Practice with case studies Persons with disabilities

Claiming the disability tax credit and caregiver amount for a dependant

Pre-test question

Select True or False

Rebecca and her ex-spouse both provide support to their son David throughout the year. David is eligible for the Disability Tax Credit (DTC). Rebecca receives child support from her ex-spouse for David. Rebecca may not split the disability amount with her ex-spouse.

True

That is correct

An individual may not claim the disability amount transferred from a dependant for a child for whom they had to pay child support. However, if someone was separated from their spouse or common-law partner for only part of the year because of a breakdown in the relationship, special rules may apply.

False

Sorry, that is incorrect

An individual may not claim the disability amount transferred from a dependant for a child for whom they had to pay child support. However, if someone was separated from their spouse or common-law partner for only part of the year because of a breakdown in the relationship, special rules may apply.

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

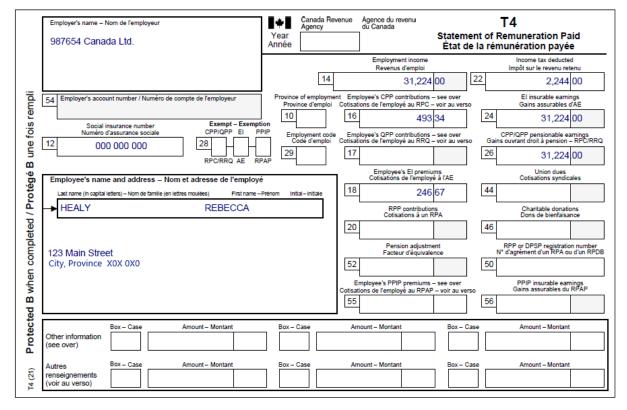
Rebecca is a single parent who lives with her son David in her own home. David has a physical impairment and has been approved for the disability tax credit. David relies on Rebecca to provide him with food, shelter, and clothing. He does not have any income and has no other caregivers. Rebecca wants to claim David as a dependant and claim all related credits.

Identification information

Name	Rebecca Healy
Social insurance number (SIN)	000 000 000
Address	123 Main Street City, Province X0X 0X0
Date of birth (DOB)	March 8, 1960
Marital status	Divorced
Dependant	Son: David Healey SIN: 000 000 000 DOB: March 8, 2007

Required slips

T4 – Statement of Remuneration Paid (987654 Canada Ltd.)



Takeaway points

Steps to follow

- 1. Review their background information and required slips
- In Interview setup of the Family Head tab (Rebecca Healy), tick the box next to Employment income and employment insurance benefits (T4, T4E/RL-6) in the Employment and other benefits section
- 3. Click **T4 and employment income** in the left-side menu and the **+** sign next to **T4 income (earned in any province except Quebec)** to enter the information from the tax slip
- 4. Click add dependant next to the Family Head (Rebecca Healy) tab
- 5. Click on **Dependant ID** in the left-side menu and complete the **Dependant Identification** page

- Click Medical and disability in the left-side menu and click the + sign next to Infirmity and disability amounts for the dependant* in the Disability deductions, caregiver section
- 7. Enter the applicable information into the Name or description of dependant's infirmity field, then select Claim disability amount (default) from the Is the dependant eligible for the disability amount on federal line 31600? drop-down menu. Select Yes from the Does the dependant's infirmity provide entitlement to the Canada caregiver amount? drop-down menu
- 8. In the **Dependant's unused disability amount** section, select **Let MaxBack decide** from the **Who should claim this dependant's unused disability amount?** drop-down menu

The software automatically claims the Amount for an eligible dependant (line 30400), the Canada caregiver amount for infirm children under 18 years of age (line 30500) and the Disability amount transferred from a dependant (line 31800) on Rebecca's tax return. In this case, the Canada caregiver amount is claimed on line 30500 because David is Rebecca's child, and he is under 18 years of age. However, the Canada caregiver amount is found on different lines (30300, 30400, 30425, 30450 and 30500) of a tax return depending on the individual's relationship with the person who has a disability.

Although the information is not transmitted to the CRA, the **Name or description of infirmity** is still a mandatory field when claiming the disability tax credit. If the individual does not volunteer this information, simply enter **Unknown** into the field.

For more information, refer to UFile instructions.

Review your results

	Rebecca Healy
Total income	
10100 Employment income	\$31,224.00
15000 Total income	\$31,224.00
Net income	
22215 Deduction for CPP and QPP enhanced contributions	\$82.9
23600 Net income	\$31,141.09
Taxable income	
26000 Taxable income	\$31,141.09
 Non refundable tax credits 	
30000 Basic personal amount	\$15,000.00
30400 Amount for an eligible dependant	\$15,000.00
30500 Canada caregiver amount for infirm children under 18 years of age	\$2,499.00
30800 CPP or QPP contributions through employment	\$410.43
31200 Employment Insurance premiums through employment	\$246.67
31260 Canada employment amount	\$1,368.00
31800 Disability amount transferred from a dependant	\$14,928.00
33500 Total	\$49,452.10
33800 Total @ 15%	\$7,417.82
35000 Non refundable tax credits	\$7,417.82
 Refund or balance owing 	
42900 Basic federal tax	\$0.00
40500 Federal foreign tax credit (T2209)	\$0.00
40600 Federal tax	\$0.00
42000 Net federal tax	\$0.00
42800 Provincial or territorial tax	\$300.00
43500 Total payable	\$300.00
43700 Total income tax deducted	\$2,244.00
 Payments and credits 	
45300 Canada workers benefit (CWB) (schedule 6)	\$2,218.94
48200 Total credits	\$4,462.94
48400 Refund	\$4,162.94