

Fact Sheet

Child Disability Benefit

The Government of Canada has introduced an income benefit to help **children with severe and prolonged disabilities** living in low- and modest-income families. The first payment of the CDB supplement will be issued with the March 2004 CCTB payment and will include a retroactive amount from July 2003 to March 2004 inclusive. This fact sheet provides information to help with general awareness.

What is the Child Disability Benefit?

The Child Disability Benefit (CDB) is a tax-free benefit of up to \$1,600 per year for low- and modest-income families caring for children under the age of 18 who have a severe and prolonged mental or physical impairment. The CDB will be included as a supplement to the Canada Child Tax Benefit (CCTB) payments.

Who can receive the Child Disability Benefit?

Families who are eligible to receive CCTB for a child will receive the CDB only if the child also qualifies for the disability amount, also known as the Disability Tax Credit.

For detailed information on the disability amount, see the guide called *Information Concerning People with Disabilities* (RC4064).

My child has a disability. Is he/she eligible?

Not all children with disabilities will qualify for this benefit. Only children with **severe and prolonged** disabilities according to the *Income Tax Act* are eligible. **Form T2201, Disability Tax Credit Certificate**, explains the eligibility criteria and is included in the RC4064 guide. Form T2201 must be completed and signed by a qualified person to certify **one** of the following:

- The child is blind all or almost all of the time, even with the use of corrective lenses or medication, and the impairment is **prolonged**.
- The child has a **severe and prolonged** mental or physical impairment that **markedly restricts** his or her ability to perform a **basic activity of daily living**.
- The child needs and dedicates time specifically for **life-sustaining therapy** to support a vital function.

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What does prolonged impairment mean?

A **prolonged impairment** is one that has lasted or can reasonably be expected to last for a continuous period of at least 12 months.

What is an activity of daily living?

The **basic activities of daily living** are:

- walking
- speaking
- perceiving, thinking or remembering
- hearing
- feeding and dressing
- eliminating bodily waste

The basic activities of daily living do not include general activities such as working, housekeeping, social or recreational activities.

A child is considered **markedly restricted** if, all or almost all of the time the child is unable (or it takes an extremely long time) to perform a basic activity of daily living, even with **therapy** (other than life sustaining therapy) and the use of **appropriate devices** and **medication**.

When will the Child Disability Benefit be paid?

The CDB will be paid monthly, as a supplement to CCTB payments. The first payment will be issued to eligible families in March 2004. The March 2004 payment will include a retroactive amount for the period from July 2003 to March 2004.

How do we calculate your Child Disability Benefit?

The CDB provides up to \$1,600 per year (\$133.33 per month) for each child that qualifies for the disability amount.

If your family net income is below the base amount for your family size, then you will receive the full CDB amount. The number of children for whom you receive the CCTB determines the base amount. Please see the chart below.

Number of children in your family for whom you receive the CCTB	Base amount
3 or less	\$33,487
4	\$37,078
5	\$40,685
6	\$44,293
7	\$47,900
8	\$51,508
9 or more	Contact the CCRA

If your family net income is more than the base amount, your CDB will be reduced as follows:

- If you have one child who qualifies for the CDB, the amount of CDB is reduced by 12.2% of family net income that is more than the corresponding base amount.
- If you have two children who qualify for the CDB, the amount of CDB is reduced by 22.7%.

- If you have three or more children who qualify for the CDB, the amount of CDB is reduced by 32.6%.

For example: Michelle and Steven are married with four children—Judy, Ewa, and twins Lucie and Mike. Michelle receives the CCTB for the children. Mike and Lucie qualify for the disability amount and a certified Form T2201 has been approved by their tax centre and is on file for each of them. Michelle and Steven have a family net income of \$39,000.

The CDB will be calculated as follows:

Number of qualified dependants (2 x \$1,600)		<u>\$3,200.00</u>
Family net income	\$39,000	
Subtract base amount	– <u>\$37,078</u>	
Income over base amount	<u>\$1,922</u>	
Less: 22.7% of income over base amount		– <u>\$436.29</u>
Net annual Child Disability Benefit		<u>\$2,763.71</u>

How to apply

If you receive the CCTB for your child and you or your current or former spouse or common-law partner has already submitted an approved Form T2201 for that child, you do not need to contact the Canada Customs and Revenue Agency (CCRA) or send in any other forms. Your CDB will be calculated automatically and included in the March 2004 CCTB payment.

If you receive the CCTB, but you or your current or former spouse or common-law partner have **not** filed Form T2201 for a child who may be eligible, please obtain one, have it completed and signed by a qualified person, and send it to your tax centre. The CCRA will determine whether or not you are eligible to receive the CDB.

If you have not applied for the CCTB for your child, but you have already filed Form T2201, complete and mail Form RC66, *Canada Child Tax Benefit Application*, to your tax centre. The CCRA will determine whether or not you are eligible to receive the CCTB which includes the CDB.

Children under the care of a government department, agency, or institution

We pay Children's Special Allowances (CSA) for the maintenance of a child under the age of 18 who is under the care of a federal or provincial government department, agency, or institution. The monthly CSA payment will be increased by \$133.33 for children who meet the same medical criteria explained above, and for whom Form T2201 has been submitted and approved.

Fees

Any fees that a qualified person may charge to complete and certify Form T2201 or to provide the CCRA with additional information are your responsibility. These fees are not covered by the CCRA or by provincial medicare plans, but you may be able to claim them as an eligible medical expense. See your tax package for details.

More information

For more information about the CDB, call the CCTB enquiries line at 1-800-387-1193. Information is also available on the CCRA's Child and Family Benefits Web page at **www.ccra.gc.ca/benefits**. To get copies of Form T2201, Form RC66, or *Information Concerning Persons with Disabilities*, visit **www.ccra.gc.ca/formspubs**. You can also get copies by calling 1-800-959-2221 or by visiting one of **our offices**.