



RESPONSE TO PETITION

Prepare in English and French marking 'Original Text' or 'Translation'

PETITION No.: **421-01065**

BY: **Ms. DAMOFF (OAKVILLE NORTH-BURLINGTON)**

DATE: **DECEMBER 13, 2016**

PRINT NAME OF SIGNATORY: **THE HONOURABLE BILL MORNEAU**

Response by the Minister of Finance

SIGNATURE
Minister or Parliamentary Secretary

SUBJECT

Income tax system

ORIGINAL TEXT

REPLY

We thank the petitioners for sharing their concerns related to the Disability Tax Credit (DTC) provisions related to hearing loss.

The Disability Tax Credit (DTC) recognizes the impact of non-itemizable disability-related costs on an individual's ability to pay tax. The DTC provides tax relief to individuals who:

- are markedly restricted in the ability to perform a basic activity of daily living, due to the effects of one or more severe and prolonged impairments in mental or physical functions, even with therapy and the use of appropriate devices;
- are significantly restricted in the ability to perform more than one basic activity of daily living if the cumulative effect of the restrictions is equivalent to having a single marked restriction in the ability to perform a basic activity of daily living, as certified by a qualified medical practitioner; or
- would be markedly restricted were it not for extensive therapy to sustain a vital function.

With the exception of blindness, no specific impairment or condition automatically grants eligibility for the DTC. Rather, eligibility for the DTC is determined on a case-by-case basis, depending on the effects or severity of the impairment.

The criteria used to determine DTC eligibility are intended to ensure that tax relief is targeted to those most in need. The Technical Advisory Committee on Tax Measures for Person with Disabilities (TAC) undertook an extensive examination of the DTC in 2004, including consultation input from the Canadian Hard of Hearing Association, on what constitutes a disability, but did not make any recommendation in regard to eligibility with respect to hearing loss. The current requirement is consistent with similar tests for the DTC (e.g., the test in regard to the daily activity of speaking, which requires one to be understood, in a quiet setting, by another person familiar with the individual, as well as the requirement that an individual be assessed when using an assistive device, where appropriate, which is also generally required for any individual with a disability where assistive devices are available and their use is appropriate).

Individuals with hearing loss, whether or not they are eligible for the DTC, can benefit from personal income tax relief for devices such as hearing aids through the Medical Expense Tax Credit (METC). The METC provides tax relief for above-average medical expenses. For 2017, the METC is available for qualifying medical expenses in excess of the lesser of \$2,268 and 3 percent of net income. Hearing aids and certain other devices for the hearing impaired are tax-free for Goods and Services Tax (GST) purposes as well.

The Government continually reviews potential ways to improve the tax system, taking into account available fiscal resources. We will take your comments into consideration in this regard.