

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.)

Employer's name – Nom de l'employeur 987654 Canada Ltd.		Canada Revenue Agency / Agence du revenu du Canada		T4 Statement of Remuneration Paid / Etat de la rémunération payée	
Year / Année		Employment income / Revenus d'emploi		Income tax deducted / Impôt sur le revenu retenu	
14		31,224.00		22	
22		2,244.00			
54 Employer's account number / Numéro de compte de l'employeur		Province of employment / Province d'emploi		Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso	
10		16		24	
		493.34		31,224.00	
12 Social insurance number / Numéro d'assurance sociale		28 Exempt – Exemption / CPP/QPP EI PPIP / RPC/RRQ AE RPAP		26	
000 000 000		29		31,224.00	
Employee's name and address – Nom et adresse de l'employé		Employee's QPP contributions – see over / Cotisations de l'employé au RRQ – voir au verso		Employee's EI premiums / Cotisations de l'employé à l'AE	
Last name (in capital letters) – Nom de famille (en lettres moulées) / First name – Prénom / Initial – Initiale		17		18	
HEALY / REBECCA				246.67	
123 Main Street / City, Province X0X 0X0		20		44	
		52		46	
		55		50	
Other information (see over)		Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso		Union dues / Cotisations syndicales	
Autres renseignements (voir au verso)		56		46	

Takeaway points

Steps to follow

1. Review their background information and required slips
2. 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

6. 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

Federal	
	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	\$82.91
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