also, if the tuition fees were reimbursed by an employer, the claim can only be made if the reimbursement was included in taxable income.

The education amount can be claimed for each whole or part month in which the disabled person was enrolled in a qualifying program. The full-time claim available to eligible full-time or part-time disabled persons is $400 per month. This amount generally cannot be claimed if you received a reimbursement of tuition fees.

In order to make a claim for tuition and education amounts, a supporting T2202, *Education Amount Certificate*, T2202A, *Tuition and Education Amounts Certificate*, TL11A, *Tuition and Education Amounts Certificate – University Outside Canada*, or TL11C, *Tuition and Education Amounts Certificate – Commuter to the United States* tax slip would normally be required. These slips confirm the period in which the student was enrolled, and are normally provided by the educational institution.

If the student does not have enough income to make use of the claim, the excess amount can be carried forward for use in any future year, or, subject to a maximum of $5,000, can be transferred to a spouse or common-law partner, parent or grandparent.

TAX DEDUCTIONS AVAILABLE TO SUPPORTING PERSONS

Child Care Expenses

A deduction against income is available for amounts paid to look after a child if the child was under 16 at some time during the year, and the expense was incurred so you (or your spouse or common-law partner) could earn income, go to school, or conduct research. However, the above age restriction does not apply if the child had a mental or physical infirmity.

In the case of married or common-law partners, the spouse or common-law partner with the lower net income (even if it is zero) is generally required to make the claim, however exceptions apply if the lower income earner was going to school or was mentally or physically infirm. Amounts paid to persons under the age of 18 and related to the claiming taxpayer are not claimable. For these purposes, related persons include children of the taxpayer and siblings, but do not include nieces, nephews, aunts and uncles.

Up to $10,000 can be claimed in respect of child care expenses for children who are entitled to the disability amount. For dependent children age 7 or older that do not qualify for the disability amount, up to $4,000 can be claimed if they are mentally or physically infirm. Up to $7,000 can be claimed for dependent children under 7 who do not qualify for the disability amount. However, the above claims are subject to the income of the claimant. For the purpose of the child care deduction, the allowable claim is generally limited to the lesser of the amount spent on eligible child care and 2/3 of the claimant's earned income for the year. CRA form T778, *Child Care Expenses Deduction*, is used to determine the allowable claim.

Example

Kevin and Claire, a married couple, have three children – Andrea, Ben and Colleen. Andrea is the oldest at 17, followed by Ben at 13, and Colleen at 5. Due to a physical disability, Ben is eligible for the disability credit.

In 2006, Kevin and Claire spent $20,000 in eligible child care expenses in respect of Ben and Colleen. The expenses were incurred so that both parents could continue their careers. In that year, Kevin earned $85,000 of employment income, and Claire earned $20,000 from a business she started in the year.

Because Claire is the lower income earner, she is required to claim the child care expenses in respect of the children. Her claim is calculated as follows:

Maximum per child claim for children under 7 who do not qualify for the disability amount (Colleen)	$7,000
Maximum per child claim for children of any age who qualify for the disability amount (Ben)	$10,000
Total	$17,000 ***(A)***
Total expenses incurred	$20,000 ***(B)***
Earned income limitation	$20,000 x 2/3 = $13,333 ***(C)***
Allowable claim (lesser of A, B and C)	***$13,333***

Therefore, the total allowable child care expense claim for the family for 2006 is $13,333.

TAX CREDITS AVAILABLE TO SUPPORTING PERSONS

Amount for Eligible Dependant

The amount for eligible dependant is available if you have no spouse or common-law partner, and support a dependant who resides in your home. The amount can be claimed in respect of a child, grandchild, brother or sister, provided they are under the age of 18, or mentally or physically infirm. The credit can also be claimed in respect of a parent or grandparent regardless of whether or not there is an infirmity. However, each household is entitled to one claim for this credit even if there is more than one eligible dependant in the home.

The maximum claim for the amount for eligible dependant is $7,505 (2006 amount), but this amount is reduced based on your dependant's net income. Schedule 5, *Details of Dependant*, of the tax return is used to identify the dependant for whom the claim is being made, and only one person can claim this amount for the dependant. There is no ability to split the credit with any other person.

Where the amount for eligible dependant is claimed, no one else can claim an *amount for infirm dependants age 18 or older or the caregiver amounts* (see both below) for the same dependant. However, it may be possible for you to claim two of the three amounts.

Example

Tyrone, a widower, lives with his 26 year old daughter, Leanne. Leanne is mentally infirm. In 2006, Leanne earned $6,000. When filing his tax return for the year, Tyrone can claim the amount for eligible dependant and also the caregiver amount for Leanne. Because the caregiver amount can be claimed by Tyrone, the amount for infirm dependants age 18 or older would not be available to him.

Amount for Infirm Dependants Age 18 or Older

This credit is available if you support mentally or physically infirm dependants age 18 or older. Dependants can include children, parents, grandparents, siblings, aunts, uncles, nieces and nephews provided they are 18 or older, have a mental or physical impairment, reside in Canada, and rely on you for support. These conditions generally require that the dependant reside with you for purposes of this claim.

This credit cannot be claimed if *anyone other than you claimed the amount for eligible dependant* for the dependant. The credit is also unavailable if anyone (including you) can claim the caregiver amount (see below) for the dependant.

The maximum claim for infirm dependants age 18 or older is $3,933 (2006), but is subject to the dependant's net income and any claims made by you for the *amount for eligible dependant* for the dependant.

Schedule 5 is used to report details of the dependant on your tax return, and it is suggested that you maintain on file a signed statement from a medical doctor confirming the nature, commencement, and duration of the dependant's infirmity.

The amount for infirm dependants age 18 or older can be split with another supporting person, however, the total amount claimed cannot be more than the maximum amount allowed for the dependant.

Caregiver Amount

The caregiver amount is a non-refundable credit available to taxpayers who maintain a dwelling where the taxpayer and an eligible dependant live. Eligible dependants include children, grandchildren, parents, grandparents, siblings, nieces, nephews, aunts and uncles provided they are residents of Canada. In addition, the dependant must be age 18 or older, have a mental or physical infirmity (or in the case of parents and grandparents, be age 65 or older), and have a net income of $16,988 or less (2005 amount).

The maximum claim is $3,933 per eligible dependant, but is reduced based on the dependant's net income and amounts claimed by you as an amount for eligible dependant in respect of the dependant.

Schedule 5 is used to identify the dependant on your tax return, and the credit can be split with another supporting individual provided the total amount claimed does not exceed the maximum allowed for the dependant.

If anyone (including you) can claim the *caregiver amount* for a dependant, *no one* can claim the *amount for infirm dependants age 18* or older for the same dependant. If anyone other than you claims the *amount for eligible dependant* in respect of the dependant, you *cannot* claim the *caregiver amount* for that dependant.

Example

Continuing the example from earlier, assume Tyrone had another adult child, Lawrence, who lived in the same residence and helped to support Leanne. If Lawrence claims the amount for eligible dependant for Leanne, neither the caregiver amount nor the amount for infirm dependant age 18 or older would be available to Tyrone. However, the caregiver amount would be available to Lawrence in addition to his eligible dependant claim.

Disability Amount Transferred from a Dependant

If you live with disabled dependants, you may be able to claim a disability amount transferred from the dependant. To be eligible for the claim, the dependant must have lived in Canada, and depended on you for some or all of the basic necessities of life. In addition, one of the following must apply.

- you claimed the *amount for eligible dependant* for the dependant (or could have if you did not have a spouse/common-law partner and if the dependant did not have any income)
- the dependant was your parent, grandparent, child, grandchild, sibling, aunt, uncle, niece, or nephew, and you claimed the *caregiver amount or amount for infirm dependant age 18 or older* for the dependant (or could have if the dependant had no income and had been age 18 or older in the year)

This credit is not available if the spouse or common-law partner of the disabled person is already claiming the disability amount (or any other non-refundable tax credit except medical expenses) in respect of their spouse. However, where the credit is available, it can be split with another supporting individual provided the total amount claimed does not exceed the maximum allowed for the dependant.

The disability amount can be transferred to eligible taxpayers only if it is not required to reduce the dependant's tax payable.

Amounts Transferred from a Spouse or Common-law Partner

Amounts may be transferred from a spouse or common-law partner if the spouse/common-law partner was eligible for the credit(s), but did not have enough income to make full use of them. Among the transferable credits are the disability and tuition and education amounts.

While a disabled spouse's full disability amount can generally be transferred (subject to the disabled person's taxable income), a maximum of $5,000 can be transferred in respect of the tuition and education amount.

Schedule 2, *Federal Amounts Transferred From Your Spouse or Common-law Partner*, is required to calculate and report the allowable claim.

Tuition and Education Amounts

Similar to the previous transfer of tuition and education amounts to a spouse, unused tuition and education amounts earned by a disabled student can generally be transferred to a parent or grandparent. The maximum amount transferable is $5,000.

To claim a tuition and education amount for a child or grandchild, the student would generally be required to complete Schedule 11, *Federal Tuition and Education Amounts*, to calculate the amount transferable and designate the parent or grandparent as transferee on the appropriate tuition and education certificate (ie. CRA forms T2202, T2202A, TL11A or TL11C). A tuition and education amount carried forward by a student from a previous year cannot be transferred to anyone. It must be used by the student.

Only one parent or grandparent can claim the amount transferred from the eligible student. However, no amount can be claimed if the student's spouse or common-law partner claimed the *spouse* or *common-law partner amount or amount transferred from your spouse or common-law partner* in respect of the student.

OTHER FEDERAL BENEFITS FOR DISABLED INDIVIDUALS

In addition to the previous tax deductions and credits, the following federal benefits may be available in respect of disabled individuals.

Child Disability Benefit

The Child Disability Benefit (CDB) is a component of the Canada Child Tax Benefit (CCTB), and is a tax-free benefit paid to families with low or modest incomes and disabled children. To be eligible for this payment, applicants must generally satisfy the following conditions:

- must live with the child, and the child must be under the age of 18
- must be the person who is primarily responsible for the care and upbringing of the child
- must be a resident of Canada
- must generally be a Canadian citizen or permanent resident, or have a spouse or common-law partner that satisfies these conditions

In addition, the child must qualify for the disability amount as confirmed by an approved T2201, *Disability Tax Credit Certificate*, for the child.

Eligibility is also based on family net income, which generally includes the incomes of the primary caregiver and a spouse or common-law partner, if any.

The maximum annual CDB is $2,300 per eligible child, or $191.66 per month. The benefit is reduced once your net family income exceeds a certain amount as determined by the number of children in your family eligible for the CCTB. For families with two children eligible for the CCTB, the CDB is reduced once family net income exceeds $36,440.

You can apply for the CDB (through the CCTB) as soon as all eligibility requirements are satisfied using CRA form RC66, *Canada Child Tax Benefit Application*. Once your application is approved, you (and spouse or common-law partner if any) are required to file annual tax returns (even if there is no income to report) in order to continue to receive the benefit.

GST/HST Exempt (or Zero-rated) Goods and Services

There are a number of goods and services related to disabled persons that are not subject to the federal goods and services tax (GST) or the harmonized sales tax (HST) applicable in certain provinces. Some of these goods and services are listed below.

- Expenses incurred with respect to homemaker services where a government or municipality funds the service. Eligible services generally include those provided to an individual in their residence, and provided to those who need help due to age, infirmity or disability. Cleaning, laundering, and meal preparation are generally included in these services. Although the government would generally subsidize the service, additional supplies purchased from the homemaker would normally be exempt from GST/HST.
- Meals provided to disabled persons through certain non-profit or charitable organizations (ie. Meals On Wheels).
- Recreational programs, such as board and lodging at recreational camps, and similar programs where the program is offered by a public sector body, and is primarily for people with disabilities.
- Certain medical devices and supplies such as wheelchairs, walkers, hearing aids, prescription eyewear, canes or crutches designed for disabled persons, and guide and hearing dogs.

Duty Free Import of Certain Goods to Canada

Some goods specifically designed for use by people with disabilities can be brought into Canada free of duty charge. If these goods are purchased abroad, when declared on return to Canada, the goods may be designated as specifically for disabled persons and may qualify for exemption from duty.

For further information regarding possible imports, contact the Canada Border Services Agency (CBSA), or a local customs border services office.

Home Buyers' Plan

Individuals wishing to withdraw amounts from their RRSP under the Home Buyers' Plan (HBP) must generally be considered "first-time home buyers". For these purposes, you are considered a first-time home buyer if you did not own a home that you occupied as your principal residence during the period beginning January 1 of the fourth year before the year of withdrawal, and ending 31 days before the withdrawal. As well, your spouse or common-law partner, if any, must not have owned a home in which you lived during the same period.

An exception to this rule exists in the case of disabled individuals. If any of the following situations apply to the HBP participant, the first-time home buyer condition generally does not need to be satisfied.

- you are a disabled person and withdraw funds from your RRSP under the HBP to buy a home that is more accessible or better suited to your needs
- you withdraw funds from your RRSP under the HBP to buy a home for a related disabled person, and the home is more accessible or better suited to that person's needs
- you withdraw funds from your RRSP under the HBP and give those funds to a related disabled person for their purchase of a home that is more accessible or better suited to their needs

A person is considered disabled if they are entitled to the disability amount. A related disabled person is one who is related to the HBP participant by blood, marriage, common-law partnership, or adoption.

Where any of the above exceptions apply, the Home Buyers' Plan may prove to be a valuable option for disabled persons regardless of the participant's home ownership status in the years before the withdrawal.

Example

Linda and her husband Jason purchased a home in 1998, and have since lived in it as their principal residence. Earlier this year, Jason was involved in a serious accident that left him disabled. As a result, their home is no longer suitable as Jason's mobility is restricted within.

The decision was made to purchase a more suitable home. Assuming all other HBP requirements are met, either Linda or Jason (or both) can participate in the home buyers' plan when purchasing the new home even though they owned and occupied a home during the previous four year period.

Canada Pension Plan (CPP) Disability Benefit

The CPP disability benefit is a monthly benefit generally available to disabled individuals who contributed to the Canada Pension Plan while working, but have since become unable to work at any job due to disability. The purpose of the benefit is to replace a portion of the recipient's employment earnings provided contributions were made to the plan.

Eligibility for this benefit depends on the nature of the disability. According to CPP legislation, the disability must be both severe and prolonged. For these purposes, a severe disability is generally considered one that prevents you from working any job on a regular basis. A prolonged disability is one that is expected to last at least one year, or is likely to result in death. In addition, recipients of this benefit must be under the age of 65 and must have contributed to the Canada Pension Plan in four of the last six years of work based on an annual income of at least $4,100. Where the contribution requirement is not fully satisfied, eligibility may still be achieved if certain situations existed (ie. staying home to raise small children or working in another country). Details can be found in the *CPP Disability Benefits* section of the Human Resources and Social Development web site at www.sdc.gc.ca.

The CPP disability benefit, which is generally paid monthly, is not guaranteed for life, and normally stops if the disability improves to the point where you can work any job on a regular basis. The benefit also stops once you turn age 65 or die. At age 65, the CPP retirement benefit is generally paid in place of the disability benefit.

The average monthly disability benefit in 2005 was $758.86 These benefits generally include a fixed amount available to all eligible recipients, plus an amount based on contributions made to the CPP during your working career. The maximum monthly benefit for 2006 is $1,031.05. These benefits generally increase with inflation and are taxable.

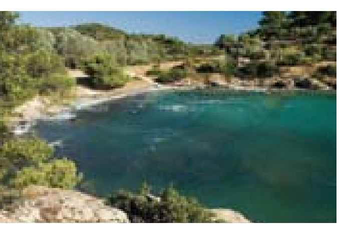
If you receive a CPP disability benefit and have a child under the age of 18, or a child age 18 to 25 who attends school full-time (colleges, universities, and educational institutions that provide training or instruction of an educational, professional, vocational or technical nature included), the child may be eligible to receive a taxable monthly children's benefit. In 2005, this benefit was $195.96 per month. It may also be possible for a child to receive two benefits if both parents paid into the CPP and both are receiving a CPP disability benefit. For those children attending school full-time, the benefit generally stops once the child reaches the age of 25.

Further information regarding the Canada Pension Plan disability benefit should be obtained from Human Resources and Social Development.

Quebec Pension Plan (QPP) Disability Benefit

Similar to the Canada Pension Plan, the Quebec Pension Plan offers a disability benefit to eligible residents of Quebec who have contributed to the QPP. The maximum disability benefit for 2006 is $1,031.02, but actual payments vary depending on contributions to the plan. QPP disability benefits are taxable, and an additional benefit may be paid in respect of children under the age of 18. This additional benefit is known as the *Pension For a Disabled Person's Child*, and is generally paid to disabled persons in respect of their children. For 2006, the monthly pension for a disabled person's child is $63.65 per child, and is taxable in the hands of the child.

Further information regarding the Quebec Pension Plan disability benefit should be obtained from the Régie des rentes du Québec.



PROVINCIAL BENEFITS FOR DISABLED INDIVIDUALS

Each province and territory has it's own disability supports program that provides benefits in addition to the above federal benefits. Eligibility is often based on the severity of an individual's disability (as defined by provincial guidelines), and is also generally subject to a "needs test" which considers the income and assets owned by the disabled person.

Listed below by province/territory are some of the disability support programs (as they relate to financial support) and the applicable government agency to contact to obtain further information, as sourced by Service Canada.

	Program	Contact
Alberta	Assured Income for the Severely Handicapped	Alberta Government/Service Alberta
British Columbia	BC Employment & Assistance for Persons with Disabilities	Government of British Columbia/Ministry of Employment and Income Assistance
Manitoba	Income Assistance for Persons with Disabilities	Government of Manitoba/Manitoba Family Services and Housing
New Brunswick	Extended Benefits Program	Government of New Brunswick/Family and Community Services

Continued...

	Program	Contact
Newfoundland & Labrador	Community Living and Supportive Services for Adults with Disabilities	Government of Newfoundland & Labrador/ Health and Community Services
Northwest Territories	Personal Allowance – Elderly and Disabled Program	Government of the Northwest Territories/ Health and Social Services
Nova Scotia	Employment Supports and Financial Assistance (Also see: Services for Persons with Disabilities)	Government of Nova Scotia/ Department of Community Services
Nunavut	Community Living Support Program	Government of Nunavut/ Department of Education
Ontario	Ontario Disability Support Program	Government of Ontario/Ministry of Community and Social Services
Prince Edward Island	PEI Disability Support Program	Government of Prince Edward Island/ Department of Health and Social Services
Quebec	Financial Assistance for Domestic Help Services	Régie de l'assurance maladie du Québec
Saskatchewan	Social Assistance Program	Government of Saskatchewan/Department of Community Resources and Employment
Yukon	Community Social Services Program	Government of Yukon/Yukon Health and Social Services

Miscellaneous Disability-Related Benefits

Private disability benefits may be available if purchased privately or through an employer before disability occurs. In the case of disabilities that result from a workplace accident, worker's compensation benefits may also be available. While worker's compensation benefits are generally non-taxable, private disability benefits are generally taxable unless the plans premiums were paid by you with after-tax proceeds, or, in the case of an employee, the premiums were considered a taxable benefit to the employee. For benefit entitlement and eligibility conditions, the benefit provider should be contacted.

Short-term benefits may also be available under the Employment Insurance (EI) program if you contributed to the EI program (which generally excludes self-employed persons), and are unable to work due to sickness or injury. The benefits are known as sickness benefits, and may be paid for up to 15 weeks. To qualify, you must generally have worked 600 hours in the last 52 weeks before applying for the benefit, and must be able to prove that you have since been unable to work. The maximum weekly benefit during the 15 week period is $413 and the payments are taxable.

Making a challenge less challenging

Dealing with a disability can be challenging both emotionally and financially. For these reasons, it is important to ensure that disabled individuals receive all benefits available to them. The purpose of this bulletin is solely to provide a general awareness of some of these benefits. As every sitution is unique, it is important to discuss specific needs, potential entitlements and eligibility requirements with a financial planner, tax advisor and lawyer. Because entitlements can vary across provinces and territories, an understanding of the options available in the province or territory of residence is key. Where a disabled person, and supporting family if any, is able to maximize the disability benefits available to them, it should help to make their challenge less challenging.

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