

Not all parents are authorized to apply for the DTC on behalf of their children

Members of parliament and their assistants may not be aware that some parents are not authorized to apply for the DTC for their child.

The legislation is very specific and the consequences of errors in the application process can be devastating to both parents, including penalties and interest as well as CRA freezing accounts and payments such as the Canada Child Benefit.

Marital status changes are extremely common and normally only the primary custodial parent can make such an application. A parent who has been paying child support for the child for more than a year after a marriage breakup (separation/divorce) normally cannot claim transfer of unused DTC credits in the current year or for full years in which they were required to pay child support.

There are other factors and tax implications that also need to be considered:

- An extensive review of medical reports is required to obtain a detailed child developmental history to ensure parents have an opportunity to gain all eligible financial resources for past and future years to support their child.
- A review of tax returns of both parents including the T1, S1, and relevant provincial returns for a total of 60 tax schedules need to be analysed in the case of a teenager which may result in a refund for the maximum 10-year recovery period.
- Statute barred years require enlisting tax payer relief provisions to gain additional financial resources.
- A discussion of other income support programs including the Child Disability Benefit and the Registered Disability Savings Plan.
- Bankruptcy or debt arrangements with CRA are also a factor and must be considered before applying or potentially all DTC transfer benefits can be lost.