

Guidance on SARS changes to tax claims for medical disabilities

By [Ilsa Groenewald](#)

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The medical tax calculation has changed for the 2015 tax year. Taxpayers who have a disability, or who have a spouse or child with a disability, should be aware of the claims that can be made when completing their 2015 income tax return.



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A medical tax credit (MTC) can now be claimed by taxpayers for themselves or their dependants, for each month in the year of assessment for which the contributions are paid.

An allowance for the medical expenses may also be claimed, equal to the sum of the following:

- All permitted out-of-pocket and prescribed disability or physical impairment expenses.
- Medical scheme contributions paid by the taxpayer to a registered medical scheme that exceed four times the MTC that the taxpayer is entitled to.

Only expenditure prescribed by the Commissioner, that was paid by you in respect of the disability, will be able to be claimed by you. It is important to note that the prescribed expense must be necessary and in consequence of the disability. An example used by SARS is that, if you are in a wheelchair and you purchase a hand-held GPS, the cost of the hand-held GPS will not qualify as a disability expenditure. This is because the hand-held GPS is not directly connected to your disability. However, if you are visually impaired, the cost of the hand-held GPS may qualify as disability expenditure.

Definition of disability

The word 'disability' was defined as a moderate to severe limitation of a person's ability to function or perform daily activities as a result of a physical, sensory, communication, intellectual or mental impairment. The limitation must have lasted, or have a prognosis of lasting more than a year, and it must have been diagnosed by a registered medical practitioner in accordance with criteria prescribed by the Commissioner.

The 7,5% limitation did not apply if the disability was in accordance with the published criteria. It is important to note that the full allowance may only be claimed if you, your spouse or your child has the disability. Disability expenses incurred in respect of a foster child, for example, would be subject to the 7,5% limitation.

SARS is also very clear on the prescribed diagnostics criteria for a certain disability. This is based on assessing the functional impact of the impairment on a person's ability to perform his or her daily activities, and not on the diagnosis of a medical condition.

Another noteworthy detail is that SARS regards a disability as 'temporary' if that disability is expected to last less than five years.

Anyone wishing to make a medical allowance claim should complete the ITR-DD form available on the [SARS website](#).

Retain documentation

Care must be taken to complete all three parts (A, B and C) of this form as SARS will reject the claim if it is incomplete. It is also important to be aware that the ITR-DD form must be endorsed and signed by a registered medical practitioner. The form must also be signed by the person with the disability. The parent, guardian or court-appointed curator may also sign if the taxpayer is a minor, or the person is physically or mentally unable to do so.

It is essential that the taxpayer retains all documentation for audit purposes as SARS could call for proof at any time. This includes proof of contributions paid to the medical scheme as well as a tax certificate from the scheme, indicating the total amount of claims paid. It also includes a complete list of amounts not submitted, but paid by the taxpayer as well as a letter from the medical scheme stating that the benefits allocated to certain medical procedures were exhausted.

If taxpayers who could benefit from this additional medical deduction were unsure about how to complete the documentation, they should consult a reputable tax practitioner.

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