

Practice with case studies

Persons with disabilities

Transferring the disability tax credit to spouse

Pre-test question

Select True or False

If an individual receives disability benefits from the Canada Pension Plan (CPP) they are automatically eligible for the disability tax credit (DTC) with the CRA.

True

Sorry, that is incorrect

To find out if an individual is eligible for the DTC they must submit a completed T2201 form to the CRA. This form must be completed and signed by a health practitioner.

False

That is correct

To find out if an individual is eligible for the DTC they must submit a completed T2201 form to the CRA. This form must be completed and signed by a health practitioner.

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

Nadia is employed at Pets R Us. Alexei is retired and receives income from the CPP, old age security (OAS), interest, and superannuation (Registered Pension Plan).

Nadia is approved for the DTC and she wants to transfer the unused portion of her credit to Alexei.

Identification information

Name	Alexei Reznikov
Social insurance number (SIN)	000 000 000
Address	123 Main Street City, Province X0X 0X0
Date of birth (DOB)	October 2, 1961
Marital status	Married to: Nadia Reznikov on July 23, 1983 SIN: 000 000 000 DOB: April 23, 1961

Required slips

T4A – Statement of Pension, Retirement, Annuity, and Other Income (for Alexei)

Payer's name – Nom du payeur Bank of Canada		Canada Revenue Agency Agence du revenu du Canada		T4A Statement of Pension, Retirement, Annuity, and Other Income État du revenu de pension, de retraite, de rente ou d'autres sources	
		Year / Année: <input style="width: 50px;" type="text"/>			
061 Payer's program account number / Numéro de compte de programme du payeur		016 Pension or superannuation – line 11500 / Prestations de retraite ou autres pensions – ligne 11500 11,000.00		022 Income tax deducted – line 43700 / Impôt sur le revenu retenu – ligne 43700 2,046.00	
012 Social insurance number / Numéro d'assurance sociale 000 000 000		013 Recipient's program account number / Numéro de compte de programme du bénéficiaire		018 Lump-sum payments – line 13000 / Paiements forfaitaires – ligne 13000	
020 Self-employed commissions / Commissions d'un travail indépendant		024 Annuities / Rentes		048 Fees for services / Honoraires ou autres sommes pour services rendus	
Recipient's name and address – Nom et adresse du bénéficiaire Last name (print) – Nom de famille (en lettres moulées): REZNIKOV First name – Prénom: ALEXEI Initials – Initiales: 123 Main Street City, Province X0X 0X0		Other information (see page 2) / Autres renseignements (voir à la page 2)			
Box – Case Amount – Montant		Box – Case Amount – Montant		Box – Case Amount – Montant	
Box – Case Amount – Montant		Box – Case Amount – Montant		Box – Case Amount – Montant	
Box – Case Amount – Montant		Box – Case Amount – Montant		Box – Case Amount – Montant	
Box – Case Amount – Montant		Box – Case Amount – Montant		Box – Case Amount – Montant	

T4A(OAS) – Statement of Old Age Security (for Alexei)

		Canada Revenue Agency Agence du revenu du Canada		Statement of Old Age Security Relevé de la sécurité de la vieillesse				T4A(OAS)	
	Year / Année: 18	Taxable pension paid / Versement de pension imposable 6,778.44	Gross pension paid / Versement brut de pension	Overpayment recovered / Paiement en trop recouvré	Net supplements paid / Versement net des suppléments	Income tax deducted / Impôt sur le revenu retenu 0.00	Quebec income tax deducted / Impôt sur le revenu du Québec retenu		
Issued by: Service Canada / Émis par: Service Canada REZNIKOV, ALEXEI 123 Main Street City, Province X0X 0X0						12 Social insurance number / Numéro d'assurance sociale 000 000 000			
						13 Old Age Security number / Numéro de la Sécurité de la vieillesse			

Attach this copy to your federal return.
 Joignez cette copie à votre déclaration fédérale.

T4A(P) – Statement of Canada Pension Plan Benefits (for Alexei)

Canada Revenue Agency / Agence du revenu du Canada		Statement of Canada Pension Plan Benefits État des prestations du Régime de pensions du Canada				T4A(P)	
Year / Année 20	Taxable CPP benefits / Prestations imposables du RPC 6	Number of months – disability / Nombre de mois – invalidité 6	Number of months – retirement / Nombre de mois – retraite 6	Income tax deducted / Impôt sur le revenu retenu 0.00	Social insurance number / Numéro d'assurance sociale 000 000 000	Onset or effective date / Date de début ou d'entrée en vigueur	
Issued by: Service Canada / Émis par : Service Canada REZNIKOV, ALEXEI 123 Main Street City, Province X0X 0X0					14 Retirement benefit / Prestation de retraite 6,211.00		
					15 Survivor benefit / Prestation de survivant		
					16 Disability benefit / Prestation d'invalidité 8,216.00		
					17 Child benefit / Prestation pour enfant		
					18 Death benefit / Prestation de décès		
					19 Post-retirement benefit / Prestation après-retraite		
					Benefit number / Numéro de prestation		

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See the privacy notice on your return. / Consultez l'avis de confidentialité dans votre déclaration.


T5 – Statement of Investment Income (for Alexei)

Canada Revenue Agency / Agence du revenu du Canada		T5 Statement of Investment Income État des revenus de placement			Year / Année _____	Protected B / Protégé B when completed / une fois rempli	
24 Actual amount of eligible dividends / Montant réel des dividendes déterminés	25 Taxable amount of eligible dividends / Montant imposable des dividendes déterminés	26 Dividend tax credit for eligible dividends / Crédit d'impôt pour dividendes déterminés	13 Interest from Canadian sources / Intérêts de source canadienne 85.00	18 Capital gains dividends / Dividendes sur gains en capital			
10 Actual amount of dividends other than eligible dividends / Montant réel des dividendes autres que des dividendes déterminés	11 Taxable amount of dividends other than eligible dividends / Montant imposable des dividendes autres que des dividendes déterminés	12 Dividend tax credit for dividends other than eligible dividends / Crédit d'impôt pour dividendes autres que des dividendes déterminés	21 Report Code / Code du feuillet	22 Recipient identification number / Numéro d'identification du bénéficiaire 000 000 000	23 Recipient type / Type de bénéficiaire		
Other information (see the back) / Autres renseignements (lisez le dos)							
Box / Case	Amount / Montant	Box / Case	Amount / Montant	Box / Case	Amount / Montant		
Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire REZNIKOV, ALEXEI 123 Main Street City, Province X0X 0X0				Payer's name and address – Nom et adresse du payeur Bank 1 456 Main Street City, Province X0X 0X0			
Currency and identification codes / Codes de devise et d'identification		27 Foreign currency / Devises étrangères	28 Transit – Succursale	29 Recipient account number / Numéro de compte du bénéficiaire	For information, see the back. / Pour obtenir des renseignements, lisez le dos.		

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T5 (09/21)

T4 – Statement of Remuneration Paid (Pets R Us) (for Nadia)

Employer's name – Nom de l'employeur Pets R Us		 Canada Revenue Agency / Agence du revenu du Canada		T4 Statement of Remuneration Paid État de la rémunération payée	
Year / Année: <input type="text"/>		Employment income / Revenus d'emploi: 14 <input type="text" value="4,875.00"/>		Income tax deducted / Impôt sur le revenu retenu: 22 <input type="text" value="897.00"/>	
54 Employer's account number / Numéro de compte de l'employeur: <input type="text"/>		Province of employment / Province d'emploi: 10 <input type="text"/>		Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso: 16 <input type="text" value="72.19"/>	
Social insurance number / Numéro d'assurance sociale: 12 <input type="text" value="000 000 000"/>		Exempt – Exemption: 28 <input type="text"/>		EI insurable earnings / Gains assurables d'AE: 24 <input type="text" value="4,875.00"/>	
		Employment code / Code d'emploi: 29 <input type="text"/>		CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ: 26 <input type="text" value="4,875.00"/>	
Employee's name and address – Nom et adresse de l'employé Last name (in capital letters) – Nom de famille (en lettres moulées): REZNIKOV First name – Prénom: NADIA Address: 123 Main Street, City, Province X0X 0X0		Employee's EI premiums / Cotisations de l'employé à l'AE: 18 <input type="text" value="65.00"/>		Union dues / Cotisations syndicales: 44 <input type="text" value="50.00"/>	
		RPP contributions / Cotisations à un RPA: 20 <input type="text"/>		Charitable donations / Dons de bienfaisance: 46 <input type="text"/>	
		Pension adjustment / Facteur d'équivalence: 52 <input type="text"/>		RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB: 50 <input type="text"/>	
		Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso: 55 <input type="text"/>		PPIP insurable earnings / Gains assurables du RPAP: 56 <input type="text"/>	
Other information (see over) / Autres renseignements (voir au verso)		Box – Case: <input type="text"/>	Amount – Montant: <input type="text"/>	Box – Case: <input type="text"/>	Amount – Montant: <input type="text"/>
		Box – Case: <input type="text"/>	Amount – Montant: <input type="text"/>	Box – Case: <input type="text"/>	Amount – Montant: <input type="text"/>

T4 (21) Protected B when completed / Protégé B une fois rempli

Takeaway points

Steps to follow

1. Review their background information and required slips
2. Using Alexei's profile in **Interview setup**, tick the boxes next to **Pension income, other income and split pension income, COVID-19 benefits (T4A, T4FHSA, T4A(OAS), T4A(P), T4A-RCA, T4RSP, T4RIF, T1032)** in the **Pension and other income** section, and **Interest, investment income and carrying charges/interest expenses/CNIL (T3, T5, T4PS, T5008, RC359)** in the **Investment income and expenses** section
3. Click **T4A, T4FHSA and pension income** in the left-side menu and click the + signs beside each of the following to enter the amounts for each tax slip:
 - **T4A - Pension, retirement, annuity, and other income (COVID-19 benefits)**
 - **T4A(OAS) - Old age security pension income**
 - **T4A(P) - Statement of Canada or Québec pension plan benefits**
4. Alexei's T4A(P) indicates he received both CPP retirement and disability benefits throughout the year. The sum of the amounts in the **Number of months – retirement** and **Number of months – disability** fields may not exceed 12, enter **6** into both fields
5. Click **Interest, investment income and carrying charges** in the left-side menu and click the + sign next to **T5 – Investment income** to enter the amounts from Alexei's T5
6. Using Nadia's profile in **Interview setup**, tick the boxes next to **Employment income and employment insurance benefits (T4, T4E/RL-6)** in the **Employment and other benefits** section and **Medical expenses, disability, caregiver** in the **Common tax deductions** section
7. Click **T4 and employment income** in the left-side menu and click the + sign next to **T4 income (earned in any province except Quebec)** to enter the information from her tax slip

8. Click **Medical, disability, caregiver** in the left-side menu and click the + sign next to **Infirmity and Disability amounts claim for yourself* (line 31600)** in the **Disability deductions, caregiver** section
9. Enter the applicable information into the **Name or description of infirmity** field, then select **Claim disability amount (default)** from the **Are you eligible for the disability amount on federal line 31600?** drop-down menu. Select **Yes** from the **Does this infirmity provide entitlement to the Canada caregiver amount?** drop-down menu
10. Select **Yes** from the **Does CRA already have an approved T2201 form for this disability?** Drop-down menu

When an individual transfers their unused portion of the DTC to their spouse or common-law partner, the transferred amount is found on line 32600. In this case, the caregiver amount for Nadia is included in the calculation of line 30300, but depending on the circumstances, an individual may also claim the caregiver amount for a spouse on line 30425.

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		
	Nadia Reznikov	Alexei Reznikov
◆ Total income		
10100 Employment income	\$4,875.00	
11300 Old Age Security pension		\$6,778.44
11400 CPP or QPP benefits		\$14,427.00
11500 Other pensions and superannuation		\$11,000.00
12100 Interest and other investment income		\$85.00
15000 Total income	\$4,875.00	\$32,290.44
◆ Net income		
21200 Annual union, professional, or like dues	\$50.00	
22215 Deduction for CPP and QPP enhanced contributions	\$12.13	
23600 Net income	\$4,812.87	\$32,290.44
◆ Taxable income		
26000 Taxable income	\$4,812.87	\$32,290.44
◆ Non refundable tax credits		
30000 Basic personal amount	\$15,000.00	\$15,000.00
30300 Spouse or common-law partner amount		\$12,686.13
30800 CPP or QPP contributions through employment	\$60.06	
31200 Employment Insurance premiums through employment	\$65.00	
31260 Canada employment amount	\$1,368.00	
31400 Pension income amount		\$2,000.00
31600 Disability amount (for self)	\$9,428.00	
32600 Amounts transferred from your spouse or common-law partner		\$9,428.00
33500 Total	\$25,921.06	\$39,114.13
33800 Total @ 15%	\$3,888.16	\$5,867.12
35000 Non refundable tax credits	\$3,888.16	\$5,867.12
◆ Refund or balance owing		
42900 Basic federal tax	\$0.00	\$0.00
40500 Federal foreign tax credit (T2209)	\$0.00	\$0.00
40600 Federal tax	\$0.00	\$0.00
42000 Net federal tax	\$0.00	\$0.00
42800 Provincial or territorial tax	\$0.00	\$300.00
43500 Total payable	\$0.00	\$300.00
43700 Total income tax deducted	\$897.00	\$2,046.00
◆ Payments and credits		
45300 Canada workers benefit (CWB) (schedule 6)	\$784.00	
48200 Total credits	\$1,681.00	\$2,046.00
48400 Refund	\$1,681.00	\$1,746.00