



GUIDE TO THE DTC & RDSP

For Newcomers With Disabilities

The Disability Tax Credit (DTC) &
Registered Disability Savings Plan (RDSP)



ABOUT THIS GUIDE

In Canada, there are a variety of federal, provincial, and/or territorial support services and financial benefits to assist people with disabilities and their families. For immigrants and refugees in Canada who have a disability or who have a child with a disability, the Disability Tax Credit and the Registered Disability Saving Plan can be one of the best options to begin saving for their financial future.

This toolkit is designed to help frontline workers in settlement agencies and advocates introduce newcomers with disabilities to both the Disability Tax Credit and Registered Disability Saving Plan, explain the benefits of these programs, the eligibility criteria, and to guide them through the process, if and where needed.



This guide is the result of a partnership between Disability Alliance BC, Plan Institute, and the Ontario Council of Agencies Serving Immigrants. Our collective gratitude goes out to all who worked tirelessly on this endeavour, and we hope that it is both useful and beneficial to you.

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THE DISABILITY TAX CREDIT (DTC)

What is the DTC?

The DTC is an income tax credit that can help reduce the income taxes that a person with disability or someone who supports them owes. The credit is non-refundable. This means that it can help someone pay less taxes, but they will not get any money back. If someone does not owe taxes, they can transfer the Disability Tax Credit to a spouse or a family member who helps them with food, shelter, or clothing on a regular basis.

Once approved, the person with the disability, or their support person, can claim the maximum “Disability Amount” when filing their taxes. This amount changes every year, but for 2021, the amount was \$8,662. The filer will receive a portion of this amount as a tax return, depending on how much they pay in income taxes.

The DTC is retroactive, which means that if someone has been living with a disability for years before they apply, they can also claim the DTC for up to 10 previous years. For example, if they file in 2020, they can put in a claim for DTC since 2010.



Paying Taxes in Canada

Anyone working or making an income in Canada has to file taxes based on the income they have earned that year. In Canada, taxes are collected by the Canada Revenue Agency (CRA). Even if someone does not earn any income or owe any taxes, filing taxes can be beneficial, because it can help people access tax credits, deductions, and government benefits.

Tax filers could receive some money if:

- they are a parent
- they are a student
- they pay taxes on goods and services
- they have a lot of medical expenses
- they have a disability



Why is the DTC Important?

The DTC also gives people with disabilities access to other federal disability benefits, even if they don't owe any income taxes.



[Canada's Workers Benefit \(CWB\)](#)

[Disability Supplement](#)

People with a low income who get most of their money from employment may also receive up to \$713 as a Disability Supplement to add to the CWB, if they qualify for the DTC.



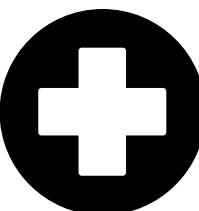
[Child Disability Benefit \(CDB\)](#)

Families with children under the age of 18 with a severe and prolonged impairment in physical or mental functions who qualify for the DTC may receive up to \$2,915 per year (\$242.91/month) to add to the Canada Child Benefit for each child eligible for the DTC.



[Canada Caregiver Credit \(CCC\)](#)

Individuals who financially support a family member with a physical or mental impairment can claim the CCC may receive a tax reduction. If the person they are supporting is approved for the DTC, they do not need to provide any medical documents to receive the credit.



[Medical Expenses](#)

Certain medical expenses, including some prescription therapies and a personalized therapy plan, can only be claimed on the applicant's tax return if they have the DTC.



Disability Supports Deduction

Individuals who have medical expenses that they need in order to go to work, school, or to do research may also be able to claim some of these expenses as a Disability Supports Deduction.



Home Buyer's Amount

People eligible for the DTC do not have to be a first-time home buyer to qualify for the Home Buyer's Amount. This is a non-refundable credit that allows individuals to claim up to an additional \$5,000 for a qualifying home as of the 2021 tax year, which may enable them to receive a tax reduction of approximately \$750.



Registered Disability Savings Plan (RDSP)

The RDSP is a long-term savings plan for people who qualify for the DTC. If the applicant opens an RDSP before the end of the year that they turn 49, they can qualify for up to \$90,000 in grants and bonds. See section 2 of this guide for more information on the RDSP.



Who is Eligible for the DTC?

The DTC is a Canada-wide benefit. A person of any age, including children and seniors, can qualify if they meet the other requirements outlined below. Applicants do not have to be Canadian citizens to claim the DTC, meaning im/migrants and refugees can access the DTC regardless of their immigration status, including permanent residents, refugee claimants and refugees.

To qualify for the DTC, applicants must have a disability that is “prolonged and severe”. “Prolonged” means the condition is likely to continue for at least 12 months. “Severe” means that an applicant:

A Is markedly restricted in an activity of daily life. They are unable or take a lot longer to perform at least one of the daily activities listed below (all or a substantially all of the time):

- Speaking
- Hearing
- Vision (to claim vision as a marked restriction, you must be legally blind)
- Walking
- Eliminating (using the toilet)
- Feeding (eating or preparing food)
- Dressing
- Mental functions necessary for everyday life

Even if the applicant is not markedly restricted in one of these categories they would still qualify, if they:

B Have significant restrictions in **two or more of the daily restriction categories listed above**, such that they are markedly restricted overall, or;

C Require life-sustaining therapy at least three times per week, for an average of 14 hours per week (this will soon change to two **times per week**, likely in time for the next tax filing season).

Supporting Someone to Apply

DISABILITY TAX CREDIT CERTIFICATE (FORM T2201)

People can apply for the Disability Tax Credit by filling out the Disability Tax Credit Certificate ([form T2201](#)). Copies of this application are available online or can be requested from the CRA. The form is 16 pages long and has two parts.

Part A (pages 1 to 2)

Part A must be completed and signed by the applicant or their legal representative.

Does the applicant have a Social Insurance Number?

Immigrants and refugees in Canada will need to provide their Social Insurance Number (SIN) in Part A of the application form. The SIN is a 9-digit number that identifies someone who lives and works in Canada and/or who accesses government programs and benefits. Every person has their own SIN that cannot legally be used by anyone else.

For more information on how to apply for SIN, please visit:
<https://www.canada.ca/en/employment-social-development/services/sin/apply.html>

Part B (pages 3 to 16)

Part B is a medical report that must be completed and signed by a doctor, nurse, practitioner or another qualified health professional. Other health professionals can only fill out the form if the primary health condition is within their area of practice.

***Please note: Medical practitioners now have the option to fill out their section of the form online.**

Health professionals who can complete this form include:

- Doctor
- Nurse Practitioner
- Optometrist (vision)
- Speech Language Pathologist (speaking)
- Audiologist (hearing)
- Occupational Therapist (walking, feeding, dressing)
- Physiotherapist (walking)
- Psychologist (mental functions necessary for everyday life)

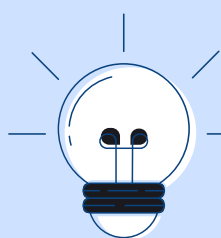


Before Seeing a Medical Professional

It is a good idea for people to prepare for their appointment with their medical practitioner. Disability Alliance BC has created an [online DTC tool](#) that can help people talk about relevant symptoms.

Questions that can help start the conversation include:

- Which DTC daily restriction categories do you think apply to you? (e.g.: walking, dressing, mental functions necessary for everyday life).
- Which symptoms do you have and how do they affect these activities? (e.g.: pain, numbness, or dizziness may affect walking; poor dexterity; stiffness or loss of motor control may affect dressing).
- How often do your symptoms occur? To qualify, the CRA requires that you are restricted in one or more activities, all or substantially most of the time. Remember that “restricted” could either mean you cannot perform the activity or that it takes you significantly longer to do it.



Top Tip!

***Provide specific details
in the application***

The more details that an individual can provide about how their disability impacts their daily life, the more likely they are to be approved for the DTC.

Frequently Asked Questions

Can medical records from another country be used as part of a DTC application?

Where possible, the CRA prefers DTC applications certified by a medical practitioner that is practicing in the same province/territory as the individual. Health professionals practicing in the United States may certify a DTC application on some specific occasions. This is primarily because of a tax-treaty that exists between Canada and the U.S. Successful applications will depend on where the individual lives and will still need to be reviewed on a case-by-case basis by the CRA.

It is recommended that the individual applying for the DTC consult with their medical practitioner for guidance. However, medical records from another country can be used as supplementary material when applying for the DTC.

Does applying for the DTC cost anything?

The CRA does not charge a fee to apply for the DTC. However, medical practitioners may charge a fee to fill out the form. Encourage the applicant to speak to their medical practitioner about reducing or waiving the fee if they are unable to afford it.

Some companies will charge a fee to help people apply for the DTC. Some companies will take a percentage of the money earned from the DTC. Using a company can set someone back hundreds or thousands of dollars.

It can be tricky to navigate the application process alone. For assistance, it's best to consult a non-profit organization in the person's area/province or territory, that will not charge for the application. If they are living in British Columbia, they can consult advocates at [Disability Alliance BC](#) for assistance.

Where should applications be sent ?

Completed applications can be submitted to your [nearest tax centre](#) by mail or online through CRA's MyAccount. We strongly encourage people to make a copy of their completed application in case they need to refer to it later.



What happens after an application is submitted?

The CRA will send a letter called the Notice of Determination to the applicant to let them know if they have been approved. If the applicant has not received a Notice within a month of submitting their application, it may be because the CRA has sent an additional questionnaire directly to the medical practitioner requesting more information. Medical practitioners should present consistent information on this questionnaire. It may be a good idea to consult an advocate to assist with this process.

An applicant may be denied if they are ineligible or if there are inconsistencies or missing information in the application. Even if applicants are denied, they can appeal the decision. For example, they can ask the CRA to review the application by adding supporting medical information. Applicants can also submit a formal objection to the Chief of Appeals or to Tax Court.

An applicant may be approved for the current year, a past year and/or a future year. People who are approved can claim the Disability Amount on their tax return, or their supporter's tax return, for the years they have been approved. Those only approved for a certain number of years may need to re-apply for the DTC in the future. Please note, the CRA will generally only approve individuals for the DTC for the years they have spent living in Canada, even if their disability existed before they moved here.

Once someone has been approved for the DTC, they are eligible to open a Registered Disability Savings Plan account.

THE REGISTERED DISABILITY SAVINGS PLAN (RDSP)

What is an RDSP And Why is it Important?

The RDSP is a retirement savings plan for people with disabilities in Canada. With a RDSP, individuals may be eligible for up to \$90,000 in government grants and bonds to help with their long-term savings.

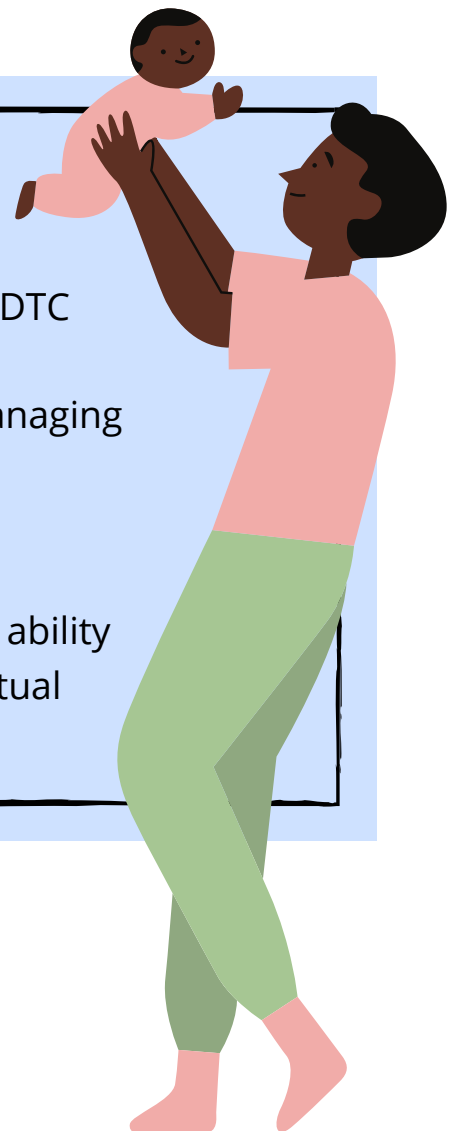
The RDSP is a powerful financial tool that has the potential to grow a small amount of money into comfortable savings to help people with disabilities feel financially secure in the future. It is designed as a retirement savings plan, which means that the money usually stays in the account until the beneficiary turns 60. Earlier withdrawals are allowed in some circumstances.

QUICK DEFINITION:

Beneficiary - The person who qualifies for the DTC

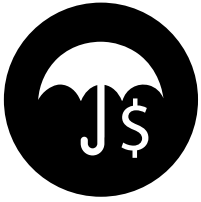
Holder - The person who is responsible for managing the RDSP

The beneficiary and holder can be the same person depending on the beneficiary's age and ability to understand and agree to a contract (contractual competence).



Reasons to Open an RDSP

There are lots of reasons to open an RDSP, including:



It's Exempt From Assets

The RDSP is considered an exempt asset for all federal and almost all provincial and/or territorial programs. This means that the individual can continue to receive disability benefits and income assistance while also saving for their future.



You Can Deposit up to \$200,000

Up to \$200,000 in personal contributions can be deposited into the RDSP. This includes money from the beneficiary themselves, friends, family, and anyone else the RDSP holder gives permission to.



The Government May Deposit Money Too

Depending on the beneficiary's income and how much they contribute to the account, they may be eligible for free money from the government in the form of grants and bonds, up to a lifetime maximum of \$90,000. Grants and bonds can be received up until the end of the year the beneficiary turns 49.

Grants and bonds can be received for previous years too! If the beneficiary has been eligible for the DTC for up to 10 years in the past and are still in the year they turn 49 or younger they can catch up on the grant and bond amounts that they missed while not having their RDSP opened.



It's Tax Deferred

The RDSP is tax deferred, meaning that any money in the account will keep growing without being taxed until it is taken out. All personal contributions will not be taxed at all.



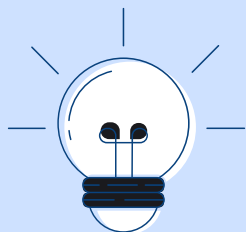
Grow Your Money

Any money saved in an RDSP can be invested so that it continues to grow.



Spend Your Money However you Like

When it's time to take money out of the RDSP the beneficiary can use the money however they want.



Top Tip!

Open an RDSP as soon as possible!

It is better to open an RDSP account as soon as possible so that the beneficiary can maximize the government and personal contributions, have increased financial gain from compounded investment income, and be able to withdraw funds from the account at a younger age. Parents of a child with a disability can open an RDSP on their behalf.

Who is Eligible for the RDSP?

Individuals are eligible for the RDSP if they:

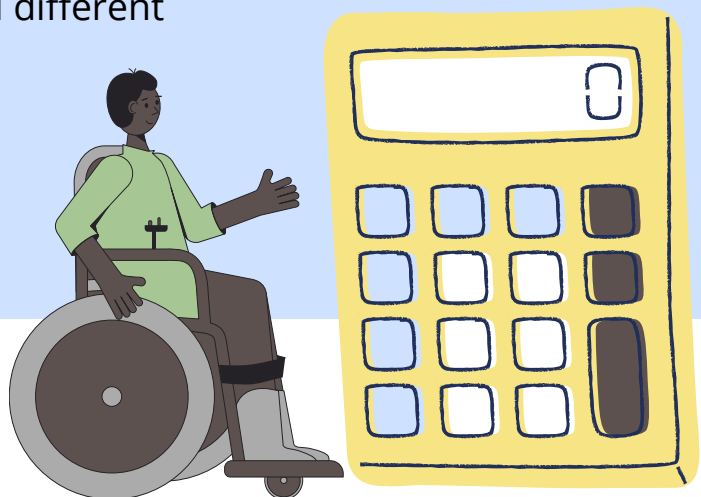
- Qualify for the Disability Tax Credit (DTC)
- Have a valid Social Insurance Number (temporary or permanent)
- Are in the year they turn 59 or younger
- Are a Canadian resident*

**A person is considered a resident in Canada for RDSP purposes if that person is also considered a resident for income tax purposes. The Canada Revenue Agency (CRA) has more detailed guidance on tax residency that will help individuals determine whether they are eligible.*

TRY THE RDSP CALCULATOR

The RDSP looks different for everyone. Plan Institute has a free, bi-lingual [RDSP calculator](https://rdsp.com/calculator) to help individuals see how much they might be able to save, depending on their personal circumstances and different investment options.

Go to rdsp.com/calculator



Grants & Bonds

One of the reasons the RDSP is such a great savings tool is that the beneficiary can receive up to \$90,000 in free contributions from the federal government up until the year in which they turn 49. These contributions are known as the Canada Disability Savings Bond and the Canada Disability Savings Grant.

20K

Canada Disability Savings Bond

Eligible individuals can receive up to \$1,000 per year through the Canada Disability Savings Bond (CDSB), up to a maximum of \$20,000. The beneficiary can receive these just by having the RDSP open, which makes it a great way for people with lower incomes to start saving for their future.

70K

Canada Disability Savings Grant

Through the Canada Disability Savings Grant (CDSG), the government will match every \$1 contributed to the RDSP with up to \$3. Beneficiaries may be eligible to receive up to \$3,500 in grants per year, for a maximum of \$70,000.

+/-

Provincial grants

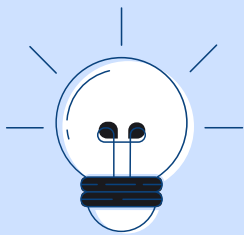
There may be other grants available for RDSP beneficiaries in different provinces or territories. For example, British Columbia (BC) and Newfoundland and Labrador (N&L) both have a one-time \$150 grant for low-income individuals with an RDSP.

- [Endowment 150 website \(BC\)](#)
- [NLACL website \(N&L\)](#)

How are grants and bonds calculated?

Grants and bonds are calculated based on the beneficiary's family income. For beneficiaries who are in the year they turn 18 and younger, their parent(s) or legal guardian's income will be assessed. Starting in the year the beneficiary turns 19, their own income (and the income of their spouse or common-law partner, if applicable) will be assessed, even if they are not the holder on their RDSP.

Income thresholds for grants and bonds change every year. For current thresholds, visit the [RDSP tutorial section](#) on grants and bonds.



Top Tip! *Start filing taxes early!*

The government determines current grant and bond eligibility based on income tax returns from two years prior, so it is important for im/migrants and refugees to start submitting tax returns from the first year they are eligible to do so. Income tax returns can be completed even if no income has been earned.

Starting in the year the beneficiary turns 19, it is their own income that will be assessed. We encourage guardians to start filing taxes for their teenager with a disability in the year they turn 17 at the latest.

Opening an RDSP

When it's time to open the RDSP, the applicant will then need to take their social insurance number and one piece of valid picture ID to their chosen financial institution. It is not necessary to bring a copy of their DTC or income tax returns—the financial institution and government will take care of this.

Step-by-Step Guide

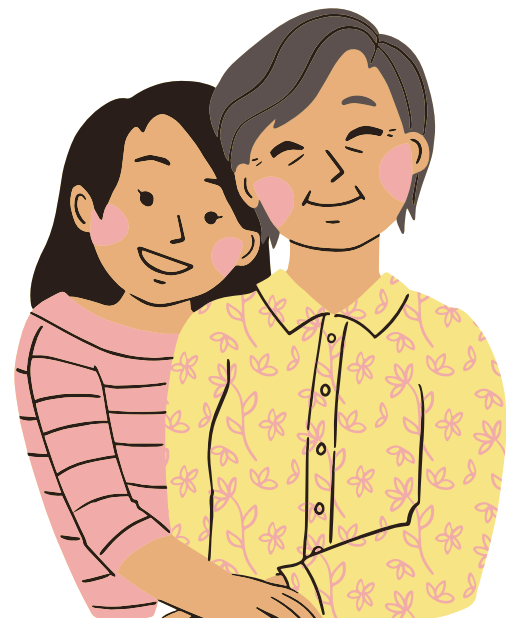
Plan Institute has a free [Step-by-Step Guide](#) to the RDSP that takes individuals through every stage of the RDSP process, from applying for a Social Insurance Number (SIN) and the DTC, to opening their RDSP account and making investment decisions.

Choosing a Financial Institution

Almost all financial institutions now offer the RDSP. There are also independent financial professionals who often offer home visits or virtual services to set up an account. Deciding where to open an RDSP requires some research. Some key considerations are fees, lump sum payment options after age 60, investment options, and accessibility, amongst others. [This list of questions](#) to ask about the RDSP may be a useful starting point.

Supporting someone to open an RDSP

If the individual opening or managing an RDSP needs someone to support them in their own language, they can bring a family member, friend, interpreter or another professional to help them.



When can Money be Taken out?

Withdrawals are one of the more complicated elements of the RDSP and we encourage individuals to [review the information here](#) and contact a Helpline Advisor for [more support!](#)

Here are some basics:

- Withdrawals can be made penalty free after the beneficiary is in the calendar year they turn 60.
- Withdrawals must always go to the beneficiary.
- There are no restrictions on what the money can be used for.
- A formula is used to calculate the minimum and maximum withdrawal amounts the beneficiary can take each year.
- If there are more personal contributions than government contributions you will have more flexibility with withdrawals.
- Early withdrawals are possible but may be subject to repayment of some grants and bonds ("[the 10 year rule](#)").
- People who have a shortened life expectancy can access funds more easily.

RESOURCES

DISABILITY TAX CREDIT RESOURCES:

Disability Alliance BC

- [DTC Help-sheet](#) - getting started with the DTC
- [Disability Tax Credit Tool](#) - an online tool that will help your healthcare provider fill out the Disability Tax Credit Certificate (form T2201)
- [Other Benefits of the DTC](#) - a helpful guide to learn about other benefits connected to the DTC

Canada Revenue Agency

- Read more about [the DTC on the Canada.ca website](#)
- Contact the Canada Revenue Agency [online](#) or by phone: 1-800-959-8281
- [Find your local tax centre](#)
- [Determine your residency status](#)

REGISTERED DISABILITY SAVINGS PLAN RESOURCES:

RDSP.COM

- [RDSP Calculator \(French and English\)](#)
- [RDSP Tutorial](#)
- [Step by Step Guide to Becoming Eligible, Opening and Managing Your RDSP](#)
- [RDSP Webinars](#) - for individuals, families and professionals
- RDSP and Disability Planning Helpline: 1-844-311-7526
- [\\$150 Endowment Grant](#) - for children and low-income residents of BC

Other

- [\\$150 Provincial Incentive Program](#) from Newfoundland and Labrador Association for Community Living.

Access RDSP

Access RDSP is a partnership between Disability Alliance BC, Plan Institute, and the BC Aboriginal Network on Disability Society. Together, we provide free supports and services on the DTC and RDSP for people with disabilities across Canada.

GET IN TOUCH WITH US:



RDSP & Disability Planning Helpline

1-844-311-7526



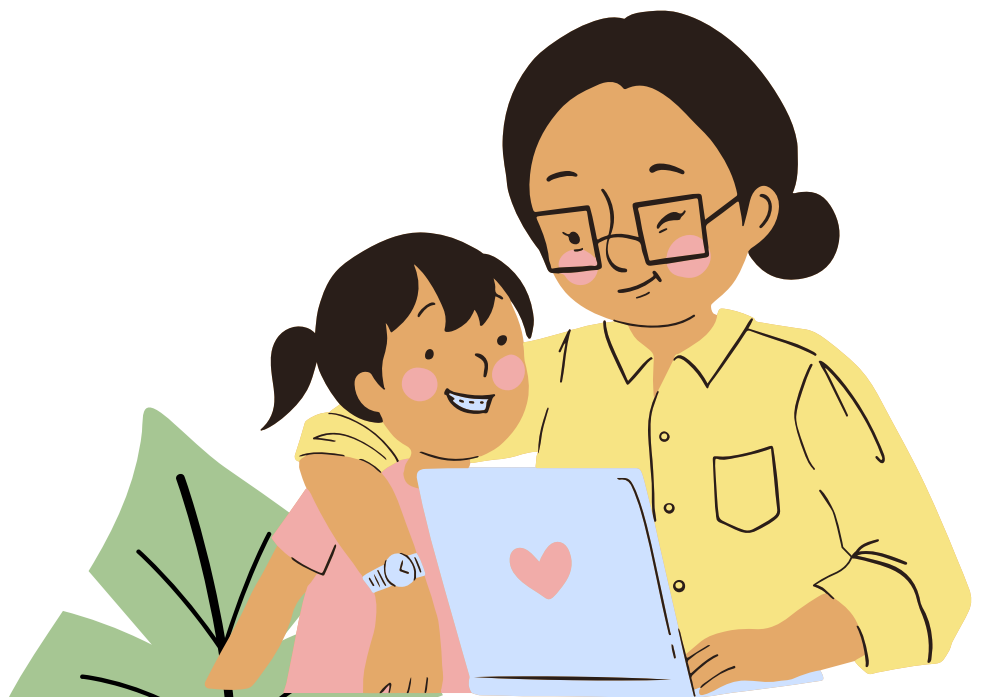
Email

info@rdsp.com



Website

www.rdsp.com



Access RDSP

Change your tomorrow today



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Access RDSP rdsp.com

Disability Alliance BC disabilityalliancebc.org

OCASI ocasi.org

Plan Institute planinstitute.ca