

Tax Filing Tips

Claiming medical expenses for
out-of-pocket lipedema surgeries



Claiming medical expenses for out-of-pocket lipedema surgeries

*Lipedema Canada is not providing tax advice.
Please contact a tax professional for advice.

Be organized with your paperwork and receipts.

Consider organizing your receipts using a spreadsheet. This can be handy in the likely event that the Canada Revenue Agency has follow-up questions regarding your expenses after filing.

After filing your medical expenses at tax time, it is likely that you will receive a letter from the Canada Revenue Agency asking for details related to your medical expenses.

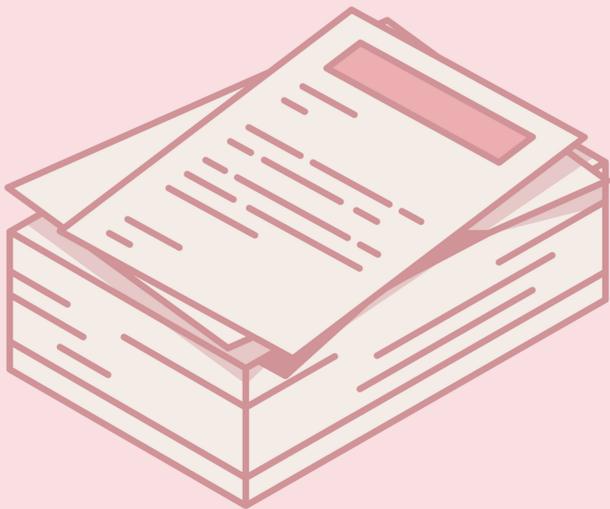
This may include your detailed spreadsheet, digital copies of your receipts, and the supporting medical letters related to your treatment. Proof of payment may be required in addition to the receipts, such as bank or credit card statements. **Do not submit at the time of filing your tax return.**



Download our sample Medical Expense Spreadsheet
available at www.lipedemacanada.org

Items Required

01 Letters



Sample letters to share with your care provider are also available at lipedemacanada.org

Official Lipedema Diagnosis

Diagnosis letters can come from either an International doctor or a Canadian provider.

Tip: If your original diagnosis letter comes from an international provider, you can request your Canadian doctor to confirm your diagnosis in writing.

Letter of Medical Necessity

Must come from a Canadian doctor stating lipedema removal surgery was required (medically necessary). The letter should also state that no surgeons in your home province or Canada were able to perform the surgery. If claiming expenses for an escort, letters should state that an escort was required.

Receipts for All Expenses Claimed

Be sure to have all your receipts organized and ready for filing. Consider using our Medical Expense spreadsheet to help keep track of expenses. Available on the Lipedema Canada website.

Expenses eligible to claim

02 Expenses



(not a complete list)

- Surgery costs
- Premiums paid for insurance plans related to the surgery
- Prescription drugs and medications
- Travel expenses – flights, hotels, taxis, train, meals
- Travel expenses for an escort (have Letter of Medical Necessity from doctor include that an escort was necessary)
- Manual lymphatic drainage massages performed by a massage therapist or a physiotherapist as prescribed by the surgeon

Note: you can only claim the part of an expense for which you have not been reimbursed. For example, if your compression or MLD appointments have been paid for under your healthcare coverage, you cannot also claim them as a medical expense here.

How much will I get back?

03 Refund

Your taxable income is not reduced by the amount of your medical expenses. It is a calculated tax credit that may reduce the taxes you have paid or have to pay. Either you or your spouse can claim the medical expenses.

Amounts you can claim on Line 33099:

Total of the eligible expenses minus the lesser of the following (for 2023):

- \$2,635
- 3% of your net income (line 23600 of your tax return)

Example:

Assumptions

Total eligible expenses for the year \$20,000

Net income \$80,000

\$ 80,000

x 3%

\$ 2,400

\$2,400 is less than \$2,635 so it is deducted from the total eligible expenses

\$ 20,000

\$ (2,400)

\$ 17,600

\$17,600 is the amount to be claimed on line 33099

Does that mean you'll get \$17,600 back? No. Your tax credit may be approximately 20% of that, depending on your provincial tax rate. So, potentially $\$17,600 \times 20\% = \$3,520$.

Helpful Tips!



Scan your receipts digitally and store them in a file ready for upload to the Canada Revenue Agency.

For Apple users, apps like 'Notes' or 'Files' have a scan feature that can make it fast and easy to organize your paper receipts digitally on your device.

For Android users, consider 'Adobe Scan' or 'Microsoft Lens' to scan and organize your receipts.

Additionally, you can use your home printer scanner and upload them to your files the old fashioned way.

Compress and Zip.

Compress all your digital receipt files into a zipped folder before sending to the Canada Revenue Agency online portal (if requested to share additional information about your expenses)

Get Started Early and work as you go. Organizing these files can be time consuming and it helps to get started early and update your spreadsheet as you return from each surgery.

Call in a Pro!

Consider using a tax professional. When your return gets a bit more complicated, it can help to reach out to an account for advice with filing.

Frequently Asked Questions

Will I be audited? It depends.

It is likely the Canada Revenue Agency (CRA) will send you a letter asking for your receipts, proof of payment, and medical letters. If your files are clear and organized the CRA may not require anything further. Best practice is to be clear and organized, to help the CRA understand your medical expenses.

Do I need new letters every year? No.

As long as your diagnosis letter and letter of medical necessity indicate that you are having multi-staged surgeries possibly spanning over years, then you should not require additional letters each time you file your taxes. Always defer to the CRA website for the most updated information.



*Source: <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4065/medical-expenses.html>

Clinical Diagnosis

Please be advised,

Today, [DATE], I/we confirm that [PATIENT NAME] has been diagnosed with the following medical pathology:

Lipedema, (World Health Organization code ICD-11 EF02.2)

Therefore I/we recommend:

- The used of tailor made flat-knit lymphatic compression garment class II (30-40mmHg)
- The application of manual lymphatic drainage (MLD) on the affected limbs.
- (if indicated) Lipedema Reduction Surgery with a qualified board-certified specialist to reduce pain, dysfunction, and improve quality of life.

Sincerely,

[Clinician]

DATE

Dear Sir/Madam,

[PATIENT NAME] has been diagnosed with Lipedema (ICD-11 EF02.2 as recognized by the World Health Organization) and requires the following **medically necessary interventions** to improve their quality of life and reduce pain:

- Compression therapy with class II flat-knit garments for the affected limbs.
- Manual Lymphatic Drainage (MLD) as performed by a qualified lipedema/lymphedema therapist.
- (if indicated) multi-stage lipedema reduction surgery as performed by a qualified board-certified plastic surgeon experienced in the treatment of lipedema. At present, **lipedema reduction surgery is not available in Canada**. This patient requires a referral to seek care out of country to manage their lipedema.
- (If traveling out of country for surgery) Patient will require a medical escort to aid with post-operative activities of daily living and travel.

Sincerely,

[Clinician]

FOUND THIS HELPFUL?

Visit us Online for More Lipedema Resources



Lipedema Canada is the leading national not-for-profit organization dedicated to supporting Canadians with Lipedema.

VISIT US ONLINE



www.lipedemacanada.org

