

On March 4<sup>th</sup>, 2010 the Federal Budget brought about changes to the Medical Expense Tax Credit (METC) that has implications for the Olympia Benefits health and dental plan.

Olympia's long standing administrative position has been to follow the guidelines established by CRA relative to the eligibility of health and dental expenses. The METC has been one such guideline.

We will abide by the new ruling. However, we are still not aware of a specific list of procedures that would be ineligible (other than those listed below).

If any of the procedures listed below are anticipated and then performed, they would need to be accompanied by a specific medical reason issued by a qualified practitioner.

We will keep you informed as we learn more.

Regards,

Olympia Benefits

*The following was taken from page 341 of the Canada's Economic Action Plan "Budget 2010"*

### **Medical Expense Tax Credit – Purely Cosmetic Procedures**

The Medical Expense Tax Credit provides tax recognition for above-average medical and disability-related expenses incurred by individuals. For 2010, the Medical Expense Tax Credit reduces the federal tax of a claimant by 15 per cent of eligible unreimbursed medical expenses in excess of the lesser of \$2,024 and three per cent of net income.

An expense is generally eligible to be claimed under the Medical Expense Tax Credit if it is directly related to a disability or a medical condition. An expense is not generally intended to be eligible if it is ordinarily incurred by persons without a disability or a medical condition or has a substantial element of personal consumption and choice.

To ensure consistency with the intent of the Medical Expense Tax Credit, Budget 2010 proposes that expenses incurred for purely cosmetic procedures (including related services and other expenses such as travel) be ineligible to be claimed under the Medical Expense Tax Credit. This generally includes surgical and non-surgical procedures purely aimed at enhancing one's appearance such as liposuction, hair replacement procedures, botulinum toxin injections, and teeth whitening.

A cosmetic procedure, including those identified above, will continue to qualify for the Medical Expense Tax Credit if it is required for medical or reconstructive purposes, such as surgery to ameliorate a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease.

The proposed changes will make the tax treatment of purely cosmetic procedures consistent with that in other jurisdictions, such as the United States, the United Kingdom and Québec.

This measure will apply to expenses incurred after March 4, 2010.