

With over 8 million Canadians living with a disability,¹ chances are you or someone close to you is navigating its daily impacts. The Disability Tax Credit (DTC) can open doors to vital supports and broader services that promote financial security and well-being. Here's a look at who qualifies and how it helps.

Who is Eligible for the DTC?

To be eligible for the DTC, you must meet three criteria:

1. You have one or more "severe and prolonged" impairments in physical or mental functions,
2. The effects of the impairment leave you "markedly restricted" or "equivalent to markedly restricted" in performing "basic activities of daily living", and
3. A medical practitioner certifies in Form T2201 "Disability Tax Credit Certificate" (Form T2201) that your condition meets the eligibility requirements.

For example, Franklin became paralyzed from the waist down following an illness. He will never walk again. His condition is severe and prolonged and he is markedly restricted in an activity of daily living – walking. Provided he completes Form T2201 with the required certification from a medical practitioner, Franklin should qualify for the DTC.

What are the Benefits?

The Disability Tax Credit

The DTC consists of two components: a base amount and a supplement for children under 18, both of which are indexed to inflation on an annual basis. For 2025, the DTC credit provides federal tax savings of up to \$2,328² for children under 18 and \$1,470² for adults 18 and older.

Where the disabled individual is unable to use the full DTC to reduce their income tax, they may transfer any remaining amounts to a "supporting individual" who provides one of the "basic necessities of life" to the disabled individual, including food, shelter, and clothing. A "supporting individual" can include a spouse, common-law partner, child, grandchild, parent, grandparent, sibling, or other extended family members such as aunts and uncles.

Key Terms:

"Severe and Prolonged"

Impairment has lasted, or may reasonably be expected to last, for a continuous period of at least 12 months.

"Markedly Restricted"

When someone is unable or requires an inordinate amount of time to perform basic activities of daily living all or substantially all of the time, even with therapy, medications, and appropriate use of devices.

"Equivalent to Markedly Restricted"

All or substantially all of the time (at least 90%), even with therapy, medications, and appropriate use of devices, the ability to perform more than one basic activities of daily living is significantly restricted, with the cumulative effect being equivalent to being "markedly restricted".

"Basic Activity of Daily Living"

Can include but is not limited to the mental functions necessary for everyday life, feeding or dressing oneself, speaking, hearing, eliminating or walking.

¹ Canadian Survey on Disability, 2017 to 2022: <https://www150.statcan.gc.ca/n1/daily-quotidien/231201/dq231201b-eng.htm>

² On May 27, 2025, a notice of ways and means motion (NWMM) was tabled by the Liberal government which included a proposed reduction to the lowest marginal personal tax rate by 1% as of July 1, 2025. The proposed change would result in the lowest federal personal tax rate being 14.5% for the 2025 year. The NWMM also results in the use of the reduced rate to calculate various non-refundable credits, including the DTC. The figures presented assume the NWMM receives Royal Assent and becomes law.

Prior Year DTC Claims

If the DTC applicant had a qualifying disability during prior years but did not claim the DTC (provided the year of diagnosis is confirmed by a medical practitioner), the applicant may request that Canada Revenue Agency (CRA) reassess up to 10 years' previous tax returns to apply the DTC retroactively, which may result in a meaningful tax refund to the disabled individual.

Access to Other Programs and Supports

DTC approval also grants access to other tax credits and benefits, giving it the reputation as a "gatekeeper" tax credit. Some additional benefits that become available once eligible for the DTC include:

- Registered Disability Savings Program (RDSP)
- Child Disability Benefit and Canada Disability Benefit, and
- Various provincial and territorial programs.

The Government of Canada has created a "Benefits Finder" website³ which can help you find benefits and services that you may be eligible to receive based on the responses provided within the calculator.

How Do I Apply?

To apply for the DTC, a completed Form T2201 must be submitted to the CRA. For the purposes of completing Form T2201, different medical professionals may be able to certify the effects of specific impairments. While a Medical Doctor and Nurse Practitioner can certify all impairments, other medical practitioners such as an Optometrist may only be able to certify vision related impairments. The CRA has provided a more comprehensive list in CRA Income Tax Folio S1-F1-C2, Disability Tax Credit.⁴

For more information on the application process, refer to our article **Understanding the DTC Application Process**.

While the application process for the DTC can involve some administrative steps, the long-term benefits often make it well worth the effort. If you or a family member is living with a disability that has a lasting impact on quality of life, connect with your Wellington-Altus advisor and tax professional for guidance and support in helping you determine eligibility for the DTC and navigating the application process.⁵

³ <https://benefitsfinder.services.gc.ca/hm?GoCTemplateCulture=en-CA>

⁴ <https://www.canada.ca/en/revenue-agency/services/tax/technical-information/income-tax/income-tax-folios-index/series-1-individuals/folio-1-health-medical/income-tax-folio-s1-f1-c2-disability-tax-credit.html#p2.20>

⁵ <https://wellington-altus.ca/understanding-the-dtc-application-process/>

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