



Dear Parent or Guardian,

In certain situations, you may be able to claim a tax deduction for the costs incurred here at Angus Lloyd Associates Inc. for both assessment and tutoring services. Since the 1999 Federal Budget, remuneration paid for supplementary tutoring for persons with learning disabilities, or other mental impairments has been considered as medical expenses **if a medical practitioner has certified that the person is in need of such services**. This medical expense is provided per subsection 118.2(2) of the Income Tax Act. (see attached) Amounts reimbursed by insurance companies would not qualify as an expense paid by you.

At the end of each tax year we will provide you with a receipt stating the amount you spent with us for that year. Please note that for tax purposes, eligibility for deduction is based on monies received by us during that tax year. Invoices are deductible in the calendar year in which they are paid.

Angus Lloyd Associates Inc. makes no guarantee (implied or expressed) that this tax deduction is applicable to your situation. We provide this information for your convenience, and you are advised to seek your own independent tax advice as each situation must be examined on its own merit.

If you have any questions about this please do not hesitate to contact Stephen Lloyd, at Angus Lloyd Associates, Inc. by any of the means listed below.

Regards,

Stephen Lloyd,  
Accounts Receivable  
Angus Lloyd Associates Inc.

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## Appendix - Canadian Income Tax Act

### Section 118.2: Medical Expense Credit

#### Clause 25

Section 118.2 of the Act provides rules for determining the amount that may be claimed as a tax credit in respect of an individual's medical expenses.

#### Section 118.2(2)(l.9) and (l.10): Medical Expense Credit

#### Clause 25

Subsection 118.2(2) of the Act sets out the expenses that may be included in the computation of an individual's medical expense credit.

New paragraph 118.2(2)(l.9) adds to the list of eligible medical expenses remuneration paid for therapy administered to an individual with a severe mental or physical impairment who is eligible for the disability tax credit. The therapy must be prescribed by, and administered under the general supervision of, a medical doctor (or a psychologist in the case of a mental impairment, or an occupational therapist in the case of a physical impairment).

New paragraph 118.2(2)(l.10) adds to the list of eligible medical expenses remuneration paid for tutoring services for individuals with learning disabilities (or a mental impairment). In order for the remuneration to qualify as an eligible medical expense, the need for tutoring services must be certified in writing by a medical practitioner and the tutor has to be a person whose occupation is to offer tutoring services to individuals to whom the tutor is not related.

These amendments apply to the 1999 and subsequent taxation years.

**(4) Subsection 118.2(2) of the Act is amended by adding the following after paragraph (l.8):**

(l.9) as remuneration for therapy provided to the patient because of the patient's severe and prolonged impairment, if



- i. because of the patient's impairment, an amount may be deducted under section 118.3 in computing a taxpayer's tax payable under this Part for the taxation year in which the remuneration is paid,
- ii. the therapy is prescribed by, and administered under the general supervision of,
  - (A) a medical doctor or a psychologist, in the case of mental impairment, and
  - (B) a medical doctor or an occupational therapist, in the case of a physical impairment,
- iii. at the time the remuneration is paid, the payee is neither the individual's spouse nor an individual who is under 18 years of age, and
- iv. each receipt filed with the Minister to prove payment of the remuneration was issued by the payee and contains, where the payee is an individual, that individual's Social Insurance Number;

(l.91) as remuneration for tutoring services that are rendered to, and are supplementary to the primary education of, the patient who

- i. has a learning disability or a mental impairment, and
- ii. has been certified in writing by a medical practitioner to be a person who, because of that disability or impairment, requires those services,

if the payment is made to a person ordinarily engaged in the business of providing such services to individuals who are not related to the payee.

[Appendix - Canadian Tax Reporter Commentary (December 7, 1999)]

(4) Subsection 118.2(2) of the Act is amended by adding the following after paragraph (l.8):

(l.9) as remuneration for therapy provided to the patient because of the patient's severe and prolonged impairment, if

- i. because of the patient's impairment, an amount may be deducted under section 118.3 in computing a taxpayer's tax payable under this Part for the taxation year in which the remuneration is paid,
- ii. the therapy is prescribed by, and administered under the general supervision of,
  - (A) a medical doctor or a psychologist, in the case of mental impairment, and
  - (B) a medical doctor or an occupational therapist, in the case of a physical impairment,



- iii. at the time the remuneration is paid, the payee is neither the individual's spouse nor an individual who is under 18 years of age, and
- iv. each receipt filed with the Minister to prove payment of the remuneration was issued by the payee and contains, where the payee is an individual, that individual's Social Insurance Number;

(l.91) as remuneration for tutoring services that are rendered to, and are supplementary to the primary education of, the patient who

- i. has a learning disability or a mental impairment, and
- ii. has been certified in writing by a medical practitioner to be a person who, because of that disability or impairment. requires those services, if the payment is made to a person ordinarily engaged in the business of providing such services to individuals who are not related to the payee.