Bloom MediTax

Background

Many South Africans cannot afford to belong to a medical scheme, and as a result, have many medical expenses that result in medical expenses which they must cover from their own pockets. These include medicines prescribed, and services provided, by registered medical practitioners, among others.

To make matters worse for South Africans, serious injury or illness can lead to extremely high medical bills in proportion to their income. South Africa's tax system grants tax relief from these costs, within limits, to assist taxpayers in bearing this cost.

The problem

Many South Africans are not aware that they qualify for tax rebates for qualifying medical expenses, nor how to claim these expenses on their annual tax returns. This means that they are losing out on this potential tax rebate.

The problem is made worse by the fact that many taxpayers find it difficult to complete their tax returns and often make mistakes on their tax returns which are very costly.

The solution

Bloom's Meditax product includes completing a full breakdown of the taxpayer's qualifying additional medical expenses (known as the Additional Medical tax Credit, or AMTC) to assist customers with claiming these amounts back from SARS in your annual income tax return.

Also included in your membership fee is the cost of actually submitting your tax return. For this benefit to be available, you will need to be up to date on your monthly fees for the year of assessment.

A nominal amount will be debited to cover the cost of submitting your return if your paid fees do not cover the full assessment period.

Claiming additional Medical Expenses from SARS

- Defined as "Additional Medical Tax Credit (AMTC)".
- Reduces normal tax a person pays.
- Exceeding the annual limit means that additional rebates are not payable, and are not carried over to the following tax year.
- Year of assessment runs from 1 March.
- Calculated against qualifying medical expenses, not covered by medical schemes / insurance, paid for you and any dependant.

Qualifying medical expenses

- Services rendered and medicines supplied by any duly registered medical practitioner, dentist, optometrist, homeopath, naturopath, osteopath, herbalist, physiotherapist, chiropractor or orthopaedist;
- Hospitalisation in a registered hospital or nursing home;
- Home nursing by a registered nurse, midwife or nursing assistant, including services supplied by any nursing agency;
- Medicines prescribed by a registered physician (as listed above) and acquired from any duly registered pharmacist;
- Expenditure incurred outside South Africa in respect of services rendered or medicines supplied which are substantially similar to the services and medicines listed above;
- Any qualifying expenses necessarily incurred as a result of any physical impairment or disability.

Definition of dependants

- A spouse;
- A child and the child of a spouse (e.g. son, daughter, stepson, stepdaughter, legally adopted child)
    - Who was alive during any portion of the year of assessment, and who on the last day of the year of assessment:
        - Was unmarried and was not or would not, had he or she lived, have been:
        - Older than 18 years
        - Older than 21 years and was entirely or partly dependent for maintenance on the person and has not become liable to pay normal tax for the year
        - Older than 26 years and was entirely or partly dependent for maintenance on the person and has not become liable to pay normal tax for the year and was a full-time student at an educational institution of a public character; or
    - In the case of any other child, was incapacitated by a disability from maintaining himself or herself and was entirely or partly dependent for maintenance on the person and hasn't become liable to pay normal tax for that year;
- Any other member of a person's family for whom he or she is liable for family care and support (e.g. mother, father, mother-in-law, father-in-law, brother, sister, grandparents, grandchildren); or
- Any other person who is recognised as a dependant of that person in terms of the rules of a registered medical scheme or fund.

Qualifying medical expenses for a physical impairment

Taxpayers are also permitted to take into account qualifying medical expenses for a physical impairment in calculating the AMTC.

The term "physical impairment" is not defined in the Act. However, it is regarded as a disability that is less restraining than a "disability" as defined. This means the restriction or limitation 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. Physical impairments will, for example, include

- bad eyesight
- hearing problems
- paralysis of a portion of the body
- brain dysfunctions such as dyslexia, hyperactivity or lack of concentration

How to claim additional medical expenses tax credit

Below includes the documentation that must be retained for audit purposes when an AMTC is claimed for a year of assessment:

- A completed list of amounts not submitted to or recoverable from the taxpayer's medical scheme, together with proof of such amounts incurred and paid.
- In cases where receipts have been made out in the name of a dependant, SARS will accept a sworn affidavit in which the taxpayer indicates that the qualifying expenses claimed for the dependant, have actually been paid by the taxpayer (either directly or indirectly).
- A duly completed and signed Confirmation of Disability (ITR-DD) form, if applicable. The aforementioned documentation, as well as receipts, must not be submitted with the annual income tax return, but must be stored and made available on SARS's request, in the event that a taxpayer is required to substantiate the medical claims. A taxpayer is required to keep records such as receipts, paid cheques, bank statements, deposit slips and invoices for five years from the date of submission of the return.