

# Canadian Income Tax

Incremental gluten-free medical expense  
deduction for those with celiac disease



# What this Presentation Covers:

- ▶ History of past gluten-free related deductions
- ▶ Definition of the gluten-free income tax medical expense
- ▶ What do I need to calculate this claim?
- ▶ What is an incremental cost? Exceptions?
- ▶ What is considered gluten-free for the deduction?
- ▶ Spreadsheet for calculating incremental costs
- ▶ Filling out and completing the incremental cost Spreadsheet and some hints to help you
- ▶ Who should/should not claim gluten-free food expense.
- ▶ Income tax information
- ▶ Information from Revenue Canada
- ▶ Questions!

# History of Gluten Free Income Tax Deductions

## Prior to 2001

- No deductions were available for any food related conditions.

## 2001–2003

- A “loophole” was found and people with celiac disease started using the T2201 form – Disability Tax Certificate
- “You do **not** qualify for the disability amount based on the additional amount of time it takes to shop for or prepare gluten-free products” (loophole) and in 2004 the loophole was closed.

## 2004 Onwards

- A medical expense for the incremental cost of GF food claim was introduced
- The CCA lobbied the Government for a fixed amount deduction per person or food item – not allowed as income tax requires backup to substantiate a tax deduction such as receipts.
- Currently, celiac disease is **THE ONLY** medical condition where food can be deducted as a medical expense.

# Definition for Claiming Gluten Free Medical Expense Deduction

Persons with celiac disease can claim the incremental costs associated with buying gluten-free products as a medical expense. The incremental cost is the difference in the cost of gluten-free products compared to the cost of similar products with gluten. It is calculated by subtracting the cost of a product with gluten from the cost of a gluten-free product.  
([www.canada.ca](http://www.canada.ca))

# What do I need to do now?

- You need to be diagnosed with celiac disease by an “Authorized Medical Practitioner”
- Obtain a note from that medical practitioner on their letterhead/prescription pad indicating both the DATE of diagnosis and that you have celiac disease and require a gluten-free diet for life. You can only claim for food for a person with celiac disease from date of diagnosis onwards.
- Find all your grocery receipts for the Medical Expense range being claimed where gluten-free (GF) items were purchased.
- For your GF items purchased find similar “gluten” items (as cheap as possible for your area) and keep the evidence – flyer, online ad, picture of item and price etc.
- Use the Incremental Cost Calculation.

# Terminology and Technology

Pencil, pen and calculator or a computer spreadsheet or anything in between that you feel comfortable using is how you can do the calculations for the Medical claim.

The word “**spreadsheet**” used in this presentation can mean a piece of **paper with columns** on it that you draw and fill in or a **software program** – the choice is yours!

# Incremental Cost – what does this REALLY mean?

## What is the "incremental cost"?

“The incremental cost is the difference in the cost of GF products compared to the cost of similar non-GF products. It is calculated by subtracting the cost of a non-GF product from the average cost of a GF product.

## So what are some exceptions to this “rule”?

Xanthan and guar gum do not have non GF comparisons

Additional charges on bill at restaurants for GF food items for meal (buns/bread/pizza shells)

# What is considered “Gluten Free”

According to Revenue Canada the items claimed on the spreadsheet to qualify as “gluten-free item” must be:

1. Items purchased (or ingredients purchased to make GF food) that are made under Health Canada regulations
2. MUST BE LABELED “Gluten Free”.
3. Naturally GF items or ingredients are NOT to be included in the claim unless number 2 applies – such as rice.
4. The ingredients used to make GF food must meet number 2 – so the bag of rice flour at the Asian market does not qualify if not marked GF.



# Sample of summary chart for incremental cost calculation

\* total of additional fees paid for pizza crusts, bread etc when dining out (not averaged)

1	2	3	4	5	6
Item	Number of items purchased	Cost of non-GF product	Average cost of GF product	Incremental cost (4)–(3)	Claim for GF Item (5)x(2)
Bread	52	\$3.49	\$6.99	\$3.50	\$182.00
Rice flour	4	\$6.34	\$9.59	\$3.25	\$13.00
Cookies	10	\$2.49	\$7.99	\$5.50	\$55.00
*Dining Out		\$0.00	\$25.00	\$25.00	\$25.00
Total Incremental cost allowable (add all amounts in column 6)					\$ 272.00

# Filling out the Spreadsheet

Steps to filling out spreadsheet:

1. List names of food groups down left side in Column 1
2. Count the total number of each food group and enter in Column 2
3. Enter the cost of the non-GF item in Column 3
4. Add up the total paid for each food group and divide by the number in Column 2, enter this average GF item cost in Column 4
5. Subtract Column 4 from Column 3 and enter in Column 5
6. Multiply Column 5 by Column 2 and enter in Column 6
7. Total Column 6 – that is your total incremental cost paid for gluten-free food.
8. \*Note – for amounts paid in restaurants just total extra amounts paid for buns/crusts/bread on receipts and enter in Columns 3, (zero), 4, 5 and 6.

# Filling out the Spreadsheet – Hints!

## Gluten-free Items

- Group like items – such as breads, cookies, crackers
- Keep itemized restaurant receipts if additional was charged for GF items such as buns/pizza crust/bread
- Use an envelope to keep receipts for entry
- Do this regularly – monthly or quarterly!

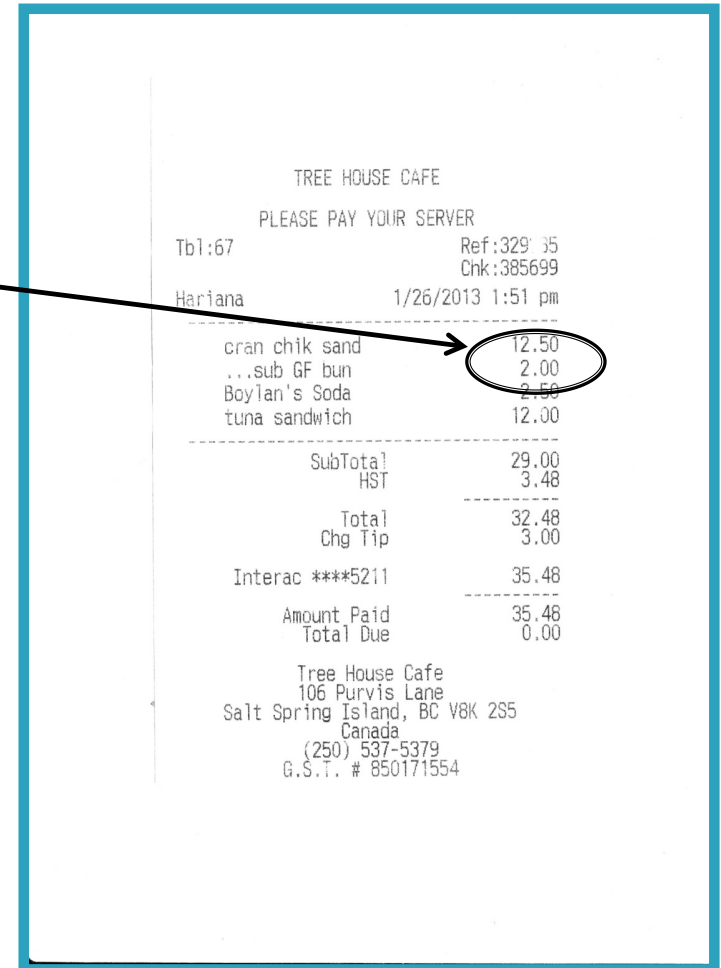
## Non-GF Items

- Flyers are your best friend!
- Clip out item/date/flyer name – add to envelope
- Replace flyer info if better price seen.
- Get closest equivalent to grouped items by size or calculate to get to equal sizing
- Go to store/online for rest of ingredient/item prices – cheapest store possible!

# Restaurant Receipt Example

Incremental cost of \$2.00 paid for a GF bun – this cost is added to the spreadsheet – there is no comparable non-GF cost for this. Total up all your incremental GF dining out charges paid for GF products that are charged to you in making your meal.

NOTE: If the amount is included in the charge for your meal, you cannot claim this incremental amount.



# Item Detail

AutoSave Off 2018 Food Calculation.xlsx - Excel Lynda Marie Neilson

FileHomeInsertDrawPage LayoutFormulasDataReviewViewHelp

Paste

Cut

Copy

Format Painter

Clipboard

Calibri

12

A<sup>a</sup>

</

# Incremental Cost Calculation

AutoSave Off 2018 Food Calculation.xlsx - Excel Search Lynda Marie Neilson

File Home Insert Draw Page Layout Formulas Data Review View Help


Clipboard Font Alignment Number Styles Cells Editing Ideas

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
1	Date	Store		Item															
2				Bread	Info	#	Cold Cut	Info	Gram	Cookies Container	Info	#	Incremental Cost Paid	Info	#	Crackers	Info	#	Pasta
94																			
95																			
96																			
97																			
98																			
99																			
100	Subtotal			\$ 73.55	WW Safw	11	\$ 331.88	SW Ham	9750	\$ 224.58	Peak Freans	40	\$ 10.00	No	7	\$ 34.61	Pepperidge	6	\$ 61.25
101	Less Comparison			\$ 21.89		1.99	\$ 184.28		1.89	97.50	\$ 120.00		3.00						
102	Gluten Free Cost			\$ 51.66	Safeway		\$ 147.61	100g		\$ 104.58	300g		\$ 10.00	Cost		\$ 22.61	200g		\$ 25.15
103																			
104	Total Incremental Cost			\$990.09															
105																			
106																			
107																			
108																			
109																			
110																			
111																			
112																			
113																			
114																			
115																			
116																			

Sheet1

115%

# Why some people can/cannot claim this medical expense

- ▶ This is a tax credit – you must have paid income tax to receive a refund.
  - ▶ If you do not have Taxable Income then you cannot claim tax credits.
  - ▶ If your Tax Credits exceed your income tax paid, then no more tax will be refunded.
  - ▶ You need to EXCEED the medical expense deductible which is 3% of your Net Income (or maximum of \$2,352 for 2019) before the excess credit will apply.
  - ▶ If you eat mostly a natural diet and few GF labeled foods, the credit will be small.
  - ▶ You can claim the credit for only those in your family diagnosed with celiac disease.
  - ▶ Do not have other medical expenses to claim.
- 

# Income Tax Information

- You can still eFile and it is **recommended** – no need to manually file your taxes with all your receipts. **The CRA only sees your total Medical Expense amount.**
- Keep your receipts and doctors note (original) – no need to send it to the government unless asked to
- Desk audit when a total of \$5000 of medical expenses are claimed – if you receive a letter from Revenue Canada questioning your total Medical Expense deduction this is what you need to submit for **Incremental GF Expense claim:**
  - Original doctors note (get it **now** not when audited as that might be a problem as the claim is based on the date of diagnosis and doctor might not know that date)
  - All receipts you used for your calculations plus comparison non-GF item costs.
  - The spreadsheet to calculate the GF expense.
  - Any other receipts they ask for (they usually audit your whole Medical Expense category not just the gluten free claim)
  - Copy **ALL** of the above and keep the copies for your records
- Once the Original doctors note with regards to your celiac disease diagnosis is on file at CRA, you do not need another from your doctor if you are audited again for medical expenses. Just send the copy from your previous audit.



# Message from Revenue Canada

- As of January 3, 2020, this is their message for 2019 as what NOT to do when submitting a celiac gluten-free medical expense claim:
  - “Estimate” your costs, what you purchased, or non gluten cost comparisons
  - Submit costs if you are not diagnosed with celiac disease
  - Submit costs for non-celiacs in your family or for others
  - Submit costs for running a business selling GF products – such as Farmers Market
- In terms of a ‘Desk Audit’ related to your Medical Expenses:
  - They review each receipt and will deduct what they do not deem qualifies.
  - They have the ability to audit you back 7 years.

# Thank-you!

If you have any further questions about the Incremental gluten-free medical expense calculation for those with celiac disease please call the Canadian Revenue Agency (CRA) at:

1-800-959-8281

General inquiries or questions:

CCA Client Support Desk: [asktheCCA@celiac.ca](mailto:asktheCCA@celiac.ca)

