



# TAX TIPS FOR PEOPLE WITH KIDNEY DISEASE

## 2019 Taxation Year

Every year during tax season, The Kidney Foundation of Canada prepares general tax tips for people who are on dialysis or have had a kidney transplant. The income tax assistance measures most often used by people with kidney disease are the *Medical Expense Tax Credit* (page 2) and the *Disability Tax Credit* (page 8). These are **non-refundable tax credits** that reduce the amount of income tax you owe. They can't reduce the amount of tax owed to less than zero, meaning they won't reimburse your medical expenses, but they reduce the amount of income tax you need to pay.

Sources for more information on other tax assistance measures can be found starting on page 10. Please see page 12 for information on Tax Preparation Clinics.

Sample letters start on page 14.

**Note:** The information provided below is general in nature and does not necessarily cover all circumstances. While we make every effort to be accurate, we recommend that you seek professional tax advice for your individual questions. The Canada Revenue Agency (CRA) provides detailed instructions for claiming the various tax credits and deductions that are available. You can find these instructions from the CRA website [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca) or by phone 1-800-959-8281.

## Medical Expense Tax Credit

The *Medical Expense Tax Credit* is a non-refundable tax credit that you can claim for a wide range of medical and related expenses.

You can claim eligible medical expenses that you or your spouse or common-law partner paid for:

- Yourself
- Your spouse or common-law partner
- Your or your spouse's or common-law partner's children who were under 18 years of age at the end of the tax year.

You can claim eligible medical expenses that you, or your spouse or common-law partner paid for in any **12-month period ending in 2019** and did not claim in 2018.

Your total expenses must be more than **3% of your net income** (line 33099) or **\$2,352**, whichever is less.

Common expenses for people with kidney disease that can be claimed are listed here:

### Travel Expenses

Claiming travel expenses is different based on how far you travel from your home for treatment. Travel expenses cannot be claimed as a medical expense if you travelled less than 40 kilometres one-way from your home to get medical services.

#### **Travel Expenses: at least 40 km but less than 80 km one-way**

The cost of public transportation expenses (for example, bus, taxi, or train) can be claimed if you travelled at least 40 kilometres (one-way), but less than 80 km, from your home to get medical services.

To claim transportation and travel expenses, the following conditions must be met:

- The same medical services were not available near your home
- You took a reasonably direct travelling route
- It is reasonable, under the circumstances, for you to have travelled to that place to get those medical services

You can also claim the travel expenses of a person to accompany you if a medical professional certifies in writing that you were not able to travel alone to get medical services.

Where public transportation is not readily available, you may be able to claim vehicle expenses.

You can calculate meals and vehicle expenses two ways: the detailed or simplified method.

## Meal Expenses

### Detailed method

If you use the detailed method to calculate meal expenses, you must keep your receipts and claim the actual amount that you spent for your 12-month period.

### Simplified method

If you use the simplified method to calculate meal expenses, you can claim in Canadian or US funds a **flat rate of \$17/meal**, to a **maximum of \$51/day** (sales tax included) per person, without receipts. Although you do not need to keep detailed receipts for actual expenses if you use the simplified method, the CRA may still ask you to provide some documentation to support your claim.

## Vehicle Expenses

### Detailed method

If you use the detailed method to calculate vehicle expenses, you must keep all receipts and records for the vehicle expenses you incurred during the 12-month period you choose for medical expenses.

Vehicle expenses include:

- Operating expenses such as fuel, oil, tires, licence fees, insurance, maintenance, and repairs.
- Ownership expenses such as depreciation, provincial tax, and finance charges.

Keep track of the number of kilometres you drove in that 12-month time period, as well as the number of kilometres you drove specifically for the purpose of medical expenses. Your claim for vehicle expenses is the percentage of your total vehicle expenses that relate to the kilometres driven for medical expenses.

For example, if you drove 10,000 km during the year, and half of that was related to medical expenses, you can claim half of the total vehicle expenses on your return.

### Simplified method

If you use the simplified method, keep track of the number of kilometres driven during the 12-month period you choose for medical expenses. To determine the amount you can claim for vehicle expenses, multiply the number of kilometres by the cents/km rate from the chart below for the province or territory in which the travel begins.

Province or Territory	Cents/Kilometre
Alberta	48.0
British Columbia	54.5
Manitoba	51.0
New Brunswick	53.5
Newfoundland and Labrador	57.5
Northwest Territories	64.5
Nova Scotia	52.5
Nunavut	61.0
Ontario	57.0
Prince Edward Island	52.0
Québec	54.0
Saskatchewan	51.0
Yukon	63.5

Rates taken from: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-255-northern-residents-deductions/meal-vehicle-rates-used-calculate-travel-expenses.html>

Although you do not need to keep detailed receipts for actual expenses, the CRA may still ask you to provide some documentation to support your claim.

### **Travel Expenses: at least 80 km one-way**

The cost of travel expenses, including accommodations, can be claimed if you travelled at least 80 kilometres (one-way) from your home to get medical services.

For calculating meal and vehicle expenses, you can use the detailed or simplified methods explained above.

## Accommodation Expenses

You must keep receipts for all accommodation expenses, and you must be able to show that the amount you paid for accommodation is necessary because of the distance travelled and your medical condition. Claim the amount for accommodation as shown on your receipts.

## Home Hemodialysis or Peritoneal Dialysis Machine ("Kidney Machine")

People who have installed a home hemodialysis machine may claim the following costs:

- Repairs, maintenance, and supplies
- Additions, renovations, or alterations to a home (the hospital official who installed the machine must certify in writing that they were necessary for installation)
- The part of the operating costs of the home that relate to the machine (excluding mortgage interest and capital cost allowance)
- A telephone extension in the dialysis room and all long-distance calls to a hospital for advice or to obtain repairs
- Necessary and unavoidable costs to transport supplies

To calculate the cost for housing the machine (that is, municipal taxes, insurance, heating, lighting, and maintenance and repairs, but not including capital cost allowance or mortgage interest) or the portion of rent that is attributable to the room where the machine is kept: you should use percent of square footage of your home and pro-rate your expenses. So, if you keep your dialysis machine in a room that is 20% of the square footage of your home, you can claim 20% of the expenses of your taxes, insurance, heating, lighting, rent, etc.

To calculate the utilities (water) you can claim what can reasonably be attributed to the machine. One way to calculate this would be to look at the difference between the bills you received before the machine was installed and those after it was installed. The difference in the cost is what you could claim.

Some provinces have utility reimbursement programs. If you claim utility costs for home hemodialysis as tax credits:

1. Add up your expenses in the same manner you have in the past
2. Deduct your grant total from this amount

The remaining amount is what you would claim as tax credits.

## Organ Transplant

You may claim reasonable amounts you paid to find a compatible donor, to arrange the transplant including legal fees, insurance premiums, and reasonable travelling costs including board and lodging expenses for the patient, the donor, and their respective attendants. All provinces have programs to reimburse living donors for the costs associated with donation (parking/transit, meals, accommodation, etc.). Any costs for which reimbursement is provided cannot be claimed as medical expenses.

## Prescription drugs and medications

You can claim the cost of prescription drugs and medications that were prescribed by a medical professional and were recorded by a pharmacist. You **cannot** claim over-the-counter medications, vitamins, or supplements, even if prescribed by a medical professional (except Vitamin B12).

## Drugs and medical devices bought under Health Canada's Special Access Program

You can claim the amounts paid for drugs and medical devices that have not been approved for use in Canada, if they were bought under this program. For more information, visit <http://www.hc-sc.gc.ca/dhp-mps/acces/index-eng.php>.

For a complete list of the medical expenses you can claim,

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/lines-330-331-eligible-medical-expenses-you-claim-on-your-tax-return.html>

### Disability Tax Credit

The *Disability Tax Credit* is a non-refundable tax credit helps persons with disabilities or their supporting persons reduce the amount of income tax they may have to pay. Dialysis is a life-sustaining therapy that meets the criteria for this credit. The credit will reduce your income tax payable if you qualify. If you have no tax payable, you may transfer the credit to a spouse or other supporting person.

**We recommend that all dialysis patients apply for the *Disability Tax Credit*.** Your renal social worker can help you with the paperwork, if needed. The application is easily completed and there is no need for a private company to assist.

You are eligible for the *Disability Tax Credit* if the CRA approves *Form T2201 Disability Tax Credit Certificate*. A medical professional must fill this out and certify that you have a severe and prolonged impairment and must describe its effects. In Part B, under *Life Sustaining Therapy*, we recommend that your doctor answer 'yes' to the question: "Does your patient meet the conditions for life-sustaining therapy?" and specify the



type of therapy as “kidney dialysis to filter blood.” The attached letter, “*Addendum to the Disability Tax Credit Certificate*” may also be helpful in explaining the diagnosis of End-Stage Renal Disease and the time required for dialysis. The application for the *T2201 Disability Tax Credit Certificate* is available at: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2201.html>

### **Registered Disability Savings Plan (RDSP)**

The RDSP is a federal government program that encourages people with disabilities to save in order to become more financially secure. It is similar to paying into a private pension plan and the government matches personal contributions up to a certain amount. Canadian residents under the age of 60, who qualify for the Disability Tax Credit, may be eligible if they meet certain criteria. Parents can open an RDSP for their child. For more information, visit [www.cra-arc.gc.ca/rdsp](http://www.cra-arc.gc.ca/rdsp).

The maximum federal disability amount for 2019 is **\$8,416** for those over the age of 18, and **\$4,909** for persons under 18 years old. (Source: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/segments/tax-credits-deductions-persons-disabilities/disability-tax-credit.html>)

## Additional Tax Assistance Measures

### Canada Caregiver Credit

If you have a dependant (for example, a child, spouse or common-law partner) with an impairment in physical or mental functions, you may be eligible to claim an additional amount of **\$2230** with a signed statement from a medical professional showing when the impairment began and what the duration of the impairment is expected to be. You do not need a signed statement from a medical practitioner if the CRA already has an approved *Form T2201 Disability Tax Credit Certificate*, for the specified period. More information is available at <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/canada-caregiver-amount.html>

### Refundable Medical Expense Supplement

You can claim a refundable credit of up to **\$1,248** if all of the following apply:

- you have an amount on [line 21500](#) or line 33200 of your return
- you were resident in Canada throughout 2019
- you were 18 years of age or older at the end of 2019
- the total of the following 2 amounts is \$3,645 or more:
  - your employment income on [line 10100](#) and [line 10400](#) of your return (other than amounts received from a wage-loss replacement plan) **minus** the amounts on lines [20700](#), [21200](#), [22900](#), and [23100](#) of your return (but if the result is negative, enter "0")
  - your net self-employment income (not including losses) from [lines 13500, 13700, 13900, 14100, and 14300](#) of your return

More information is available at <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-452-refundable-medical-expense-supplement.html>

## Disability Supports Deduction

If you have a physical or mental impairment, you can claim a disability supports deduction if you paid expenses that no one has claimed as a medical expense, and you paid them so that you could:

- Work
- Go to school
- Do research for which you received a grant

More information is available at <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-215-disability-supports-deduction.html>

## Federal Excise Gasoline Tax Refund Program

You may qualify to have a portion of the federal excise tax on gasoline refunded to you if you have a letter from a medical professional certifying that you have a permanent mobility impairment and cannot safely use public transportation. More information and the application form are available at <https://www.canada.ca/en/revenue-agency/services/tax/individuals/segments/tax-credits-deductions-persons-disabilities/excise-gasoline-tax-refund.html>

## Canada Workers Benefit (Working Income Tax Benefit before 2019)

The Canada Workers Benefit is a refundable tax credit that is intended to supplement the earnings of low income workers and improves work incentives for low-income Canadians.

\*The federal calculation of the Working Income Tax Benefit applies to residents of all provinces and territories other than Nunavut, British Columbia, Alberta and Quebec, for which there are unique calculations.

More information is available at <https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/federal-government-budgets/budget-2018-equality-growth-strong-middle-class/canada-workers-benefit.html>

## Volunteer Tax Preparation Clinics

Volunteers trained by the CRA are available to help you complete your return. The program is designed to help low-income people with simple tax situations. To find a tax preparation clinic in your area go to <https://www.canada.ca/en/revenue-agency/services/tax/individuals/community-volunteer-income-tax-program.html> or call 1-800-959-8281.

Remember to bring your tax information slips and receipts. You can get your current year and prior year old age security (OAS), employment insurance (EI) and Canada pension plan (CPP) tax slips electronically. You can find this service at <https://www.canada.ca/en/employment-social-development/services/my-account/tax-information.html>.

## CRA Guides

Download Canada Revenue Agency guides:

**Medical Expenses 2019** <https://www.canada.ca/content/dam/cra-arc/formspubs/pub/rc4065/rc4065-19e.pdf>

**Disability-Related Information 2019** <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4064/disability-related-information-2016.html>

For more support filing your tax return, check the CRA website

[www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

or call:

Individual income tax enquiries: **1-800-959-8281**

T.I.P.S. (Tax Information Phone Service): 1-800-267-6999

(automated)

## Sample Letter: Trips to Hospital

Date:

To Whom It May Concern:

Mr./Mrs./Ms. \_\_\_\_\_ is a dialysis/transplant patient at \_\_\_\_\_ (*Hospital Name*) in \_\_\_\_\_ (*Town/City Name*). This patient made \_\_\_\_\_ (*number of*) trips to the hospital during the year. Mr./Mrs./Ms. \_\_\_\_\_ travels \_\_\_\_\_ (*number of*) kilometres, one way from home to the hospital.

Yours Sincerely,

Dr. \_\_\_\_\_

Director of Nephrology Program

Or

\_\_\_\_\_

Administrator, Nephrology Program

## Certification of the Installation of a Kidney Dialysis Machine

Date:

Name of Hospital:

Address of Hospital:

This is to certify that the following were the minimum essential changes required to the home of \_\_\_\_\_ (*name of patient*) at \_\_\_\_\_ (*address*) in order to enable the hospital staff to install an artificial kidney machine. The machine is maintained and supervised by this hospital and is under the direct control of the undersigned.

Brief description of changes or improvements required:

Alterations to the building:

Improvements to the electrical system:

Improvements to the plumbing system:

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Director of Dialysis

## Addendum to the Disability Tax Credit Certificate

For Patient: \_\_\_\_\_

To: Canada Revenue Agency

I am writing in support of this patient's application for the Disability Tax Credit. This patient has End-Stage Renal Disease and requires kidney dialysis as a life-sustaining therapy.

This patient is a: (check one)  **hemodialysis patient**  
 **peritoneal dialysis patient**

**Hemodialysis** requires that patients are attached to a dialysis machine in order to cleanse the blood of toxins. This involves attending a dialysis unit three times per week, fifty-two weeks per year. On average, patients will spend 5 hours at the unit each time. Some patients may perform hemodialysis at home, with an equivalent or greater time commitment.

**Peritoneal Dialysis (PD)** requires patients to have dialysis fluid in their peritoneal cavity so that the blood is constantly cleaned.

There are two types of **peritoneal dialysis**:

➤ **Continuous ambulatory (CAPD)**

- Patient infuses 2-3 litres of dialysis fluid in their peritoneal cavity
- Exchange of fluid is done manually 4-6 times per day, seven days per week
- Each exchange takes approximately 30-45 minutes



➤ **Automated or Continuous Cycler (APD or CCPD)**

- Patient is connected to an automatic cycler that performs the fluid exchanges while they sleep
- 2-3 litres of fluid are left in the peritoneal cavity during the day and then drained prior to connecting to the cycler again for the night
- The patient is attached to the cycler machine every night for 8-10 hours
- Some people are required to do additional manual exchanges during the day

**All PD patients must follow a strict daily procedure:**

- Take and record their temperature
- Weigh themselves and record their weight
- Take and record their blood pressure, both lying down and standing up
- Consider the results of the above and choose the appropriate strength of dialysis solution, referred to as dialysate
- Warm the bag of dialysate prior to infusion
- Prepare a sterile area to lay out the equipment required
- Wait 30-45 minutes for the dialysate to infuse and drain
- Dispose of “used” dialysate and disinfect surrounding area

In addition:

- Patients must assess and clean the abdominal catheter site (daily)
- A certain percentage of patients require additional time to prepare and inject medication (e.g. antibiotic, heparin, insulin) into the dialysate prior to infusion

In summary, dialysis treatment of any type is a life-sustaining therapy that requires a large investment of time.

Doctor's signature: \_\_\_\_\_

Date: \_\_\_\_\_