Andy Gill CPA,CA | CPA CHARTERED PROFESSIONAL ACCOUNTANTS

2022 PERSONAL INCOME TAX RETURN

Client Name: ....

Relationship: Living Common-law

SIN #: ....

Birth Date: (YYYY/MM/DD) ....

Telephone: ....

Email: ....

Name of Spouse: ....

Relationship: Living Common-law

SIN #: ....

Birth Date: (YYYY/MM/DD) ....

Telephone: ....

Email: ....

Address ....

Have you moved from another province/territory? If yes, provide the date .... and province YU

Have you immigrated to Canada in 2022? ☐ Yes ☐ No **What is the date of entry?** ....

	Additional family members (including children under 17 years of age or under):	Relationship:	SIN#:	Birth Date: (YYYY/MM/DD)	Email:
1.		Daugher-in-law			
2.		Daugher-in-law			
3.		Daugher-in-law			
4.		Daugher-in-law			

PLEASE ANSWER THE FOLLOWING:

	Client	Spouse
Are you a first time filer?	☐ Yes ☐ No	☐ Yes ☐ No
Are you a Canadian Citizen?	☐ Yes ☐ No	☐ Yes ☐ No
Did you own foreign property or hold a beneficial interest at any time in 2022 that had a cost of more than $100,000 CAD?	☐ Yes ☐ No	☐ Yes ☐ No
As a Canadian citizen, do you authorize the Canada Revenue Agency to give your name, address, date of birth, and citizenship to Elections Canada	☐ Yes ☐ No	☐ Yes ☐ No
Did you dispose of property (or properties) in 2022 for which you are claiming a principal residence exemption? If yes, please fill out the attached principal residence exemption worksheet	☐ Yes ☐ No	☐ Yes ☐ No
Would you like to be registered for CRA Online Mail? If you are registered for CRA Online Mail, you must also be registered for CRA's MyAccount services and you will no longer receive any paper mail from the Canada Revenue Agency"	☐ Yes ☐ No	☐ Yes ☐ No

☐ **Direct deposit for your refund OR** ☐ **set up a pre-authorized debit (PAD) to make a one time payment for your tax balance:**

Branch .... (5 digits) Institution .... (3 digits) Account # .... (12 digits)

Delivery Preference: ☐ Paper copy ☐ Emailed in PDF format

Please check off your current marital status. If your status changed during the year (in 2022), please provide details and date of change:

☐ Married ☐ Common-law ☐ Widowed ☐ Divorced ☐ Separated ☐ Single Date of change .... (MM/DD/YYYY)

If we are not preparing your spouse or common-law partner's personal tax return, please provide their return for review and tax planning. If not, please provide net income reported on their 2022 tax return: .... (Line 236000

PLEASE CHECK OFF THE ITEMS BELOW THAT ARE APPLICABLE TO YOUR 2022 PERSONAL TAX RETURN. RETURN THIS SCHEDULE TO OUR OFFICE TOGETHER WITH ALL COPIES OF THE RELEVANT DOCUMENTATIONS AS FOLLOWS:

Documents:

- ☐ 2021 Notice of Assessment/ Reassessment
- ☐ Canada Revenue Agency Correspondence
- ☐ Tax Installments made
- ☐ If prior year prepared by another accountant, please attach the full tax return

Income:

- ☐ T4 Employment slips
- ☐ T5 Investment slips
- ☐ Other information slips (T3, T4A, T4AP, T4RSP)
- ☐ Limited partnership (T5013)
- ☐ T4A(OAS): Old Age Security
- ☐ T4AP: CPP Benefits
- ☐ Pension income (Canada & Abroad)
- ☐ Employment insurance (T4E)
- ☐ Social Assistance payments
- ☐ Workers' Compensation Benefits
- ☐ Interest and dividends
- ☐ Capital gains/losses to record (provide investment advisor contact details)
- ☐ Sale of real estate
- ☐ Elect to split pension with spouse
- ☐ RRSP withdrawals
- ☐ Spousal support payments received [A]
- ☐ Child support payments received
- ☐ Professional income & expenses
- ☐ Commission income & expenses
- ☐ Self-employment income & expenses
- ☐ Rental income & expenses
- ☐ Farming income & expenses
- ☐ Fishing income & expenses
- ☐ Foreign income
- ☐ Stock options exercised

Deductions:

- ☐ RRSP Contributions (slips for 2022 and first 60 days of 2023)
- ☐ Union & professional dues
- ☐ Child care expenses
- ☐ Moving expenses
- ☐ Child support payments made
- ☐ Spousal support payments made [A]
- ☐ Investment carrying charges - interest, account fees, counsel fees
- ☐ Exploration & Development expenses
- ☐ Northern Residents Deduction
- ☐ Canadian forces personnel
- ☐ Declaration conditions of Employment (T2200) [B]
- ☐ Employment expenses
- ☐ Home Office expense due to Covid 19
- ☐ Automobile logs
- ☐ Home office receipts

Tax Credits:

- ☐ Volunteer firefighter's statement
- ☐ Search and rescue volunteers'
- ☐ First-time home buyer – provide house purchase documents
- ☐ Adoption expenses
- ☐ Digital news subscription expenses
- ☐ Disability tax credit application [C]
- ☐ Tuition receipts (T2202) or T11A signed by the child to transfer to the parent [D]
- ☐ Interest paid on student loans
- ☐ Home Accessibility tax credit
- ☐ Medical receipts for self and family [E]
- ☐ Charitable donation receipts
- ☐ Political donation receipts
- ☐ Foreign taxes paid
- ☐ Dates spent in the USA

  If you vacation extensively in the USA; this will help us determine if you have any US filing requirements
- ☐ Internet Business Activities

  If you have business, professional, farming, or fishing income, please indicate whether you have Internet business activities
- ☐ Eligible Educator School Supply Tax Credit

  If you are a teacher or early childhood educator, please provide receipts (up to $1,000)
- ☐ Canadian journalism labour tax credit
- ☐ Canada training credit (CTC)

	Other Information:
[A]	Please provide a copy of your separation agreement for retention in our files, if you have not previously done so.
[B]	In order to claim employment expenses, the T2200 Declaration of Employment Conditions form must be signed by your employer. Also, please provide details of your employment expenses including trades-person and apprentice tools. Ask us to send you a worksheet for home office and motor vehicles.
[C]	If you, your spouse or a dependent are eligible to claim the disability tax credit and are claiming the credit for the first time or renewing your claim, please provide form T2201 completed by a medical doctor. You may also be eligible for other credits, such as the Canada Caregiver Amount.
[D]	Please note that the T2202A includes the total eligible tuition fees paid during the year. Most educational institutions provide a copy of the T2202A online. All other proof of payment for tuition is insufficient. For transfer of tuition credits from your spouse or children, please ensure that form T2202A is signed by the transferee (the student). We will complete the fields for the amount transferred as part of the preparation of your return.
[E]	Please note that if you have a significant number of prescriptions during the year, most pharmacies can provide a summary of prescriptions filled from January 1, 2022 to December 31, 2022, upon request. These summaries are preferable to individual receipts.

HOME OFFICE EXPENSES FOR EMPLOYEES DUE TO COVID-19

If you are eligible to claim home office expenses due to COVID-19, please choose a calculation method below.

☐ Option 1: Temporary Flat Rate Method

- Represents $2 for each day worked at home due to COVID-19, up to a maximum of $500. No supporting documentation is required
- Please provide number of days worked from home: ....
- **Please note, tax year 2022 will be the last year in which CRA will be allowing the use of the temporary flat rate method.**

☐ Option 2: Detailed Method (please complete the Home Office worksheet for your expenses)

- Form T2200s must be completed by the employer and supporting documents kept

PRINCIPAL RESIDENCE EXEMPTION

Have you sold a principal residence in 2022 or converted a principal residence into an income earning property in the year? The sale of a principal residence is required to be reported even if the property is fully exempt from tax. A late-filing penalty can be imposed of $100 per month multiplied by the number of months late, to a maximum of $8,000.

☐ Yes ☐ No

If you have sold a principal residence or converted a principal residence into an income earning property, please provide the following:

☐ Year of Purchase ....

☐ Address of the property ....

☐ Cost base of the property ....

☐ Proceeds of disposition ....

☐ The years in which this property was your principal residence ....

☐ If a change in use occurred during the year, the fair market value at the time of change ....

Additional information and comments to provide our firm:

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The 2022 Personal Income Tax Checklist has been created to support you in collecting the information and relevant documents required for completing your tax return. To ensure security, kindly upload all your documentation, statements, and receipts to our Client Portal. In case you face any difficulties with setting up or accessing the portal, please reach out to us for assistance.

Please note, if either you or your spouse conducted business in 2022, you have until June 15, 2023, to file your personal income tax return. However, any tax obligations incurred by either you or your spouse are due on May 1, 2023.

Many Canadians pay more income tax than necessary due to not maximizing tax credits and deductions.

Are you aware of all the deductions you can claim? Do you file your tax return on time? Are you making quarterly tax payments to avoid interest charges?

Below are some of the commonly missed tax-saving opportunities that could result in an unnecessarily high tax bill.

Filing on Time

The normal deadline for filing an income tax return for the previous year is April 30*. This filing deadline is extended to June 15 if you or your spouse are self-employed. However, income taxes payable are still due on April 30. Similarly, the information return for "Specified Foreign Property" having an aggregate cost over $100,000 CAD at any time during the year (Form T1135) must be filed by the individual's filing deadline.

Taxpayers who do not file their income tax returns on time face significant late-filing penalties: 5% of the balance due plus 1% per month to a maximum of 12 months for the first offence, plus applicable interest on the penalty. The penalty can more than double when the taxpayer fails to file on time for a second time in three years and if a formal demand for filing has been issued by the Minister.

Interest and penalties are not tax deductible and add up quickly at the rates charged by the CRA. Even if you cannot pay the amount of taxes due, ensure that you file on time.

*May 1, 2023, for the 2022 taxation year as April 30 falls on a Sunday

NEW TAX CHANGES AND HIGHLIGHTS

Underused Housing Tax (UHT)

The UHT is a 1% tax on the value of residential property owned by certain entities which was legislated in June of 2022. 2022 is the first year applicable for this tax. The return and tax payable for the 2022 calendar year is due April 30th, 2023. Individuals who are Canadian citizens or permanent residents that own residential property are not impacted by the UHT. However, non-Canadian individuals, private corporations, trusts, and partnerships that own Canadian residential real estate all have a filing requirement for the UHT even if they can claim an exemption. Significant penalties can apply where a return was required but not filed, even if an exemption eliminates the tax liability. We would be pleased to review your situation to determine your specific filing requirements with respect to the UHT.

For more information CLICK HERE: Great Article by Grant Thorton that summarizes the UHT

To assist you in navigating these new filing requirements and tax liabilities, we have attached a Quick Reference Chart (CLICK HERE).

Principal Residence Exemption (PRE)

The PRE allows homeowners to shelter the capital gain on the sale of one personal residence (including a cottage or seasonal home) from tax. You can designate one property per year for this purpose, to the extent that the property has been "ordinarily inhabited" in that year. Effective for 2016 and future taxation years, the sale of a personal residence must be reported on a tax return in order to claim the PRE. A deemed disposition of a personal residence (for example, the change in use from a personal residence to a rental property) is also impacted by this change. If the disposition of a principal residence is not reported you may amend your return at a later time to report the disposition and claim the PRE, however, a late filing penalty may apply, calculated at $100 for each month the reporting is late or $8,000, whichever calculation is less. Given the substantial penalties, it is important to report all dispositions of PREs.

Home Buyers' Plan Withdrawal Limit

The Home Buyer's Plan limit for the 2022 tax year remains at $35,000 for the 2022 tax year. Amounts withdrawn under the Home Buyer's Plan must be repaid to an RRSP over a period not exceeding 15 years, starting in the second year following the year in which the withdrawal was made to prevent any income inclusion. The Home Buyer's Plan applies to first-time home buyers.

Tax Free Savings Account (TFSA)

A TFSA is a registered savings account that allows individuals to earn investment income tax-free. Contributions to the account are not deductible for income tax purposes and withdrawals of contributions and earnings from the account are also not taxable. The TFSA contribution room is increased annually on January 1. On January 1, 2023, TFSA contribution room was increased by $6,500. The CRA charges a tax of 1% per month on excess contributions to TFSAs so it is important to confirm your available TFSA contribution room before making contributions.

Tax-Free First Home Savings Account (FHSA)

Beginning with the 2023 taxation year, a new registered account called the FHSA will offer first-time Canadian resident home buyers the ability to save up to $40,000 tax-free. Like RRSPs, contributions to an FHSA will be tax deductible. Like TFSAs, income and gains inside an FHSA as well as withdrawals will also be tax-free. To open an FHSA, you must be a Canadian resident of at least 18 years of age, and be a first-time home buyer, which means you or your spouse did not own a qualifying home that you lived in as a principal place of residence at any time in the year the account is opened or the preceding four calendar years. The rules do not technically come into effect until April 1, 2023, so it will not be possible to open an FHSA with your financial institution until at least that time.

You can contribute up to $40,000 over your lifetime and up to $8,000 in any one year, including 2023 even though the rules don't come into effect until April 1, 2023. You may carry forward up to $8,000 of your unused annual contribution amount to use in a later year (subject to the $40,000 lifetime contribution limit). For example, if you open an FHSA in 2023 and contribute $5,000, you can contribute up to $11,000 in 2024. Carry-forward amounts do not start accumulating until after you open an FHSA. Like TFSAs and RRSPs, the CRA charges a tax of 1% per month on excess contributions to FHSAs, so it is important to confirm your annual contribution limit before making a contribution to an FHSA.

Canada Dental Benefit

The interim Canada Dental Benefit is intended to help lower dental costs for eligible families earning less than $90,000 per year. Parents and guardians can apply if the child receiving dental care is under 12 years old and does not have access to a private dental insurance plan. Depending on your adjusted family net income, a tax-free payment of $260, $390, or $650 is available for each eligible child. The interim dental benefit is only available for 2 periods. The first benefit period is for children under 12 years old as of December 1, 2022, who receive dental care between October 1, 2022, and June 30, 2023. You can apply online using MyAccount or by phone.

Registered Retirement Savings Plan (RRSP)

Your annual RRSP deduction limit is calculated as the lesser of 18% of earned income and the contribution limit for the given year. The maximum RRSP contribution limit for 2021 and 2022 is $27,830 and $29,210, respectively. If you did not fully use your RRSP deduction limit for previous years, you can carry forward the unused balance. We recommend that you refer to your personal Notice of Assessment for the 2021 taxation year once received which outlines what your RRSP room is for 2022. The CRA charges a tax of 1% per month on excess contributions to RRSPs so it is important to confirm your available RRSP contribution room before making contributions.

The deadline for RRSP contributions for the 2022 tax year is Wednesday, March 1, 2023.

Increase the Basic Personal Amount

As part of the Liberal election campaign, it was stated the government will slowly increase the tax credit for the basic personal amount to $15,000 by 2023. In 2022, the basic personal amount will be $14,398. However, for individuals with net income for the year between when the 29% tax bracket begins and the 33% income tax bracket begins, the basic personal amount is gradually reduced to $12,719.

Canada Housing Benefit Top-Up

The Canada Housing Benefit Top-Up is a tax-free one-time payment of $500 administered by the Canada Revenue Agency (CRA) to certain low-income individuals and families who meet a set of income and rent criteria. To be eligible, your adjusted family net income in 2021 must have been $20,000 or less for individuals and $35,000 or less for families. In 2022, you must have paid rent equal to at least 30% of your 2021 adjusted family net income.

You can apply using your CRA My Account or My Service Canada Account (MSCA). If you are unable to use either of these two methods, you can apply instead using the online application form or by phone. **The deadline to apply for this credit is Friday, March 31, 2023.**

COVID-19 UPDATE

- **Canadian Emergency Business Account (CEBA) Regional Relief and Recovery Fund (RRRF) Loan Deadline Extension.**

The Federal Government extended the deadline for repayment of the Canada Emergency Business Account (CEBA) loans to qualify for partial forgiveness from December 31, 2022, to December 31, 2023, for eligible borrowers in good standing.

Repayment on or before the new deadline of December 31, 2023, will result in loan forgiveness of up to a third of the value of the loans (meaning up to $20,000)

Loans that are still outstanding after the repayment deadline will be converted to two-year term loans with an annual interest rate of 5% commencing on January 1, 2024, with loan repayments fully due by December 31, 2025.

The repayment deadline to qualify for partial forgiveness for CEBA-equivalent lending through the Regional Relief and Recovery Fund (RRRF) has also been extended to December 31, 2023.

- **Reporting COVID-19 Assistance**

Government assistance received in the year such as the:

1. **Canada Worker Lockdown Benefit (CWLB):**

The CWLB gave temporary income support to employed and self-employed people who could not work due to a COVID-19 lockdown.

2. **Canada Recovery Sickness Benefit (CRSB):**

The CRSB gave income support to employed and self-employed individuals who were unable to work because they were sick or needed to self-isolate due to COVID-19, or had an underlying health condition that had put them at greater risk of getting COVID-19.

3. **Canada Recovery Caregiving (CRCB):**

The CRCB gave income support to employed and self-employed individuals who were unable to work because they had to care for their child under 12 years old or a family member who needed supervised care. This applied if their school, regular program or facility was closed or unavailable to them due to COVID-19, or because they were sick, self-isolating, or at risk of serious health complications due to COVID-19.

These income supports are taxable and must be reported on your 2022 income tax return. The Government should be issuing T4A tax slips to individuals who received assistance in 2022.

- **Home Office Expense Eligibility**

To be eligible to claim expenses related to a home office, you must be required to work from home (via employee contract or written statement from employer) and as a result, you have incurred additional expenses for the maintenance of a home office. The home office must also be either used only to earn employment income and used regularly to meet clients or the home office space is where you principally work (more than 50% of the time). Your employer must provide you with a Form T2200 confirming that you incurred home office expenses. Eligible expenses for non-commission employees include electricity, heating, maintenance and supplies consumed directly in the performance of employment duties.

In December 2021, it was announced that the CRA will continue to allow employees to work from home in 2021 & 2022 due to COVID-19 with modest expenses to claim up to $500, based on the amount of time working from home, without the need to track detailed expenses, and will generally not request that people provide a signed form from their employers.

You may claim the detailed method if the requirements are met and you have higher expenses.

EXPENSES YOU MAY BE ENTITLED TO DEDUCT

1) Employment Expenses

a) Automotive Expenses

Employees who are required to use their own automobiles for work (other than for travelling from home to and from their workplace) without reimbursement from their employer can deduct the work-related portion of their automotive expenses.

If you are reimbursed and the amount of the reimbursement is not "reasonable," you can still claim a deduction for the non-reimbursed portion.

In order to claim employment expenses, your employer will have to provide you with a completed form T2200 Declaration of Conditions of Employment.

b) Covid Home Office Deduction

You may be able to claim additional home office expenses related to your work space and office supplies. Your employer will need to provide you with a completed form T2200 or form T2200S and you must ensure you maintain records of receipts and expenses for any eligible home office expenses incurred. Eligible home office expenses may include utilities, home internet access fees, maintenance costs and rent.

c) Carrying Charges and Deductible Interest

Borrowed funds must generally be used for the purpose of earning income (e.g. investing) in order for the related interest to be deductible.

Maintaining proper documentation of loans and interest payments will help support claims for interest deductions. Deductible carrying charges may include investment counsel fees, bank fees, or similar charges.

d) Childcare Expenses

Subject to certain limitations, childcare expenses may be deducted from income by the lower-income spouse.

These expenses include daycare, babysitting, boarding school, and day camps. Note that you will have to provide the Social Insurance Number of any individual you paid for childcare and supporting documentation is frequently requested by the CRA.

e) Moving Expenses

If you moved during the year to be at least 40 kilometres closer to a new job, to run a business, or to attend a post-secondary educational institute full-time then you may be able to deduct certain moving expenses. The amount you can deduct is limited to the amount you earn at the new location in the year. Unused deductions can be carried forward and deducted against the related income in a subsequent year.

Some examples of allowable moving expenses are:

- Accommodation, meals, and temporary living expenses near your new or old residence
- Cost of changing your address on legal documents
- Cost of replacing your driver's license
- Cost of cancelling the lease for your old residence or expenses for selling your old residence such as real estate commissions and advertising
- Cost to maintain your old residence when vacant (maximum of $5,000)
- Certain expenses related to purchasing your new residence
- Transportation and storage for household effects
- Travelling from your old residence to your new residence
- Utility hook-ups and disconnections, etc.

Proper documentation of your expenses, including receipts, is critical as the CRA generally requests support for moving expenses.

TAX CREDITS YOU MIGHT BE ELIGIBLE TO CLAIM

a) **Charitable Donations**

Charitable donations made by you or your spouse during the year should normally be added together and claimed on the income tax return of one spouse.

A higher credit is available when total donations exceed $200, so it makes more sense to combine the donations and claim them on one return. If your total donations are less than $200 there is no advantage to claiming them on one return. The key to supporting your claim is to keep the official tax receipts.

If you are donating to certain publicly-listed securities, your donation credit is based on the fair market value of those securities. Furthermore, you will not pay tax on capital gains on the donated securities.

Donations can also be carried forward up to five years, so if you find a donation receipt that was not previously claimed, bring it in to review.

b) **Medical Expenses**

You may claim a non-refundable tax credit on medical expenses for yourself, your spouse, and dependent children.

While either spouse can make the claim, as with charitable donations, medical expenses should usually be added together and claimed on the income tax return of one spouse (usually the lower income spouse) in order to maximize tax savings.

You are not restricted to claiming on a calendar year basis as you can claim medical expenses for any 12-month period that ends in the year. The most commonly missed expenses are dental bills, eye glasses, private medical insurance (including certain travel medical insurance premiums), and certain travel costs such as travel to regional or provincial centres for treatment.

You may also claim certain expenses in respect of an animal specifically trained to perform tasks to assist with post-traumatic stress disorder.

Medical cannabis can be claimed as a medical expense. However, individuals can only claim purchases from specific registered sellers. Purchases from other retailers may not be eligible.

c) **Attendant Care & Nursing Home Expenses**

For persons who qualify for the disability amount, attendant care expenses may be claimed for:

- Part-time or full-time attendant care in a self-contained domestic establishment (the person's home, for instance)
- Full-time attendant care in a nursing home
- Attendant care in retirement homes, homes for seniors, or other institutions

Attendant care expenses can be claimed as medical expenses to a maximum of $10,000 per year if the disability tax credit is claimed. However, there is no maximum amount if the disability tax credit is not claimed.

When the expenses are for full-time care in a nursing home there is no limit on the total attendant care expense that can be claimed as medical expenses, however, the disability tax credit cannot be claimed. It is recommended you get a detailed fee statement from long term care facilities to ensure appropriate expenses are claimed.

d) **Disability Tax Credit**

This credit is available to a person with a severe and prolonged impairment in physical or mental function subject to certain criteria.

To qualify, the CRA must approve an application signed by your doctor or nurse practitioner. Areas that may apply include the following:

- Vision/blindness
- Life-sustaining therapy
- Impairment to physical functions such as walking, speech, hearing, feeding
- Impairment to performing the mental functions necessary for everyday life

Recent changes to eligibility requirements should make the credit more accessible to those with an impairment to performing the mental functions necessary for everyday life. There has also been a reduction in the eligibility requirements for individuals undergoing life-sustaining therapies, reducing the frequency of therapy to two times each week; however, an individual must still receive therapy for a duration averaging not less than 14 hours a week.

These recent changes have been enacted with a retroactive date and apply to DTC certificates filed on or after January 1, 2021.

The disability tax credit can be claimed retroactively for up to 10 years. A T1 adjustment can be filed to claim the credit for any tax years that have lapsed since the time that impairment began, as certified by your doctor.

Once a person with a disability has applied for and is deemed eligible for the disability tax credit, they may also be eligible to participate in a Registered Disability Savings Plan, which will be discussed later in this newsletter.

Other credits may be available to those supporting certain family members who are dependent on them due to a physical or mental infirmity:

- Amount for infirm dependents age 18 or older
- Attendant care and nursing home expenses
- Canada Caregiver amount

e) **Teacher & Early Childhood Educator School Supply Tax Credit**
The Teacher and Early Childhood Educator School Supply tax credit is a refundable tax credit. Traditionally this credit allowed an employee who is a teacher or early childhood educator to claim a 15% refundable tax credit on up to $1,000 of purchases of eligible teaching supplies during the year.

The rate was increased to 25% for the 2021 and subsequent taxation years.

f) **Student Loan Interest**
Interest paid on student loans obtained under the Canada Student Loans Act, the Canada Student Financial Assistance Act, or similar provincial or territorial government legislation for post-secondary education can be claimed as a tax credit. If you do not use the credit for the year in which the interest is paid, the unused amount can be carried-forward for up to five years.

g) **Home Buyers' Amount**
If you are a first-time home buyer, you may be eligible to claim a 15% non-refundable tax credit on $5,000. Generally speaking, you may be considered a first-time home buyer if neither you nor your spouse or common-law partner owned and lived in another home anywhere in Canada in the calendar year of the purchase or in any of the four preceding calendar years. The Federal Government proposed to increase the amount used to calculate the tax credit to $10,000, which would provide a tax credit of up to $1,500 for eligible home buyers for the 2022 and subsequent taxation years.

h) **Home Accessibility Tax Credit**
The Home Accessibility Tax Credit (HATC) is available for seniors (age 65 and older) and individuals who qualify for the disability tax credit. This credit allows these individuals to claim a 15% non-refundable tax credit on up to $10,000 of expenses incurred to perform a “qualifying renovation” on their home.

The renovation must allow the individual to gain access to, be mobile or function within the home, or reduce the risk of harm to the individual within or gaining access to the home. Such expenses may also be eligible for the medical expense tax credit, providing a double tax benefit from claiming these expenses.

For the 2022 and subsequent taxation years, the annual expense limit for HATC has been increased to $20,000, which would provide a tax credit of up to $3,000.

i) **Digital News Subscription Tax Credit**
For the years 2020 to 2024, individuals can claim a 15% non-refundable tax credit on amounts up to $500 spent on a digital news subscription with a qualified Canadian journalism organization.

Note that only the cost of a standalone digital subscription will be eligible. If your subscription provides you with access to content in digital and non-digital form, then only one-half of the amount paid will be eligible for the credit.

j) Canada Training Credit
This refundable tax credit aims to help workers between the ages of 25 and 64 and encourages them to pursue professional development. Individuals can accumulate $250 of credit room per year, up to a lifetime maximum of $5,000. The amount that an individual can claim as a credit in a particular tax year is equal to the lesser of 50% of eligible tuition and fees paid in a year and the accumulated room at the beginning of the year.

TAX SAVING STRATEGIES

Accounting & Legal Fees

Certain accounting or legal fees such as the cost of representation on tax disputes are deductible in the year paid. If you have these costs be sure to pay them before the end of the year.

Charitable or Political Donations

If you are planning to give money to a charity or political party, make sure the gift is made before December 31, 2022, to ensure you can claim the tax credit on your 2022 return.

Investments

If you have realized capital gains in the current year, consider selling investments with unrealized capital losses before year end. This strategy could reduce your tax bill as capital losses can be offset against capital gains. The key is to trigger these losses in 2022 so the last settlement day for 2022 must be considered. Where a loss has been triggered, you or an affiliated party cannot acquire the same or an identical investment within 30 days before or after the sale or the loss will be disallowed.

Transfer of Dividend Income from Taxable Canadian Corporations to a Spouse

If you are entitled to a spousal tax credit for your spouse or common-law partner, you may be able to include all of your spouse's dividends from a taxable Canadian corporation in your income if doing so will allow you to claim or increase the claim for the spousal tax credit. The election should only be made if it results in lower overall taxes. It might not always be beneficial to transfer this income between you and your spouse.

Old Age Security (OAS) Claw Back

If you are collecting OAS and your net income in 2022 is over $81,761, you are required to repay some or all of your OAS benefits. This "claw back" is the lesser of your OAS benefits received in the year and 15% of your net income that is over $81,761. The OAS claw back is calculated solely on your net income and is not affected by your spouse's income.

If your net income is $134,626 or greater in 2022 you will be required to repay all of your OAS benefits.

If you are eligible to receive OAS but are subject to a full claw back you may consider deferring receiving OAS until a year in which the claw back is reduced or eliminated. Deferring the receipt of OAS will increase your OAS entitlement when you begin to collect it and it will increase your maximum annual net income to receive OAS.

Pension Income-Splitting

If you are earning eligible pension income you may be able to split up to 50% of this income with your spouse or common-law partner. Eligible pension income excludes Canada Pension Plan, Old Age Security, and certain foreign pension income.

This pension income-splitting may be done by filing a joint election with your income tax return and can result in significant tax savings if your spouse or common-law partner is in a lower tax bracket. Your spouse or common-law partner may also be able to claim the pension income amount tax credit on the income that he/she is deemed to have received (see below).

Pension Sharing

If you are collecting Canada Pension Plan, you may be eligible to share this income with your spouse. If a taxpayer's spouse is in a lower marginal tax bracket, this may be an effective means of income splitting and reducing the couple's overall tax bill. Individuals must apply through Service Canada by completing form ISP1002.

Pension Tax Credit

A $2,000 pension tax credit is available if you earn eligible pension income, which typically includes income from a registered pension plan, income from a registered retirement income fund (RRIF), and annuity payments from an RRSP. If you are eligible to receive pension income and are not currently doing so, you may consider converting a portion of your RRSP to a RRIF in order to receive eligible pension income on which the pension tax credit can be claimed.

Registered Education Savings Plan (RESP)

Make contributions to a RESP before December 31 to qualify for any 2022 grants you may be eligible for. As in years past, beneficiaries under the age of 18 qualify for the Canada Education Savings Grant which is equal to 20% of annual contributions made for a beneficiary, subject to a $500 annual cap and a $7,200 lifetime maximum. Additional grants are possible where there is unused grant room from a previous year and for families with lower net income.

Registered Retirement Savings Plan (RRSP)

Regular and spousal contributions for the 2022 taxation year may be made up to March 1, 2023. Similarly, if you must repay a portion of your Home Buyers' Plan or your Lifelong Learning Plan, payments must be made by that same date.

Overall tax savings are most significant for individuals who are currently in a high tax bracket but will be in a lower bracket when the RRSP is money withdrawn.

There may be an opportunity to income-split with your spouse if you contribute to a spousal RRSP, and they make a withdrawal from that spousal RRSP in a subsequent year. Be careful of attribution rules that will apply if the funds are withdrawn within three years of your last contribution to a spousal RRSP. If you turn 71 and can no longer contribute to your own RRSP, you can still make contributions to a spousal RRSP until the end of the year in which your spouse turns 71.

The Home Buyers' Plan and Lifelong Learning Plan are also useful RRSP tools as they allow you to withdraw funds from your RRSP on a tax deferred basis to help fund a home purchase, full-time training, or education. Please be aware if the required repayments under these plans are not made by the RRSP deadline, then the amounts will be included in your income for the 2022 tax year.

T**he RRSP contribution limit is: $29,210 for 2022; and $30,780 for 2023.**

Registered Disability Savings Plan (RDSP)

The RDSP is a registered long-term savings plan for people who are eligible for the disability tax credit. Contributions may be made by the beneficiary, a family member, or by any other authorized contributor. There is no annual limit on contributions; however, there is a lifetime contribution limit of $200,000.

Tax-Free Savings Account (TFSA)

Canadian residents age 18 and over are eligible to open a TFSA. Income earned in a TFSA is not taxable as it is earned nor is it taxable when withdrawn from the account. Contributions to a TFSA are not tax deductible. For 2022, the maximum contribution is $6,000 plus any outstanding contribution room carried forward. The cumulative contribution room granted to Canadians since the start of the TFSA program is $81,500 to December 31, 2022. Please contact the CRA, check your online CRA My Account and/or contact your investment advisor for the maximum contribution you may make for 2022.

If you are considering a withdrawal in the foreseeable future, it is preferable to withdraw these funds in 2022 rather than early 2023.

Withdrawals are added back to the taxpayer's contribution limit at the beginning of the calendar year after the year of withdrawal.

Moving Provinces or Territories

Generally speaking, Canadian individuals pay provincial or territorial taxes based on their province or territory of residence as of December 31.

If an individual is moving towards the end of the year, it is worth trying to time the move before year-end if it is a move to a province or territory with lower tax rates, and after year-end if it is a move to a province or territory with higher tax rates.

CPA PROS ADMINISTRATIVE CHANGES

Audit Protection Plan

In response to numerous client concerns about the CRA's intensifying audit activities. Our firm will start to offer the Audit Protection Plan to assist our personal tax clients. We will offer this plan to help serve to reduce the unanticipated professional fees associated with responding to enquiries received from the CRA following the filing of your personal income tax return.

The CRA continues to select more taxpayers for further review. These reviews generally involve a request for supporting documentation to verify or substantiate claims made on income tax returns. Even if no tax is owing, responding to these CRA requests can be time consuming and expensive. As a result, we have implemented this optional protection plan for our clients to help reduce, or in most instances, fully cover the professional fees associated with responding to CRA.

For more information on how to enroll, please contact our office to get enrolled in this plan.

DocuSign

CPAPROS has implemented DocuSign to ease the burden on clients to provide electronic signatures to enable us to file your tax returns. DocuSign allows clients to sign documents without having to print and scan to return to our firm. DocuSign is an accepted electronic signature method by CRA that will allow us to file your income tax returns with no paper and no fuss! **In order to use DocuSign we require an email address for each person in your family that we are preparing an income tax return for in order to send them their unique documents.**

Authorizing a Representative

CRA is changing the authorization process that allows our firm to be authorized on your personal tax account. The existing T1013 form will be discontinued and a new signature page will be generated from our T1 personal tax software for clients to sign. **Existing authorizations will not be affected by this change.**

As well, existing authorizations for individual tax accounts of deceased persons will no longer be cancelled. This will avoid having to re-authorize the same representative after the date of death.

Go Green!

Our firm uses software for secure transmission of files between us and our clients. With this software we offer the delivery of your personal tax package electronically by PDF through email instead of the traditional paper copy. This will allow you to download, review and save a PDF of your return on your computer. If you would like the delivery of your personal taxes this year via email please indicate on the checklist your preference.

Tax Newsletters

Our tax department issues various newsletters throughout the year covering a variety of personal and corporate topical tax issues. Please visit our website at https://cpapros.ca/blog/ for a listing of our newsletters and blogs. We would be pleased to discuss any questions that you, the reader, might have in greater detail.

CRA "My Account" and Online Services

CRA's "My Account" is a service that allows taxpayers to access information about their tax account, including status of refunds, access to previously filed returns and notices of assessment, and the ability check benefit and credit payments. The service also provides information about annual RRSP limits, TFSA limits and allows taxpayers to set up direct deposit.

For more information on My Account and instructions on how to register, please visit the CRA website at https://www.canada.ca/en/revenue-agency.html, and select "Log-in/Register". Once you have registered for My Account you will be eligible to receive notices of activity on your account via email from the CRA, if you have agreed to supply them with a valid email.

Direct Deposit Requirement

The Government of Canada has begun the phasing out of federal government cheques. Avoid delays in receiving refunds and other payments by registering today. To register for direct deposit, please visit www.cra-arc.gc.ca/directdeposit.

E-Filing (T183)

We cannot E-File without your permission in advance. We will provide an E-file form for signature upon completion of your personal tax return. A copy of the form must be signed by each member of your family for whom we prepare a personal tax return as we are required to maintain one form on file for each return we E-File.

Third-Party Civil Penalties

The federal government has reiterated that it is the taxpayer's responsibility to ensure their tax filings are complete and accurate. We, as a third party to the filing of your tax return, must rely on you for the information contained in your return. Please take care in completing our checklist and feel free to contact us if you are uncertain about how to report your income or deductions. We stress that we will be relying on you to ensure that information you provide us is complete and accurate. We will require you to sign an engagement letter acknowledging this.

CANADA REVENUE AGENCY PAYMENT OPTIONS

Given recent news and experience with the Canada Revenue Agency (CRA) losing or misapplying cheque payments, we are finding that paying tax balances by cheque is no longer a practical payment option. Given that the CRA cannot provide a payment receipt and the likelihood of a lost or misapplied payment, we do not recommend cheque payments for our clients. If you still wish to make a payment to the CRA by cheque, we ask that you send your payment directly to the CRA. We have summarized the recommended payment methods below.

CRA My Payment

Our top recommendation for paying any tax balance is through CRA's "My Payment" function that allows you to pay online with your debit card or online banking. You can access the My Payment function on CRA's website, https://www.canada.ca/en/revenue-agency/services/e-services/payment-save-time-pay-online.html to open the website. Select the "Pay Now" button to start the payment process. My Payment allows you to make a payment in one simple online transaction using your financial institution's secure online banking service. You can use this service if you have a debit card or access to online banking (available for most large banks and credit unions). You can easily select the year to which the payment relates, and you will be provided with an automatic online confirmation that the payment has been accepted. A list of participating financial institutions is provided through the link above.

Financial Institution

Alternatively, you can contact your financial institution or visit the institution's website to see the services offered to make a payment online. Most financial institutions allow you to select the CRA as a payee in their online bill payment section using your Social Insurance Number as the account number. You can often schedule future dated payments. You may also make your payment in person at your financial institution free of charge. You will be asked to present your remittance voucher (T7DR(A)) with your payment to the teller. The teller will return the top part to you as a receipt. You can find your remittance voucher included in your final tax package. For more information please contact your financial institution or visit the CRA's website https://www.canada.ca/en/revenue-agency/services/payments-cra/business-payments/make-payment/pay-options.html and click on "Pay by online banking".

Pre-Authorized Debit (PAD)

The Pre-Authorized Debit (PAD) web service offers our firm an electronic method to submit a payment to the CRA on behalf of the taxpayer. If you wish for us to use this option, we will need your bank account information: branch, account and financial institution number. We would also need the date you would like to be taken out of your bank account to cover your personal tax balance for the current tax year.