

Claiming nursing home fees

Pre-test question

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

Alexei lives in a nursing home and is approved for the disability tax credit (DTC). He may claim the DTC and the fees paid for full-time care in a nursing home as a medical expense on his tax return.

- True

Sorry, that is incorrect

Alexei must choose to either claim the DTC or the fees paid for full-time care in a nursing home as a medical expense but may not claim both.

- False

That is correct

Alexei must choose to either claim the DTC or the fees paid for full-time care in a nursing home as a medical expense but may not claim both.

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

Alexei received Canada Pension Plan (CPP) and old age security (OAS) benefits while living in a nursing home for all of 2024. He pays \$16,200 per year to the nursing home. The receipt provided by the nursing home is not broken down for meals, accommodation or attendant care services. Alexei has been previously approved for the disability tax credit (DTC).

Identification information

Name	Alexei Reznikov
Social insurance number (SIN)	000 000 000
Address	123 Main Street City, Province X0X 0X0
Date of birth	February 4, 1961
Marital status	Widowed

Required slips


T4A(OAS) – Statement of Old Age Security (for Alexei)

Canada Revenue Agency / Agence du revenu du Canada		Statement of Old Age Security / Relevé de la sécurité de la vieillesse					T4A(OAS)	
Year / Année	18 Taxable pension paid / Versement de pension imposable 6,826.56	19 Gross pension paid / Versement brut de pension	20 Overpayment recovered / Paiement en trop recouvré	21 Net supplements paid / Versement net des suppléments 6,826.56	22 Income tax deducted / Impôt sur le revenu retenu 0.00	23 Quebec income tax deducted / Impôt sur le revenu du Québec retenu		
Issued by: Service Canada / Émis par : Service Canada REZNIKOV, ALEXEI 123 Main 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			

T4A(OAS) (21)
 SC ISP-0137 nat (ITC)

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T4A(P) – Statement of Canada Pension Plan Benefits (for Alexei)

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 6	23 Number of months – retirement / Nombre de mois – retraite 6	22 Income tax deducted / Impôt sur le revenu retenu 0.00	12 Social insurance number / Numéro d'assurance sociale 000 000 000	13 Onset or effective date / Date de début ou d'entrée en vigueur		
Issued by: Service Canada / Émis par : Service Canada REZNIKOV, ALEXEI 123 Main Street City, Province X0X 0X0					14 Retirement benefit / Prestation de retraite 6,211.00			
					15 Survivor benefit / Prestation de survivant			
					16 Disability benefit / Prestation d'invalidité 8,216.00			
					17 Child benefit / Prestation pour enfant			
					18 Death benefit / Prestation de décès			
					19 Post-retirement benefit / Prestation après-retraite			
					Benefit number / Numéro de prestation			

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

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Takeaway points

Steps to follow

1. Review their background information and required slips
2. In **Interview setup**, tick the boxes next to **Pension income, other income and split pension income, COVID-19 benefits (T4A, T4FHSA, T4A(OAS), T4A(P), T4A-RCA, T4RSP, T4RIF, T1032)** in the **Pension and other income** section and **Medical expenses, disability, caregiver** in the **Common tax deductions** section
3. Click **T4A, T4FHSA and pension income** in the left-side menu, then click the + signs next to **T4A(OAS) – Old age security pension** and **T4A(P) – Statement of Canada or Québec pension plan benefits** to enter the amounts for each tax slip
4. Alexei's T4A(P) indicates he received both CPP retirement and disability benefits throughout the year. The total number of months in the **Number of months – retirement** and **Number of months – disability** fields cannot exceed 12, so enter **6** into both fields
5. Click **Medical, disability, caregiver** in the left-side menu, then click the + signs next to **Medical expenses** in the **Medical expenses** section and **Infirmity and Disability amounts claim for yourself* (line 31600)** in the **Disability deductions, caregiver** section
6. Click **Medical expenses** in the left-side menu. In the **Specified medical expenses (not claimed elsewhere)** section, select **Fees for a residential and long-term care centre** from the drop-down menu and enter the nursing home fees into the field next to it
7. Click **Infirmity/disability** in the left-side menu and enter the information regarding the disability. In the **Special rules when claiming the disability amount and attendant care as medical expenses** section, select **Let MaxBack decide** from the **Indicate how you wish to handle the disability amount and attendant care as medical expenses** drop-down menu

Since Alexei qualifies for the disability amount, he has the option to claim the disability amount or the full nursing home fees, but not both. In this situation, it is more beneficial to claim the full nursing home fees as a medical expense instead

of the disability tax credit. If you enter both the disability tax credit and medical expenses for a residential and long-term care centre into the software for the same tax return, the software does not claim the DTC.

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

Review your results

Tax return Summary for 2024 taxation year		UFile	
		Taxpayer	
First name	Alexei		
Last name	Reznikov		
Social insurance number			
Date of birth	04-02-1961		
Province of residence	Ontario		
Marital status on December 31, 2024	Widowed		
Street	123 Main Street		
City	City		
Province	Ontario		
Postal code	X0X 0X0		
Federal return			
Total income		Taxpayer	
Old age security pension	11300 +	6,826	56
CPP or QPP benefits	11400 +	14,427	00
Disability benefits included on line 11400	11410	8,216	00
Net federal supplements	14600 +	6,826	56
Add line 14400, 14500, and 14600.	14700 +	6,826	56
Add lines 10100, 10400 to 14300, and 14700.	This is your total income. 15000 =	28,080	12
Net income			
Line 15000 minus line 23300 (if negative, enter "0")	This is your net income before adjustments. 23400 =	28,080	12
Line 23400 minus line 23500 (if negative, enter "0")	This is your net income. 23600 =	28,080	12
Taxable income			
Other payments deduction	25000 +	6,826	56
	Add lines 24400 to 25600.	25700 -	6,826
Line 23600 minus line 25700 (if negative, enter "0")	This is your taxable income. 26000 =	21,253	56
Federal non-refundable tax credits			
Basic personal amount	30000	15,705	00
Medical expenses for self, spouse or common-law partner, and your child	33099	16,200	00
Minus: \$2,759 or 3% of line 23600, whichever is less	-	842	40
Subtotal (if negative, enter "0")	(A) =	15,357	60
	Add lines (A) and 33199.	33200 +	15,357
	Add lines 30000 to 33200.	33500 =	31,062
	Multiply the amount on line 33500 by 15%. 33800 =	4,659	39
Total federal non-refundable tax credits:	add lines 33800 and 34900.	35000 =	4,659
Net federal tax			
Tax on taxable income	(C)	3,188	03
	Add lines (C) and 40424.	40400	3,188
Enter the amount from line 35000.	35000	4,659	39
	Add lines 35000 to 40427.	-	4,659
Refund or Balance owing			
Net federal tax:	add lines 41700, 41500 and 41800.	42000 =	0
Provincial or territorial tax		42800 +	75
	This is your total payable. 43500 =	75	21
	Line 43500 minus line 48200	=	75
	Refund 48400		0
	Balance owing 48500		75
Additional information			
Marginal tax rate		0%	
Average tax rate (total income taxes paid ÷ total income)		0.3%	
GST/HST credit		519	00
Ontario Trillium benefit (OTB)		345	96
Ontario Senior homeowners' property tax grant			
Ontario climate action incentive		560	00
Total RRSP deduction limit - 2025		1,478	88