

Disability Tax Credit for Educators

The first slide is displayed. The presenters do not speak to this slide. The following information is shown: The logo of LD@school is displayed. Brought to you by LD@school: An initiative supporting Ontario educators in empowering students with learning disabilities, including those with co-occurring conditions such as ADHD and other neurodiverse learning profiles. This session is part of our ongoing work to share evidence-informed strategies, tools, and professional learning resources. LD@school is a signature initiative of: The logo of the Learning Disabilities Association of Ontario (LDAO) appears at the bottom of the slide.

Welcome to this Disability Tax Credit presentation. This specific session has been tailored for yourselves as educators in the hope that learning a little bit about this program offered by the Canadian government might help you in the course of interactions with some of the families that you are working with on a daily basis to support your students. This is in conjunction with the Learning Disabilities Association of Ontario.

My name is Stefanie Ricchio. I am a CPA [Chartered Professional Accountant] and also a financial literacy advocate in Canada. I work with organizations across Canada to talk about the benefit of applying for and receiving the Disability Tax Credit.

The common misconception about this particular program is that it's really only relevant to individuals who are Canadians that have a physical impairment. But what we know is that mental impairments, which include learning disabilities, do fall under the ability to apply for and potentially be approved for this Disability Tax Credit.

As we go through this session, I will explain how the CRA [Canada Revenue Agency] defines a disability, what the process is like, some of the T's and C's in going through the application, really only to guide you again in the course of those discussions with parents to see if there might be fit an opportunity.

The value of this particular tax credit is significant, and in conjunction with the work that is already being done, having access to this tax benefit can be helpful to families. To be able to pursue additional therapies and invest in additional support for their children.

So let's start with what the CRA definition of a disability is. And the benefit for yourselves to understand this is really so that as you are monitoring your students and having these conferences and meetings with parents, it might spark for you the possibility to mention it to them as an option of support, financial support.

So there's two quadrants on the screen. And both of these are required as part of the CRA formula. So if we start with the first on the left that says must meet one of the following. So if a student or child is blind, or they have markedly restricted in at least one of the basic activities of daily living, or they are significantly restricted in at least two or more of the basic activities of daily living, or if they need life sustaining therapy. So a student or child only needs to meet one of these bullet points to start the process.

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I will explain in a few slides what the basic activities of daily living are, and what falls under learning disabilities that could be relevant to your students. So one of those bullet points, plus in the second square that says must meet all. And this is where your evaluation and your assessment of your students will come into play.

Now this learning disability, this disorder must be prolonged. And what that means for the CRA is that this is a condition that will persist beyond 12 months. So essentially what that means is that if the student has a disorder or an impairment that is expected to be short lived below 12 months, the CRA would not accept an application.

The second condition that must be met on the right is that the issue, the impairment, the disorder must be present at least 90% of the time. So what that means is if I am struggling with inattention, for example. But it only happens three out of the five days of the school week. Let's say three out of five is only 60% of the time that someone can attest to that the condition is prevalent. That doesn't meet the CRA's requirement of a minimum 90% of the time. So the impairment or the disorder or the disability needs to affect the individual at least 90% of the time.

So understanding that this is the formula that the CRA is assessing against is really important. The common misconception is that when someone is diagnosed with an impairment or a disorder, that that is enough, but that isn't enough. Medically, it is a condition. But for the purpose of this tax credit, the CRA is looking for additional layers in order to give someone an approved application.

Now, I wanted to share with you the context as it relates to learning disabilities so that again, as you might be asked by parents to prepare an assessment or you have already done so in partaking in whatever process the school might be participating in, or the school boards for particular student, you can understand some of the metrics that are really critical to be shared with parents, to be transferred over to whomever is going to be signing the application for their child.

So in the first case, we have Morgan, who's ten years old and has a learning disability and executive functioning concerns. A 45 minute homework task requires that the parents remind Morgan to start their homework immediately after arriving home monitoring and frequent reminders to stay on task, reviewing the assignment for completeness and assisting if needed. And then lastly, helping Morgan pack the homework and reminding them to turn it in.

The task takes nearly 2.5 hours, which is over triple the time of an average student and is classified as markedly restricted. And that is what's really important here for the CRA. In their assessment, they want to understand how Morgan, at age ten compared to a ten year old who does not have the same disability, who does not have any disorder, who is quote unquote an average and normal child. What is Morgan's performance like measured against that child? And this is how we show the CRA that the disability or the impairment is impacting them on a daily basis, and the CRA is looking for that measurement of impact.

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So when we say that it takes nearly 2.5 hours over triple the time of an average student, that is a key metric. And so as you go through your processes, understand that you can compare the child to other children without disabilities to be able to provide that type of measurement for the parents to be successful in this process.

Next, we have Hakeem, who is age 18 and is applying for financial support to attend post-secondary. The application process involves taking twice as long to read and often misreading Reading questions frequently, asking friends and family for help. Clarifying words and meanings. Struggling with word retrieval, spelling, grammar and punctuation when writing responses. Relying on others to review every completed application. Completing forms or online documents. Take Hakeem four times longer than others. Again, emphasis on the four times longer than others. Measurement to compare Hakeem to a quote unquote average or normal individual.

And then lastly, we have Alex, who's age 16 and has a learning disability and a part time job to remember their shift. Alex calls the company twice to confirm records the time in four places their agenda family, calendar, phone and on their hand. Alex fails to anticipate travel time and often arrives late. Stress and a sense of failure lead to poor job performance and fewer shifts. Planning their shift time takes Alex triple the time of an average person who can recall it with one reminder and plan travel effectively. So again, the key metric is triple the time of an average person.

So sharing these examples really were just to demonstrate again, as you're going through the process and you're writing your own evaluations and making notes on your students. Some of the ways to look at and compare and measure for the purpose of being able to support in this process, if you are asked to provide any types of assessment letters or documentation to parents.

Now, in terms of the actual preparation of the application, as an educator, you are not going to be asked to sign the actual application form itself. The CRA has a list of qualified medical practitioners who are able to sign the application, and this is just a snippet of the sample of that list that you can just look at for reference or of course, advise parents in the course of discussions.

But in terms of your responsibility in this process is, if asked by a parent, will strictly be in preparing, supporting documentation, letters about classroom performance, any type of other assessments that have been accumulated over the years that the student has been attending school. That is really where your role and responsibility with the actual application is. It's just providing supporting documentation and advising that they then go to their qualified medical practitioners to be able to get the process going.

Now, in the beginning, we talked about the CRA's formula for determining if someone has a disability and the approval. Now we talked about the basic activities of daily living. And these are the eight buckets that the CRA Has defined their vision, hearing, speech, mental functions,

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walking, feeding, eliminating and dressing the lower four most consistently related to physical disabilities.

The upper are the ones that I wanted to talk a little bit about, just in terms of how they relate a little bit more to learning disabilities. And again, for yourselves as educators, it's really so that as you are working through the challenges of your students and talking to parents, you can just kind of keep an eye and look at who has known vision problems or hearing problems or speech issues, and of course, the mental functions where learning disabilities fall under. You can kind of start to think a little bit more about what you can embed in your assessments and in your conversations that you do have with parents.

Now, really briefly, without getting into the details of the application form itself too much because again, that is not going to be something that you will be responsible for. But I just wanted to kind of give a little bit of a demonstration of the type of information that the CRA is looking for.

So in this case, I'm looking at vision and learning disabilities. We know that there is a lot of prevalence in vision issues with individuals who have neurological disorders like ADHD [Attention-Deficit/Hyperactivity Disorder], autism, nonverbal learning disorders, or visual motor deficits. And so again, this is an opportunity where we can try to demonstrate some of those impacts and restrictions on daily life using both vision and mental functions as possible daily activities where the individual is impacted.

And so what I call out is, you know, some of the specific type of vision issues that can be prevalent, who they may present among the different types of practitioners who can support. So again, Whoever is qualified to sign the application will sign the application, but support from other practitioners will only add benefit and value to someone's application. So reminding parents, hey, make sure you use your assessments from your optometrist or ophthalmologist will make your application that much stronger.

On the right of the screen, a small snippet from the actual application just for your own understanding. Again, is just the level of detail. So the CRA is looking for really specific information about each eye, the impact. And again, to always measure someone who doesn't have the issue or disorder to someone who does, to try to quantify that impact on daily life.

I also added here the snippets for speaking and hearing. And again, these are sometimes prevalent with individuals who do have learning disabilities or other neurological disorders. And again, for me, it's really just to demonstrate how you can support in your evaluations.

And so remembering when you are preparing any type of paperwork for parents, they're looking they as in the CRA is looking for information on severity and frequency. If you remember the formula, we talked about the two conditions that must be persistent, which is that the condition is prolonged exceeding over 12 months, and that the condition must persist 90% of the time.

And the best way for the CRA to be able to understand that is by having you all quantify the severity. So if things are mild, the CRA probably won't approve an application. But if we can attest to conditions being moderate to severe severe, that will make it a stronger application.

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Again, when we talk about frequency, if we are only willing to say that, you know, a student is unable to to make it through tasks in class, but that only happens rarely. That is not strong for the CRA. They're looking for usually or always to show again that significant impact on daily living.

And so again, this is more just to demonstrate again what the CRA is looking for, the type of language and what is beneficial. As you prepare and work through whatever documentation you're willing to provide to the parents.

Now, mental functions and learning disabilities. So this is the daily activity of mental function. And many different types of issues will fall under this bucket. But specifically thinking about learning disabilities, this is where a neuro psychological evaluation is really the strongest support that a parent can have when applying for their child.

We know that that is a process and it can take some time. Some parents are having to go through the public route, which is a longer process, and there are those who can go the private route, which allows them to get those evaluations done quicker, and to be able to go through this process a little bit more quickly. But just wanted to make sure that we called that out as a key document, those psychological assessments that you can reference to parents, which I'm sure you are all aware of now, what falls under mental functions in the context of learning disabilities, auditory linguistic abilities, visual abilities, memory, processing speed, of course, cognitive efficiency and reasoning all fall under here.

And taking a snippet from the application on the right, you know, if you notice issues with adaptive functioning things including health and safety, self-care, just, you know, common and simple transactions that a student should be able to partake in memory. Of course, another big one judgment, problem solving and goal setting.

So again, these are types of things that as an educator within the classroom, within the school environment, you will be privy to seeing a lot of this behavior and these struggles and these issues to be able to provide some level of assessment that a parent can then use to support their application and try to be successful in this process.

And then again, just adding some additional mental function areas that could be relevant to yourselves as educators. If you are noticing challenges with processing speed, executive function, visual spatial processing, working memory, language processing, visual motor processing, and of course, phonological processing. These are all challenges or impairments or areas where you can most certainly prepare notes and assessments, whatever you might have available to be able to support parents in this application.

Now, if you remember from the formula and I've put that first quadrant here at the bottom left corner that an individual must meet one of these conditions. So we've talked a bit about basic activities of daily living speech, hearing, vision, mental functions, blind being an obvious, uh, item.

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But the last item that could be used by a parent to be successful in this process is that an individual needs what we call life sustaining therapy. Now, what that means for the CRA is that it is a therapy that is required a minimum of 14 hours per week, and you must be able to demonstrate that the person being the child in this case, cannot function in one or more of the daily activities of life without this 14 hours of therapy.

Now in the context of learning disabilities. What that really could look like could potentially be, and I've bolded it. Here is time spent by the child's primary caregivers to do or supervise the therapy, or perform activities like those listed above. And in the case of students and school and learning disability, it could be the amount of time that a parent has to spend to support the child's learning, their development, their academics, all of that encompassing.

So again, it's not for you all to decide how much time someone is supposed to take, but just to call out that if you do know and are aware that there are parents out there who are spending X amount of time per week in doing so, that could reach the 14 hours that that could also help them to meet the requirements of the formula and be successful in this process. And of course, I've also listed examples of things that are not Eligible activities under life sustaining therapies.

And of course, you can read this at your pleasure. Now to reinforce all of this, because I am very aware that it is a lot to try to take in and process. I'm actually going to walk you through the journey that I went through with my son, who had significant challenges from birth to probably the age of seven. And so my child was very delayed in speaking, had hearing issues, and was diagnosed with ADHD when he was three years old. And so what our process looked like is as follows. It started with speech. That was the first daily activity of living where I noticed that there were delays and challenges. My partner at that time in the process were speech and language pathologists were working on impairments and slow speech.

Next we noticed that there were vision issues that were presenting with my son. And so here we leaned on our ophthalmologists and optometrists to address those issues.

Next, unfortunately, we were advised that he was suffering with moderate hearing loss. And what I understand now that I didn't then is that when a child cannot hear, it is very difficult for them to learn how to speak. And so dealing with that problem and issues was going to be very important in getting everything to start to come together for him.

And so partners in that process for us were audiologists and ENTs [Ear, Nose, and Throat specialists, also known as otolaryngologists] to work to figure out the right surgery to get him to where he needed to be. And then again, lastly, he was diagnosed with ADHD by a developmental pediatrician when he was three years old to address executive function, decision making, memory, and so on.

And so I sent in an application based on four of the activities of daily living, and was successful in the first go round. I had documentation from all of these qualified medical practitioners plus from educators in terms of the daycare that he was attending and all the community programs that we had attended in that time.

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And so it was very straightforward and relatively easy for us to demonstrate how, at the age of three years old, by comparison to another child his age, he was significantly struggling in life.

And again, sharing this for you all is just to be able to bridge for you how it can all come together. If we feel like we are not strong enough in impact, in just one quadrant of basic activities of daily life, that we can bring together multiple to really build a strong case. And again, just to have this back end knowledge to share with parents in the course of conversations.

Now again, your role and responsibility in the application process is just to provide supporting documentation and wherever possible, advise parents that this is a benefit that could be available to them. So they will go on and go through the process.

And if approved, what that means for them is they can now claim this very large tax credit on their tax return. They can also go ahead and have prior year returns adjusted so that the impact of being approved can be applied to all relevant years.

In terms of how long a certificate is valid, that is determined by the CRA, if the amount of time, let's say is five years. Parents will have to go back and reapply and get individuals to resubmit and prepare assessments so that they can go through the application process again.

If the medical condition changes, the only obligation is with the parent to stop claiming the tax credit on their tax return.

And lastly, you know, if a parent is denied in this process, they can appeal. They can try resubmitting additional information, which is something that. You know, might be a request that comes to you. A parent might come to you and say, you know, we've tried to apply for this really important credit. It's very important to our family.

Would you be able to prepare such and such for us to help in this process? And so really just calling out again that your role in the application itself is just from a supporting documentation perspective.

Now, just for your general awareness in terms of the value of the credit, which is why it's so highly sought after.

The credit itself is a non-refundable tax credit, which what that means for Canadian tax purposes is that it will reduce your calculated income tax payable, to potentially the point of zero, and it will help. In that sense, it is not a refundable tax credit, which means that, you know, you have to have income tax payable in order to get the benefit of this particular credit.

Now, the federal amount of the credit is approximately \$9,800. It slightly changes every single year provincially. This one is based on this slide is based on British Columbia is around 8900. But it's pretty static across Canada, provincially in and around that range.

For parents who have children under the age of 18, they can claim an additional supplement of 5700 federally, 5800 provincially, but the amount is reduced by child care expenses if they are claiming that for that child.

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Now, what all that means is that an individual could get a an approximate tax value of \$3,000 per year, and a parent can receive an additional two \$2,000 on top of that if they are applying, of course, for their children.

So you're talking about anywhere between 4 to \$5000 in income tax benefit. And again, this is one of the largest tax credits that we do have in Canada, which is why it is one of the most sought after by individuals, but also one of the most heavily scrutinized by the CRA.

Now, again, your job is not to provide financial advice, but just for your own general knowledge and awareness. Some individuals might say, you know, this process might not be for me. I don't know if I can be successful. And so there's definitely other things that can be done in conjunction with.

So now you can potentially apply for the amount for eligible dependent the Canada caregiver amounts. We have home accessibility expenses, the Canada caregiver amount for dependents over or under 18 regular medical expenses, which we'll get into in just a second.

Individuals who are approved for the Disability Tax Credit will also receive the Child Disability Benefit. The regular Canada Child Benefit sees this for that child and is converted to the Child Disability Benefit, which is approximately \$50 more per month.

And then lastly, beginning in spring of 2025, the new Canada Disability Benefit becomes available. The application process will open and if you are approved for the Disability Tax Credit, you can then apply for the Canada Disability Benefit.

Now, just for our own knowledge, we know that as for all of us as Canadians, we have access to the medical expense tax credit where, you know, we can include certain medical expenses on our tax returns that have not been paid for by our health insurance plans.

And so we can think of regular things, you know, dental costs, prescribed medications, so on and so forth. But in the context of your students who have learning disabilities, this is really where you might be able to, again, just pay attention to what's going on and what you're aware of with your students.

But if you have students that are using scanning software or reading pens, spell checkers like Grammarly, subscriptions, tablets, smartphones, computer-based learning programs, reading aids, writing aids and note taking services, and of course, tutoring.

They could actually include those on their tax returns as well. But the caveat here is very important that in order for a parent to be able to claim these types of expenses on their returns for a child, they must have a letter from a qualified medical practitioner stating that they are required as a result of a particular diagnosis or a disorder.

If you try to claim these items without having that document and you are asked for proof from the CRA, they will disqualify those tax credits. So important to know that it is available to students or children who do have learning disabilities, but the proper documentation must be held.

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And very lastly, again, general awareness. Not because anyone has any expectation that you will be offering financial advice, but one of the most significant reasons why parents want to go ahead and pursue the Disability Tax Credit application for their children, particularly those with more severe challenges and impairments, where their future and their ability to earn in the future is a concern is that when you are approved for the Disability Tax Credit, you can then open what is called a Registered Disability Savings Plan, which is essentially like an RRSP [Registered Retirement Savings Plan] that many of us in Canada have.

But this is a very specific plan for individuals who have disabilities. And, you know, the benefit of this program is that you can earn up to \$90,000 in additional grants and benefits that are paid for by the Canadian government into this plan, which of course, for any parent who has a child with a disability is a huge, huge benefit in terms of planning for the future.

A really high overview, again, because there is no expectation that you're going to be offering financial advice. But if you are approved and open an RDSP [Registered Disability Savings Plan] for a child, the contributions to the RDSP are not deductible. So we know that when we contribute to an RRSP, for example, we get to deduct that on our tax return in the year of contribution. RDSPs do not work that way.

There's no annual contribution limits for the program. A parent can make contributions until their child turns 59. There is a lifetime contribution limit of \$200,000 for the plan.

All of the earnings and growth in the plan itself, they are accruing tax deferred, which means that there is no taxation of any of the growth that happens within the plan until those funds are withdrawn from the plan for the beneficiary to use for their living expenses.

And then lastly, again, the beneficiary may also be eligible for government contributions, to the plan in through the Canada Disability Savings Grant or the Canada Disability Savings Bond, which could, over the lifetime, potentially max out at \$90,000 on top of whatever contributions are made to the plan in itself.

So, again, a very significant program that for many parents of children who have disabilities that put their ability to work potentially at risk, this is a very important program and benefit of going through the application process.

Now, I know that that was a lot to absorb. But in terms of what? Typically the next steps are, you know, an individual will have to measure themselves against the criteria, then work with their qualified practitioners to get a clear understanding of their attestations and sufficient documentation.

And for yourselves as educators, this is where you would likely come into play to again provide assessments, any details, any information that a parent can use to support and increase the benefit and value of their application.

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And then from there, they will go on to prepare the T2201 application and submit it through. But again your point and in this process is really only step two if asked to provide documentation to support the application.

If you have come this far and are curious and have questions about the Disability Tax Credit, I've included some of the common FAQs for you. You can read those here. I've done the same for the RDSP program again, because it is such an integral part of this process for many.

Some of the common FAQs. There are some tools and resources. If you have questions for yourselves or for anyone within the school environment. Links to some of the pages on the CRA website; referencing for you all. Plan Institute, which is a wonderful Canadian non-profit that does a lot of work with Canadians across Canada to answer questions about the Disability Tax Credit and the RDSP program.

And then also, if you wanted to look at the T2201 application form itself, link to do so. A quick Google search on the Canada.ca website and you'll find that as well.

So thank you so much for taking the time to sit through this session and learn a little bit more about the Disability Tax Credit, how it is impactful to parents. Why it's so heavily sought after.

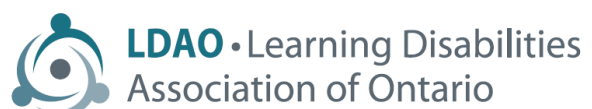
And then again, just your role in this process is simply just to continue to be that advocate for these children. The more that you're able to provide in terms of assessment and documentation, the better they can make it through this process.

And to be successful and to put those dollars in the pockets of parents so that they can continue to give their children access to therapy and support that are often challenging to find.

And of course, again, for those that are in a more significant or serious situation, to be able to access the funding and programs for future financial planning for them.

And so thank you so much for taking the time to make it through. And thank you to the Learning Disabilities Association of Ontario for putting together this session for you all. Please do visit their websites to get additional insights and access to many resources that might help within the school environment.

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