

Out-of-pocket medical expenses can be claimed as a non-refundable tax credit on your personal tax return, which is used to reduce the total tax payable. Non-refundable tax credits save tax at the lowest personal tax rates (15% federal and 5% in Ontario).

An individual is eligible to claim medical expenses for themselves, their spouse/common-law partner, and children under the age of 18, as well as medical expenses paid for certain family members that rely on the individual for support (children over 18, parents, grandparents, brothers, sisters, uncles, aunts, nephews, or nieces provided they are Canadian residents at any time during the year).

The total amount of medical expenses is reduced by 3% of net income for the year from line 23600, up to a maximum of \$2,397 (for 2020). For example, if your net income is \$100,000 and you have \$5,000 of medical expenses, the actual amount eligible for a non-refundable tax credit is  $\$5,000 - \$2,397 = \$2,603$ . This non-refundable tax credit would apply at the rate of 20% (for an individual in Ontario) or \$520.

## What Qualifies as a Medical Expense?

Some of the more common medical expenses consist of:

- Dental and orthodontics
- Prescription drugs
- Eyeglasses
- Treatments such as chiro, physio, massage
- Incremental cost of gluten free foods for individuals with severe gluten allergies/celiac
- Medical devices/appliances
- Certain travel expenses incurred to obtain medical treatments
- The cost of a naturopath treatment (but not the cost of natural vitamins/supplements)
- Attendant care\*

Only the amount paid out of pocket can be claimed (for example, if a company group benefits plan reimburses the expenses, they cannot be claimed).

Medical expenses do not have to be incurred in Canada to be eligible, however there are certain restrictions with respect to what can be claimed if the medical treatments were received in a foreign country and what travel expenses can be claimed.

\* If an individual requires attendant care and/or lives in an assisted living facility, there are certain conditions including the individual's eligibility for the disability tax credit that would impact the amount of expenses eligible that can be claimed

Further information on expenses that would be eligible for the tax credit can be found here:

- [Lines 33099 and 33199 – Eligible medical expenses you can claim on your tax return](#)
- [Income Tax Folio S1-F1-C1, Medical Expense Tax Credit](#)
- [RC4065 Medical Expenses - 2020](#)

### Helpful Tips

- Medical expenses can be claimed for any 12-month period ending in the taxation year. For example, if a large amount of medical expenses were incurred in October of 2020, then January of 2021 (i.e. dental treatments) you may be better off claiming them on the 2021 personal tax return for the period of October 2020 to September 2021 because of the baseline reduction of medical expenses
- Consider timing the payment of medical expenses to maximize the tax credit available (i.e. if you have the capability to pay for a child's orthodontics in one lump sum or monthly installments, paying the lump sum amount may result in tax savings that would not otherwise be available if you pay for the treatments in installments over several years)
- For deceased individuals, medical expenses incurred in the 24 months preceding death can be claimed on the final personal tax return

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