



Physical Impairment or Disability

Section 18(1)(d) of the Income Tax Act deals with expenses necessarily incurred and paid for by the taxpayer in consequence of any “physical impairment” or “disability”. Its purpose is to recognize that persons with physical impairments or disabilities incur expenses as a direct result of their condition and that these expenses are incurred in order to perform activities that would otherwise not be possible.

In order to provide a level of certainty with respect to what type of expenses would qualify under section 18(1) (d) , SARS amended this section with effect from 1 March 2009. Prior to the amendment, the old dispensation for “physical disability” and the “handicapped person” was open to interpretation and led to uncertainty. For example, taxpayers would claim the cost of acquiring a vehicle instead of the cost of modifying a vehicle to cater for the disability.

The amendments in essence brought about a new dispensation in terms of which:

- The types of qualifying expenses with respect to physical impairments or disabilities are prescribed.
- Criteria for the diagnosis of a disability are prescribed.
- The term “disability” is defined.
- Qualifying expenses in relation to a diagnosed disability are permitted without restriction.

The term “disability” is defined in section 18(3) of the Act as follows:

“disability” means a moderate to severe limitation of a person’s ability to function or perform daily activities as a result of a physical, sensory, communicative, intellectual or mental impairment, if the limitation:

- (a) Has lasted or has a prognosis of lasting more than a year; and
- (b) Is diagnosed by a duly registered medical practitioner in accordance with criteria prescribed by the Commissioner



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“Physical impairment” which is not defined in the Act is interpreted as a disability that is less restraining than a disability as defined. This means that the restriction on the person’s ability to function or perform daily activities after maximum correction is less than a “moderate to severe limitation”. Maximum correction in this context means appropriate therapy, medication and use of devices. Qualifying expenses paid by a taxpayer with respect to a person with a physical impairment will still be deductible under section 18(1)(d) of the Act, but the deduction will be limited to amounts in excess of 7.5% of the taxpayer’s taxable income (where the taxpayer is under 65).

The proposed list of prescribed physical impairment and disability expenditure that SARS will accept as qualifying under section 18(1)(d) of the Act was finalised on 20 April 2010, together with the prescribed form (ITR-DD). Both are available on the SARS website or by clicking on the attachments. The form must not be submitted with the tax return but must be retained and submitted on request from SARS. Please note the form must be completed each year by the relevant medical practitioner and retained on file.