

## Practice with case studies

### Medical expenses

# Claiming medical expenses

## Pre-test question

Select **True** or **False**

Individuals may claim eligible medical expenses if they were not claimed in a prior year and were paid within a 12-month period that ended in the tax year for which they are submitting their tax return.

True

### **That's correct**

Individuals may claim eligible medical expenses if they were not claimed in a prior year. They must have been paid for within a 12-month period that ended in the tax year they are submitting.

False

### **Sorry, that's incorrect**

Individuals may claim eligible medical expenses if they were not claimed in a prior year. They must have been paid for within a 12-month period that ended in the tax year they are submitting.

## Instructions

1. Open the tax software
2. Review the **Background information** and **Required slips** (tax slips, receipts, etc.)
3. Provide all required information for the appropriate sections of the tax software
4. Once completed, compare your results with the solution provided
5. Afterwards, refer to the **Takeaway points**

## Background information

### Situation

Michael Schneider and Elizabeth Jones-Schneider are married and live with their son, Jack. They also support Elizabeth's father, Adam Jones, who lives in low-income housing. Michael works for the XYZ Inc. company and Elizabeth has a part-time job at Sunny Grocers. Their son has no income to report and Elizabeth's father, who is widowed, receives Canada Pension Plan benefits and old age security payments. Adam's medical expenses were paid for by Michael and Elizabeth. Mr. Schneider has provided you with all of his slips and medical receipts. Although you are only expected to transmit the tax returns for Michael and Elizabeth, you must still provide complete information for Adam.

## Identification information

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<b>Name</b>	<b>Michael Schneider</b>
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Social insurance number (SIN)	000 000 000
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Address	123 Main Street City, Province X0X 0X0
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Date of birth (DOB)	September 25, 1971
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Marital status	Married to: <b>Elizabeth Jones-Schneider</b> SIN: 000 000 000 DOB: July 17, 1975
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Dependant 1	<b>Jack Schneider</b> DOB: April 11, 2009 Relationship: son SIN: 000 000 000
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Dependant 2	<b>Adam Jones</b> DOB: May 18, 1941 Relationship: Elizabeth's father SIN: 000 000 000 Address: 300 Queen St Apt 14 City, Province X0X 0X0 Marital status: Widowed
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## Medical receipts provided

Adam:

- \$1,500.00 – 2022-12-02 – Hearing aid – receipt indicates: 80% was reimbursed by a medical insurance plan. The amount was not claimed on a 2022 tax return.
- \$600.00 – 2023-11-21 – Dental services – fillings and routine cleanings – receipt indicates: no amount was reimbursed

Jack:

- \$3,500.00 – 2023-03-12 – Orthodontic braces – receipt indicates: \$2,000 reimbursed by a medical insurance plan
- \$850.00 – 2022-12-29 – Prescription eyeglasses – receipt indicates: \$200 was reimbursed by a medical insurance plan. The amount was not claimed on a 2022 tax return.

Elizabeth:

- \$550.00 – 2023-05-06 – Prescription contact lenses – receipt indicates: \$200 was reimbursed by a medical insurance plan
- \$300.00 – 2023-05-23 – Prescription for Vitamin B12 for Elizabeth's anemia – receipt indicates: 80% was reimbursed by a medical insurance plan

Michael:

- \$800.00 – 2023-06-11 – Prescription drugs – receipt indicates: 80% was reimbursed by a medical insurance plan

# Slips required

## T4 – Statement of Remuneration Paid for Michael Schneider (XYZ Inc.)

Employer's name – Nom de l'employeur <b>XYZ Inc.</b>		Canada Revenue Agency / Agence du revenu du Canada		<b>T4</b> Statement of Remuneration Paid / État de la rémunération payée	
Year / Année: <input type="text"/>		Employment income / Revenus d'emploi: 14 <input type="text" value="27,500.00"/>		Income tax deducted / Impôt sur le revenu retenu: 22 <input type="text" value="2,385.00"/>	
54 Employer's account number / Numéro de compte de l'employeur: <input type="text"/>		Province of employment / Province d'emploi: 10 <input type="text"/>		Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso: 16 <input type="text" value="678.00"/>	
Social insurance number / Numéro d'assurance sociale: 12 <input type="text" value="000 000 000"/>		Exempt – Exemption: 28 <input type="text"/> (CPP/QPP), 29 <input type="text"/> (EI), 30 <input type="text"/> (PPIP), 31 <input type="text"/> (RPC/RRQ), 32 <input type="text"/> (AE), 33 <input type="text"/> (RPAP)		EI insurable earnings / Gains assurables d'AE: 24 <input type="text" value="27,500.00"/>	
Employee's name and address – Nom et adresse de l'employé Last name (in capital letters) – Nom de famille (en lettres moulées): <b>SCHNEIDER</b> First name – Prénom: <b>MICHAEL</b> Initial – Initiale: <input type="text"/>		Employment code / Code d'emploi: 29 <input type="text"/>		Employee's QPP contributions – see over / Cotisations de l'employé au RRQ – voir au verso: 17 <input type="text"/>	
123 Main Street City, Province X0X 0X0		Employee's EI premiums / Cotisations de l'employé à l'AE: 18 <input type="text" value="395.00"/>		CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ: 26 <input type="text" value="27,500.00"/>	
		RPP contributions / Cotisations à un RPA: 20 <input type="text"/>		Union dues / Cotisations syndicales: 44 <input type="text"/>	
		Pension adjustment / Facteur d'équivalence: 52 <input type="text"/>		Charitable donations / Dons de bienfaisance: 46 <input type="text"/>	
		Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso: 55 <input type="text"/>		RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB: 50 <input type="text"/>	
				PPIP insurable earnings / Gains assurables du RPAP: 56 <input type="text"/>	
Other information (see over): <input type="text"/>		Amount – Montant: <input type="text"/>		Amount – Montant: <input type="text"/>	
T4 (21) Autres renseignements (voir au verso): <input type="text"/>		Amount – Montant: <input type="text"/>		Amount – Montant: <input type="text"/>	

### T4 – Statement of Remuneration Paid for Elizabeth Jones-Schneider (Sunny Grocers)

Employer's name – Nom de l'employeur <b>Sunny Grocers</b>		Canada Revenue Agency / Agence du revenu du Canada		<b>T4 Statement of Remuneration Paid État de la rémunération payée</b>	
Year / Année		Employment income / Revenus d'emploi 14 <b>10,350.00</b>		Income tax deducted / Impôt sur le revenu retenu 22 <b>135.00</b>	
54 Employer's account number / Numéro de compte de l'employeur		Province of employment / Province d'emploi 10		Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso 16 <b>334.00</b>	
12 Social insurance number / Numéro d'assurance sociale <b>000 000 000</b>		Exempt – Exemption 28 RPC/RRQ AE RPAP		Employee's EI premiums / Cotisations de l'employé à l'AE 18 <b>151.00</b>	
Employee's name and address – Nom et adresse de l'employé Last name (in capital letters) – Nom de famille (en lettres moulées) <b>JONES-SCHNEIDER</b> First name – Prénom <b>ELIZABETH</b> 123 Main Street City, Province X0X 0X0		Employment code / Code d'emploi 29		Employee's QPP contributions – see over / Cotisations de l'employé au RRQ – voir au verso 17	
				Union dues / Cotisations syndicales 44	
				RPP contributions / Cotisations à un RPA 20	
				Charitable donations / Dons de bienfaisance 46	
				Pension adjustment / Facteur d'équivalence 52	
				RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB 50	
				Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso 55	
				PPIP insurable earnings / Gains assurables du RPAP 56	
Other information (see over)		Box – Case		Amount – Montant	
Autres renseignements (voir au verso)		Box – Case		Amount – Montant	

### T4A(OAS) – Statement of Old Age Security for Adam Jones

Canada Revenue Agency / Agence du revenu du Canada		<b>Statement of Old Age Security Relevé de la sécurité de la vieillesse</b>				<b>T4A(OAS)</b>	
Year / Année	18 Taxable pension paid / Versement de pension imposable 7,277.52	19 Gross pension paid / Versement brut de pension	20 Overpayment recovered / Paiement en trop recouvré	21 Net supplements paid / Versement net des suppléments 4,101.24	22 Income tax deducted / Impôt sur le revenu retenu	23 Quebec income tax deducted / Impôt sur le revenu du Québec retenu	
Issued by: Service Canada / Émis par: Service Canada JONES, ADAM 14-300 Queen Street City, Province X0X 0X0					12 Social insurance number / Numéro d'assurance sociale 000 000 000		
					13 Old Age Security number / Numéro de la Sécurité de la vieillesse		
See the privacy notice on your return. / Consultez l'avis de confidentialité dans votre déclaration.							
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## T4A(P) – Statement of Canada Pension Plan Benefits for Adam Jones

Canada Revenue Agency / Agence du revenu du Canada		Statement of Canada Pension Plan Benefits / État des prestations du Régime de pensions du Canada					T4A(P)					
Year / Année	20	Taxable CPP benefits / Prestations imposables du RPC	21	Number of months – disability / Nombre de mois – invalidité	23	Number of months – retirement / Nombre de mois – retraite	22	Income tax deducted / Impôt sur le revenu retenu	12	Social insurance number / Numéro d'assurance sociale	13	Onset or effective date / Date de début ou d'entrée en vigueur
		10,200.00				12			000 000 000			
Issued by: Service Canada / Émis par : Service Canada JONES, ADAM 14-300 Queen Street City, Province X0X 0X0									14		Retirement benefit / Prestation de retraite	10,200.00
									15		Survivor benefit / Prestation de survivant	
									16		Disability benefit / Prestation d'invalidité	
									17		Child benefit / Prestation pour enfant	
									18		Death benefit / Prestation de décès	
									19		Post-retirement benefit / Prestation après-retraite	
											Benefit number / Numéro de prestation	

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T4A(P) (21)  
SC ISP-0136 nat (ITC)

Canada

## Takeaway points

### Steps to follow

1. Review their background information, required slips, and medical receipts
2. Verify if the medical expenses are eligible or need a prescription on Canada.ca
3. Click **add spouse** next to the **Family Head** (Michael Schneider) tab
4. Click **add dependant** next to the **Spouse** (Elizabeth Jones-Schneider) tab to add each dependant
5. In both Michael and Elizabeth's profiles, Click **T4 and employment income** in the left-side menu, then click the + sign next to **T4 income (earned in any province except Quebec)** in the **T4 and T4E** section and enter the required information
6. In both Michael and Elizabeth's **Interview setup**, tick the box next to **Medical expenses, disability, caregiver** in the **Common tax deductions** section
7. In both Jack and Adam's profiles, click **Medical and disability** in the left-side menu, then click the + sign next to **Medical expenses for the dependant** in the **Medical expenses** section

8. Enter the eligible medical expenses into the profile of the family member who directly benefited from them
9. It is not necessary to enter each medical receipt individually. Enter **See list** in the description and indicate the total amount of eligible medical expenses

In this case, although amounts paid for vitamins are generally not eligible medical expenses, vitamin B12, when prescribed by a health care professional is considered eligible.

In this case, the medical receipts paid in December of 2022 may be claimed on the 2023 tax return since they were paid within the 12-month period ending in the year the tax return is being submitted for and were not previously claimed.

The eligible medical expenses claimed must be reduced by any amount that has been reimbursed.

The tax software determined it is more beneficial to claim all the medical expenses for the family in Michael's tax return. Michael is eligible to claim the medical expenses paid for Adam even though he does not live at the same residence because Adam is Elizabeth's father, depends on them for support and his medical expenses were paid for by Michael and Elizabeth.

Since Michael earns a modest working income and is claiming a large amount of medical expenses for his family, he is eligible for the refundable medical expense supplement (line 45200). The tax software automatically calculates and claims the amount on line 45200.

For more information, refer to [UFile instructions](#).



# Review your results

Federal			
	Elizabeth Jones-Schneider	Michael Schneider	
<b>◆ Total income</b>			
10100 Employment income	\$10,350.00	\$27,500.00	
15000 Total income	\$10,350.00	\$27,500.00	
<b>◆ Net income</b>			
22215 Deduction for CPP and QPP enhanced contributions	\$56.13	\$113.95	
23600 Net income	\$10,293.87	\$27,386.05	
<b>◆ Taxable income</b>			
26000 Taxable income	\$10,293.87	\$27,386.05	
<b>◆ Non refundable tax credits</b>			
30000 Basic personal amount	\$15,000.00	\$15,000.00	
30300 Spouse or common-law partner amount		\$4,706.13	
30800 CPP or QPP contributions through employment	\$277.87	\$564.05	
31200 Employment Insurance premiums through employment	\$151.00	\$395.00	
31260 Canada employment amount	\$1,368.00	\$1,368.00	
33099 Medical expenses		\$2,720.00	
33199 Allowable amount of medical expenses for other dependants		\$252.64	
33200 Allowable portion of medical expenses	\$0.00	\$2,151.06	
33500 Total	\$16,796.87	\$24,184.24	
33800 Total @ 15%	\$2,519.53	\$3,627.64	
35000 Non refundable tax credits	\$2,519.53	\$3,627.64	
<b>◆ Refund or balance owing</b>			
42900 Basic federal tax	\$0.00	\$480.27	
40500 Federal foreign tax credit (T2209)	\$0.00	\$0.00	
40600 Federal tax	\$0.00	\$480.27	
41700 Line 40600 - 41600		\$480.27	
42000 Net federal tax	\$0.00	\$480.27	
42800 Provincial or territorial tax	\$0.00	\$300.00	
43500 Total payable	\$0.00	\$780.27	
43700 Total income tax deducted	\$135.00	\$2,385.00	
<b>◆ Payments and credits</b>			
45200 Refundable medical expense supplement		\$201.97	
45300 Canada workers benefit (CWB) (schedule 6)		\$2,616.00	
48200 Total credits	\$135.00	\$5,202.97	
48400 Refund	\$135.00	\$4,422.70	