

Vitamins Are Tax Deductible



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It's January 2004 and you now have only two months left to maximize your retirement savings plan (RSP). Gasp. Your accountant will be getting in touch with you to begin the process of sorting out your income tax for 2003. Double gasp. You find yourself tearing through files and folders gathering every receipt you can think of. Is there anything you may have overlooked for deduction? How about: vitamins?

Yes, it is true. If vitamins, supplements, herbs, organic foods or other natural products are necessary to your health, they may be deducted from your income tax. A recent ruling in the Tax Court of Canada gave the right to deduct the cost of supplements provided you have a receipt and suffer from a serious medical problem. These vitamins may be purchased not only from pharmacies, but supplement markets, health food stores, dispensaries, health care professionals and other sites where these products are sold.

Ray vs. Canada

Under paragraph 118.2(2)(n) of the Income Tax Act, vitamins and supplements were previously only tax deductible if prescribed by a physician or dentist and issued by a pharmacist.

In Ray vs. Canada, a Toronto woman challenged paragraph 118.2(2)(n) of the Income Tax Act regarding the deduction of medical expenses from her income tax. Ms. Ray, who suffers from a chronic disease, wanted to deduct expenses related to vitamins, supplements, herbs, organic foods and bottled water, which were essential to the treatment of her disease. The presiding judge ruled that Ms. Ray was entitled to deduct her medical expenses because they are "required to sustain her life" and without these, she would be "robbed of being a functioning and productive member of society."

Judge O'Connor also ruled that "if the medications are prescribed by a doctor and they make the difference between life and death or functioning or not functioning, they should fall under paragraph 118.2(2)(n)".

With respect to the "as recorded by a pharmacist" stipulation in paragraph 118.2(2)(n), Judge O'Connor ruled that vitamins and supplements purchased outside of a pharmacy cannot possibly be recorded by a pharmacist. This requirement, therefore, was not necessary in order to make a claim for medical expenses.

Am I eligible to deduct vitamins?

Based on Ray vs. Canada, vitamins and other supplements prescribed by physicians, doctors, dentists or a number of medical professionals, which includes naturopathic doctors and chiropractors, are eligible as a tax deduction for people with serious health problems. With respect to eligibility, Judge O'Connor quoted a previous ruling and stated the following:

"I wish to be clear that this is not intended to be an open invitation to taxpayers whose lifestyle includes a regimen of vitamins to rely on paragraph 118.2(2)(n) for obtaining a credit on the basis that such costs constitute medical expenses. This is limited to the rare situation of a taxpayer suffering severe medical problems, attempting to relieve those problems through a variety of treatments recommended by a number of medical practitioners."

In the Ray vs. Canada ruling, however, what constitutes a "serious health problem" is not defined. Until the definition of a "serious health problem" is provided, it is assumed that eligibility for a tax deduction will be determined by Revenue Canada and be based on a case-by-case basis. You may want to give your accountant a ring and find those receipts.