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CRA says you can claim medical marijuana on your taxes



JULIUS MELNITZER | September 10, 2015 1:27 PM ET
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The Canada Revenue Agency has confirmed that it will allow the costs of medical marijuana purchased from a licensed producer as a medical expense.

Gosia Wozniacka/AP/The Canadian Press

The Canada Revenue Agency has confirmed that it will allow the costs of medical marijuana purchased from a licensed producer as a medical expense despite the fact that the Income Tax Act does not as yet recognize the enabling legislation.

The news, [according to wawa-news.com](#), came in an August 24 letter from the CRA to the Canadian Medical Cannabis Industry Association, which has been lobbying the CRA to clarify the issue.

The ITA allows deductions for prescription medicines, but not for non-prescription or over-the-counter drugs even when they are recommended by a physician. As it turns out, Health Canada's Marijuana for Medical Purposes Regulation requires a prescription. The uncertainty had arisen because amendments to the ITA recognizing the MMPR have not yet been introduced.

“This is an important step in acknowledging the legitimacy of the way patients use medical cannabis, to help manage the symptoms of a range of health conditions,” said Neil Belot, Executive Director of the CMCIA. “We have been working with the CRA and the Department of Finance for several months to clarify this issue, and we’re extremely pleased that cannabis regulated by Health Canada has been recognized as an allowable tax expense. It’s very good news, and will help make the use of cannabis as medicine more accessible and affordable for patients.”

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But tax lawyer David Rotfleisch of Rotfleisch & Samulovitch Professional Corporation says that CRA recognition of health-related expenses is still too limited.

“It’s very good that CRA is recognizing medical marijuana as eligible since it is clearly a physician prescribed remedy,” he says. “However, CRA takes the position that physician prescribed natural remedies, including vitamins, even if [purchased] pursuant to a written physician prescription are not eligible medical expenses.”

On principle, Rotfleisch adds, it’s difficult to distinguish between medically prescribed cannabis and other doctor prescribed natural remedies. He believes that even over-the-counter medications should qualify as medical expenses.

“Cold remedies are clearly effective in alleviating cold symptoms, but don’t qualify as medical expenses,” he says. “It seems to me that this is an area that needs a loosening of the rules by CRA.”



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