

# Canadian Income Tax

Medical Expense Deduction for Celiac Disease  
Vancouver Chapter



# 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 incremental cost? Exceptions?
- ▶ What is considered Gluten Free?
- ▶ Spreadsheet for Calculating Incremental Costs
- ▶ Filling out and completing the Incremental Cost Spreadsheet and some Hints to help you
- ▶ Income Tax Information
- ▶ Information from Revenue Canada

# 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 Celiacs started using the T2201 form – Disability Deduction
- “You do **not** qualify for the disability amount based on the additional amount of time it takes to shop for or prepare GF products” (loophole) and in 2004 this loophole was closed.

## 2004 Onwards

- Instead – Medical Expense for Incremental Cost of Gluten Free food claim allowed
- CCA lobbied the Government for a fixed amount deduction per person (or food item like bread) – not granted.
- Currently, Celiac Disease is **THE ONLY** medical condition where food can be deducted as a medical expense.

# Definition for Claiming 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 you have Celiac Disease and the requirement for a gluten free diet for life. You can only claim for food from date of diagnosis onwards.
- Find all your grocery receipts for the Medical Expense range being claimed where gluten free items were purchased.
- For your gluten free items purchased find similar “gluten” items (as cheap as possible for your area) and keep the evidence – flyer, ad online, store picture of item and price etc.
- Look at the Incremental Cost Calculation example from [www.canada.ca](http://www.canada.ca) – type in Gluten Free or Celiac Disease and search within Medical Expenses – click on “Example of Summary”.

# 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 GF 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 gluten free (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 cost of a GF product.” ([www.Canada.ca](http://www.Canada.ca) – search for gluten free (see Medical Expenses))

## 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 gluten free 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 (if not marked GF).
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	Average 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 types of food down left side in Column 1
2. Count the number of each food type and enter in Column 2
3. Add up the amount paid for each food type and divide by the number in Column 2, enter in Column 3
4. Enter the comparison price 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 receipts and enter in Column 4, 5 and 6.

# Filling out the Spreadsheet – Hints!

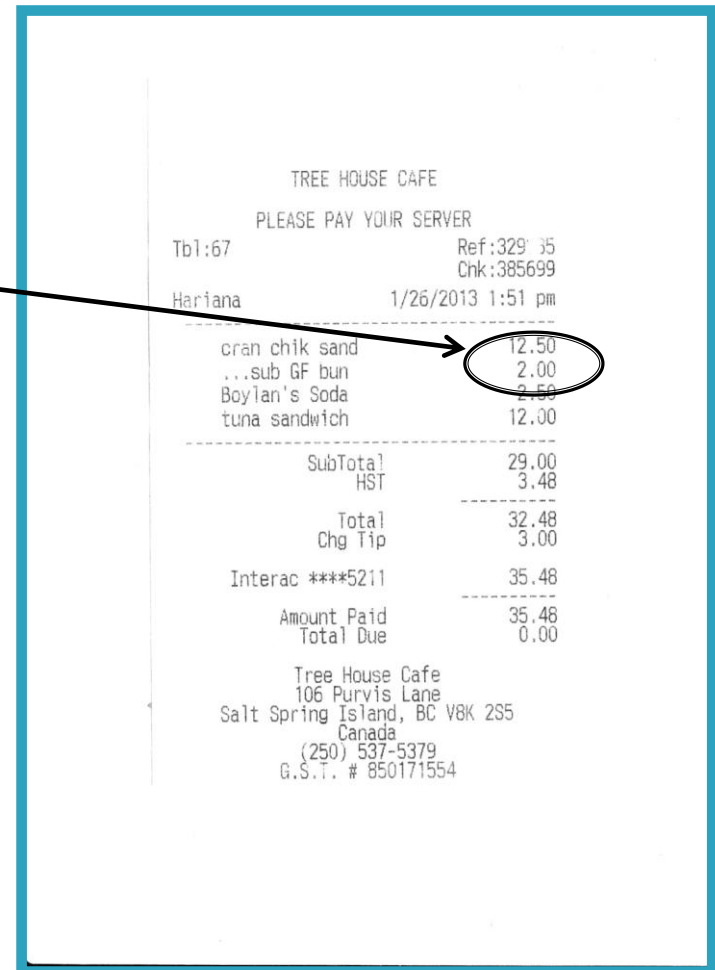
## Gluten Free Items

- 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.



# Income Tax Information

- You can still eFile and is recommended – no need to manually file your taxes with all your receipts.
- 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 the 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

- Both phone staff and supervisors have been interviewed from Revenue Canada. This is what they passed along as TIPS in 2018 as what NOT to do when submitting a GF 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 the GF medical expense:
  - 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 Medical Expenses and the Incremental GF Expense calculation please call the Canadian Revenue Agency at:

1-800-959-8281

