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This publication is a high-level summary of the most recent tax developments applicable to business owners, investors and high net worth individuals. Enjoy!

Tax Tidbits

Some quick points to consider…

- The **2024 RRSP contribution limit** is **$31,560**, requiring earned income in 2023 of at least $175,333. The 2025 limit will be $32,490 (requiring earned income in 2024 of at least $180,500).
- The annual **TFSA contribution** limit for 2024 is **$7,000**.
- The annual **interest rate** charged by CRA on **late tax and installment payments** has **increased** to **10%** for the first quarter of 2024. Additional penalties may apply on underpaid installment payments.
- Over **6,100 audits** on **COVID-19 wage subsidies** have been completed or are in progress. In terms of dollar figures, $8.9 billion in claims have been audited, and $7.5 billion in claims are currently being audited. Of the audited claims, $458 million of claims have been denied.

New Trust Reporting: Unexpected Exposure

Changes requiring **more trusts** (and estates) to **file tax returns** and **more information** to be **disclosed**, first proposed in the 2018 Federal Budget, were delayed several times in the legislative process. The final rules (that are now law) first apply for 2023, with a filing deadline of **April 2, 2024**. As such, many trusts and estates (including many arrangements not commonly considered “trusts”) will be required to file for the first time in early 2024.

Required reporting has been **expanded** to **include** situations where a **trust acts as an agent** for its beneficiaries (often referred to as a **bare trust**). This occurs when the **person on title** or holding the asset is **not** the **true beneficial owner** but rather holds the asset for the benefit of another party. There are many **common situations** that may constitute reportable bare trusts in which **no lawyer** or **written agreement** may have ever been involved or drafted. Many parties involved in a bare trust arrangement may **not realize** that they are, much less that there may be a filing requirement with CRA.

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The following lists some **examples** of **potential bare trust arrangements**; CRA has not commented on several of the examples below. It is uncertain how they will interpret and enforce the law.

- a child on **title of a parent's home** (without the child having beneficial ownership) for probate or estate planning purposes only;
- a parent on **title of a child's property** (without the parent having beneficial ownership) to assist the child in obtaining a mortgage;
- **one spouse** being on **title of a house** or asset although the other spouse is at least a partial beneficial owner;
- a parent or grandparent holding an **investment or bank account in trust for** a child or grandchild;
- a **corporate bank account opened by the shareholders** with the corporation being the beneficial owner of the funds;
- a **corporation being on title** of an **individual's real estate, vehicle** or other asset, and vice-versa;
- assets **registered to one corporation** but beneficially **owned by a related corporation**
- use of a **nominee corporation** for real estate development purposes;
- a **property management company** holding operational bank accounts in trust for their clients, or individuals managing properties for other corporations holding bank accounts for those other corporations;
- **a lawyer's specific trust account** (while a lawyer's general trust account would largely be carved out of the filing requirements, a specific trust account would not); and
- a **partner of a partnership** holding a **bank account or asset** for the benefit of all the other partners of a partnership.

In addition to bare trust arrangements, other trusts that have not had to file in the past may have a filing obligation under these expanded rules.

Exceptions from filing a return for trusts and bare trust arrangements are available in limited cases. If filing is required, the **identity and residency** of all the **trustees**, **beneficiaries, settlors** and anyone with the **ability** (through the terms of the trust or a related agreement) to exert **influence** over trustee decisions regarding the income or capital of the trust must be disclosed.

Failure to make the required **filings and disclosures on time** attracts penalties of $25 per day, to a maximum of $2,500, as well as further penalties on any unpaid taxes. New **gross negligence** penalties may also apply, being the greater of $2,500 and **5% of** the highest total **fair market value** of the **trust's property** at any time in the year. These will apply to **any person or partnership** subject to the new regime.

CRA has recently indicated that, for **bare trusts only**, the **late filing penalty** would be **waived for** the **2023 tax year** in situations where the **filing is made after** the due date of **April 2, 2024**. However, CRA noted that this **does not extend** to the penalty applicable where the **failure to file** is made **knowingly** or due to **gross negligence**. As there is limited guidance as to who would qualify, it is recommended that disclosures should be made in a timely manner.

ACTION: Consider whether you may have a bare trust arrangement. If so, or if you are unsure, contact us to discuss.

Automobile Deduction and Benefit Rates: 2024 Limits Released

Various **automobile deductions** and **taxable benefit rates** are **limited** to amounts **prescribed** by the Department of Finance **annually**.

On December 18, 2023, the **2024 limits** were announced as follows:

- The **limit** on the **deduction** for **non-taxable allowances** paid by an employer to an employee using a personal vehicle for business purposes will **increase** in 2024 by 2 cents to **70 cents/km** for the first 5,000 km driven and to **64 cents** for each additional km. For Yukon, the Northwest Territories and Nunavut, the tax-exempt allowance will continue to be 4 cents/km higher, which is 74 cents for the first 5,000 km driven and 68 cents for each additional km.
- The ceiling on the **capital cost** for **CCA** of most passenger vehicles will **increase to $37,000** from $36,000, and the limit for **zero-emission passenger** vehicles will **remain** at $61,000.
- The limit on **leasing costs** will **increase to $1,050/month** (from $950/month) for new leases entered into on or after January 1, 2024.
- The **maximum allowable interest** will **increase** to **$350/month** (from $300/month) for new loans entered into on or after January 1, 2024.
- The **general prescribed rate** used to determine the **taxable benefit** relating to the personal portion of automobile **operating expenses** paid by employers will **remain at 33 cents/km**. For taxpayers employed **principally in selling** or leasing automobiles, the rate will **remain at 30 cents/km**.

Action: Compare automobile allowances and other payments made against the limits to determine whether expenditures that do not reduce tax are being made.

T-Slips: Filing and Distribution Issues

Various changes and issues have arisen in respect of **T-slips** to be filed and processed for the **2023 year.**

Dental benefits

Beginning with the **2023 year**, issuers of the **T4** Statement of Remuneration Paid and **T4A**, Statement of Pension, Retirement, Annuity, and Other Income must report whether the recipient or any of their family members were **eligible** to access **dental insurance** or dental **coverage** of any kind (including health spending and wellness accounts) from their current or former **employment**.

The T4 will include **new box 45, employer-offered dental benefits**.

The T4A will include a **new box 015, payer-offered dental benefits**. This box must be completed if an amount is reported in box 016, pension or superannuation.

CRA indicated that it is **mandatory** to indicate whether the **employee/former employee** or any of their **family members** were eligible, on **December 31** of that year, to access any **dental care insurance**, or coverage of dental services of any kind, that the employer offered.

The employer/issuer must select which of the following scenarios apply.

1 Not eligible to access any dental care insurance, or coverage of dental services of any kind
2 Payee only
3 Payee, spouse and dependent children
4 Payee and their spouse
5 Payee and their dependent children

Electronic Distribution

In a **December 13, 2023** update to CRA's webpage, CRA discussed the ability to distribute **T4, T4A, T5 and T4FHSA** slips using the issuer's **secure electronic portal without obtaining** written or electronic **consent** from the employees or recipients. However, using a secure electronic portal is **not available** where any of the following situations exist:

- the employee or recipient **requested** that **paper copies** of the slips be provided;
- the employee or recipient **cannot reasonably** be expected to have **access** to the **slips** in **electronic format** at the time the slips are issued; or
- for T4s, if the issuer distributes the T4 when the employee is on **extended leave** or is a **former employee** at the time the slip is issued.

Employers/payers must also **provide the option** to receive these slips in **paper** form.

If distributing these slips by **email**, the employer/payer **must** receive **consent** in writing or electronic format before sending by email.

Electronic filing thresholds

Effective January 1, 2024, certain **information returns** must be filed **electronically** with **CRA** where **more than 5** information **returns** (reduced from 50) of a **particular type** are required for a calendar **year**. The impacted information slips include forms NR4, T5007, T5018, T4A-NR, **T5**, T5013, **T4A**, **T4** and **T3**. A penalty of $125 will apply where between 6 and 50 slips are filed on paper.

Errors on T-slips

In a recent communication, CRA addressed the concern that auditors and appeals officers may base a **decision** on **issued T-slips without considering** the possibility that the issuer made an **error** in their **preparation**.

CRA stated that it is the **taxpayer's responsibility** to **verify** the validity and **accuracy** of the **information slip**. If the taxpayer notices an **error**, the taxpayer should **contact** the **issuer** to attempt to discuss/**resolve** the issue. **CRA** noted that they **cannot validate** the **accuracy** of a slip as the relevant information to do so is retained by the issuer and the taxpayer. If the issuer refuses to correct the form, the taxpayer can **inform CRA** by **filing an employee complaint** with the employer accounts and services section.

When a taxpayer **objects** to CRA's assessment/reassessment, the **taxpayer must provide the reason** for the objection. The **appeals officer** should investigate the **accuracy** of the information **slip** when it is **part** of the **disputed issue**. The appeals officer may also ask the taxpayer to **provide representations**.

Action: Various changes to T-slip completion, filing and distribution are effective for 2023 slips, filed in early 2024. Ensure that these changes are incorporated into your business processes.

Personal Services Business: CRA Education Initiative

In general, a personal services business (PSB) exists where the **individual** performing the work would be considered to be an **employee of the payer** if it were **not** for the **existence** of the individual's **corporation**. These workers are often referred to as **incorporated employees**. Where it is determined that the income is earned from a PSB, the **corporate tax rate increases** significantly (potentially as high as 39% over the small business rate, depending on the province). In addition, significantly **fewer expenditures are deductible** against the income.

Since 2022, CRA has been conducting an **educational pilot project** in respect of **PSBs**. They have recently **published findings** from the project and highlighted **future planned phases**.

Phase I – Identifying companies that hire PSBs

Phase I of the project was conducted from **June to December 2022.** The results were as follows:

- approximately **10%** of participating corporations were **likely** to be **carrying on PSBs**;
- approximately **64%** of **potential PSBs** were incorrectly **claiming** the **small business deduction** (an average of $16,711 of additional federal corporate tax would be payable if this were corrected);
- nearly **74%** of **potential PSBs** work in the following **three industries**:
    - **transportation and warehousing** (35%), with 95% of these working in freight trucking;
    - **professional, scientific** and **technical services** (26%); and
    - **construction** (13%).

Phase II – Identifying potential PSBs

CRA indicated that Phase II is planned for **October 2023 to June 2024**, and will examine approximately **2,100** randomly selected **corporations** identified as **potential PSBs**. The examination will include a **voluntary interview** and focus on the **2022 tax year**. CRA indicated that they hope to gain **greater insight** into how and why **PSBs operate** the way they do.

Phase III – Assisted compliance for PSBs

CRA indicated that the **timing** of Phase III has **not yet** been **determined.** They expect to address the **2022 and subsequent tax years** with continued education, **review** of PSBs and **assisted compliance** of **non-compliant** PSBs.

> **Action:** Identification of PSBs has become a focal point for CRA. If there is a risk of your corporation carrying on a PSB, inquire as to the corporation's exposure and potential mitigation strategies.

Working From Home Expenses: Employment Expenses

The **$2/day flat rate method** available to claim expenses for employees working from home was a temporary administrative measure only available from 2020 to 2022; it is **no longer available in 2023**. As such, **employees working from home** can only use the **detailed calculation** when claiming expenses.

For **2023 and subsequent years**, a deduction can only be claimed where one of the following criteria is met:

i. the work space was the **place** where the individual **principally** (**more than 50%** of the time) **performed their duties of employment**; or
ii. the individual used the space **exclusively** during the period to earn **employment income** and used it on a **regular and continuous basis** for **meeting clients**, customers or other people with respect to employment.

CRA indicated that they would consider i) to be **met** by employees who were required to work from home **more than 50% of the time** for a **period of at least four consecutive weeks** in the year.

> **Action:** The $2/day temporary flat rate method cannot be used by employees to claim home office expenses in 2023. Instead, receipts and records must be kept to make claims under the detailed method.

Canada Dental Care Plan (CDCP): New Income-Tested Benefit

On December 11, 2023, Health Canada issued details on the **Canada dental care plan** that would **cover** a **wide variety of dental services** for certain Canadian residents. The plan will be rolled out from late 2023 to 2025.

To be **eligible**, the **individual** and their spouse or common-law partner (if applicable) must meet all of the following conditions:

- have an **adjusted family net income** (AFNI) of **less than $90,000**;
- be a **Canadian resident** for tax purposes;
- have **filed their tax return** in the previous year; and
- **not have access to dental insurance**, meaning that it is not available through the taxpayer's or a family member's employer or pension, or not purchased through a group plan.

Eligibility for **children under 18** will be determined by their **parents'**/guardians' **eligibility**.

Individuals will need to meet the **eligibility requirements annually**. More information on the annual reassessment process will be provided by the government at a later date.

The CDCP will **pay** for eligible services provided by an oral health **provider** (such as dentists, denturists, dental hygienists and dental specialists), less a **portion** that is to be **paid directly by the patient** (the "co-payment"). No co-payment is required if AFNI is **under $70,000**. The co-payment starts at **40%** for AFNI **between $70,000 and $79,999** and **increases to 60%** for AFNI **between $80,000 and $89,999**.

Oral health providers are encouraged to **follow** the **CDCP fees**, which are not the same as the provincial and territorial fee guides, so their patients do not face additional charges at the point of care. **Oral health providers** who have **enrolled** with CDCP will **bill the plan directly**. Health Canada noted that patients should **ask** if the **provider has enrolled** in the CDCP when **booking their appointment** to limit unexpected out-of-pocket payments.

The program will be first rolled out to seniors with application invitation letters **starting in December 2023**. Eligible seniors will be **able to engage** in covered services as early as **May 2024**. Those with a **disability tax credit** certificate (T2201) or **under 18 years** of age can begin to apply as of **June 2024**. The remaining eligible residents will be able to apply in **2025**.

CRA noted that only those who are **70 years old** or older by March 31, 2024, have AFNI of less than $90,000 for 2022, and were Canadian tax residents for 2022 will receive the initial application **instruction letters**.

Once an individual has applied and is determined to be eligible, Service Canada will share the individual's information with Sun Life, the contracted service provider, for enrolment into the CDCP. Eligible **individuals** will receive a **member card**, and be notified of the start date of their coverage. The **start date** will **vary** based on when each group can apply, when the application is received and when enrollment is completed.

Oral health providers will be able to **enroll** voluntarily as a participating CDCP **provider** directly with Sun Life in early 2024. **Details** on this process will be available on Health Canada's webpage when enrollment opens. Oral health providers **enrolled** in the CDCP will be required to **submit** the **claims directly** to **Sun Life** for payment rather than having patients seek reimbursement from Sun Life for services covered under the plan.

ACTION: If you are an eligible individual, apply for this new benefit when invited. If you are a oral health care provider, consider enrolling as a provider in the plan.

Farm Losses Can Be Restricted: May Apply Even When Significant Time and Cash is Invested

A November 8, 2023 **Tax Court of Canada** case considered whether a taxpayer's **losses** from **farming activities** deductible against non-farming income were restricted to the $17,500 ($2,500 plus half of the next $30,000) permitted by the **restricted farm loss rules** for the 2014 and 2015 years. The restriction applies where the **taxpayer's chief source of income** for a taxation year is **neither farming** nor a **combination of farming and some other** source of income that is a **subordinate source of income** for the taxpayer.

The taxpayer was a **physician** but also operated a **farm** that **produced organic beef**. The taxpayer provided the following relevant details.

	Medical practice	**Farming**
Gross revenue	$805,321 – 2014, $851,621 – 2015	$174,433 – 2014, $31,128 – 2015
Net income (loss)	$648,480 – 2014, $697,050 – 2015	($530,363) – 2014, ($595,904) – 2015
Staff employed	three part-time employees	four full-time employees and three seasonal part-time employees
Taxpayers' work schedule	commenced work on weekdays between 7 am and 9 am and ended between 2 pm to 5 pm	five hours/day on weekdays (before and after performing physician duties) and 8-16 hours/day on the weekends
Hours worked by taxpayer (approx.)	1,900 hours/year	2,500 hours/year
Capital investment	There were no significant assets. The operating facilities were rented for $250/year from the municipality, likely as an incentive to maintain a local physician.	The operation included over 800 head of cattle, 5,314 acres of land, three large shelter and storage buildings, a building for processing meat, two more buildings under construction, and various pieces of equipment such as tractors, trucks and haying equipment.
History	The taxpayer commenced a continually profitable practice as a physician in 1975.	The farming operation commenced shortly after 1975. Various different crops/products were attempted. Losses were reported in all years but two.

Taxpayer loses

The Court noted that the taxpayer's **farm activities** took place **before and after normal working hours** and **gave way** to her **medical practice** if an issue arose that required her attention. As such, the Court found that the **centre** of the taxpayer's **routine** was her **medical practice**. Further, the Court noted that the **farm** was **only commenced after** the medical practice and that **all of the investment** in the farm **came from the medical practice**. The farm required the cash inflow of the medical practice to survive. The **farming business** had **always** been **subordinate to the medical practice** as a source of income, rather than the other way around, and there was **no demonstration** that this **would change** in the foreseeable future. As such, the Court determined that the **restricted farm loss rules would apply** and the taxpayer's deduction would be limited to $17,500.

Court's additional commentary

The Court noted that the **result was most unfortunate** as it resulted in the **denial of a loss** for a **bona fide farming business** that would have been **available** to the operator of **any other business**. In particular, the Court noted how this case demonstrated the **difficulty** in **growing** a **viable farming business** with the current **restricted farm loss rule punishing** those willing to put in the significant time and capital required to do so.

Action: If farming activities consume a significant portion of your resources but you earn income from other significant sources as well, seek consultation to determine if farming losses may be restricted.

2023 Personal Income Tax Return Checklist

SECTIONS:

A. Information – All Clients Must Provide
B. Questions to Answer
C. Additional Information – New Clients Must Provide
D. Other

A. Information – All Clients Must Provide

Please check all boxes that apply and provide supporting information.

- ☐ **1.** All **information slips**, such as: T3, T4, T4A, T4A(OAS), T4A(P), T4E, T4PS, T4RIF, T4RSP, T5, T10, T2200, T2202, T101, T1163, T1164, TL11A, B, C and D, T5003, T5007, T5008, T5013, T5018 (subcontractors) and corresponding provincial slips.

2. Details of **income** or receipts for which no T-slips have been received, such as:

- ☐ other employment income (including any severance or termination pay, retiring allowance, tips or gratuities received, details on stock option plans and Form T1212),
- ☐ business, professional, partnership, farm and rental income, including all amounts received from the sharing economy (such as Airbnb, VRBO, Uber, etc.), and internet-based provisions (e.g. payments from social media subscribers, product placement, advertising, etc.),
- ☐ alimony, separation allowances, child maintenance (including divorce/separation agreement),
- ☐ pensions (certain pension income may be split between spouses),
- ☐ interest income earned but not yet received (such as amounts from Canada savings bonds, deferred annuities, term deposits, treasury bills, mutual funds, strip bonds, compound interest bonds),
- ☐ scholarships, fellowships and bursaries, and
- ☐ any other income received (e.g. director fees, executor fees, etc.).

3. Details of **other investments**, such as:

- ☐ capital gains/losses realized (this may be obtained, in some cases, from your investment advisor),
- ☐ bitcoin or other cryptocurrency transactions, and
- ☐ any other investments.

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4. Details of **deductible expenses**, such as:

- ☐ business, professional, farm, investment and rental expenses (including capital purchases, such as vehicles and equipment, including the invoice or bill of sale), and
- ☐ employment-related expenses – provide Form T2200 (signed by your employer) and the invoices/receipts for the employment expenses. See item 5 for details on working from home.

5. Details related to **working from home**. If you worked from home in 2023, in limited cases, you may be able to make a claim based on actual expenses incurred. (NOTE: The temporary flat rate method whereby employees could deduct $2/day that they worked from home in 2022 is not available in 2023.)

To claim a deduction for the actual costs related to working from home, one of the following criteria has to be met:

- the home was where you mainly (more than 50% of the time) did your work for a period of at least four consecutive weeks in the year, or
- you used the space exclusively to earn business/employment income, and used it on a regular and ongoing basis for meeting clients, customers or other people in respect of the business/employment.

In addition, if you are an employee, your employer must have required you to work from home and they must have also provided you with a T2200 (please provide it to us).

To make a claim, please provide details on the portion of your home that was used as a workspace (e.g. approx. square footage of work space versus other space). If the space was not used exclusively for business/employment purposes, provide the approximate time it was used for business/employment purposes. Also, provide the expenses incurred that are related to working from home. Such expenses include, for example, home internet access fees, rent, utilities and office supplies. Self-employed individuals (but, not employees) may also deduct part of their property taxes and mortgage interest.

6. Details and receipts for **other deductions** and **tax credits**, such as:

- ☐ alimony, separation allowances, child maintenance (including divorce/separation agreement),
- ☐ adoption-related expenses,
- ☐ charitable donations and political contributions,
- ☐ childcare expenses (if an individual provides the services, their SIN should be on the receipt),
- ☐ clergy residence deduction information (including Form T1223),
- ☐ digital news subscription tax credit receipts,
- ☐ disability support expenses (speech, sight, hearing, learning aids for impaired individuals and attendant care expenses),
- ☐ eligible educator school supply tax credit – if you are a teacher or early childhood educator, please provide receipts (up to $1,000) for eligible school supplies purchased in the year. Please also provide a certification from your employer attesting to the eligible supplies expense,
- ☐ film and video production expenditures eligible for a tax credit,
- ☐ **NEW!** first home savings account (FHSA) contributions and withdrawals (including any associated slips),
- ☐ **UPDATES!** flow-through share expenses:
    - expenditures for flow-through shares regime for oil, gas and coal activities under flow-through share agreements entered into after March 31, 2023 can no longer be renounced to share purchasers, and

- a new 30% critical mineral exploration tax credit for expenditures renounced under eligible flow-through share agreements entered into after April 7, 2022; the specified minerals in which the new enhanced credit is available are copper, nickel, lithium, cobalt, graphite, rare earth elements, scandium, titanium, gallium, vanadium, tellurium, magnesium, zinc, platinum group metals and uranium,

- ☐ home accessibility tax credit – certain expenditures (up to $20,000 for 2023) may be eligible for a tax credit if made for a renovation or alteration to your home to enhance mobility or reduce the risk of harm for an individual who is either, eligible for the disability tax credit, or 65 years of age or older at December 31, 2023. Examples of eligible expenditures include amounts relating to wheelchair ramps, walk-in bathtubs, wheel-in showers and grab bars,
- ☐ interest paid on qualifying student loans,
- ☐ labour mobility deduction – a deduction for up to $4,000 of certain personally-incurred travel and temporary lodging expenses is available for employed tradespeople and apprentices in the construction industry that performs duties at a temporary work location. To qualify, the employee must not also receive a non-taxable allowance or be reimbursed by their employer for these costs.
- ☐ **NEW!** – multigenerational home renovation tax credit – certain expenditures (up to $50,000) incurred in 2023 may be eligible for a tax credit to assist with the cost of renovating an eligible dwelling to establish a secondary unit that enables a qualifying individual (a senior or an adult who is eligible for the disability tax credit) to live with a qualifying relation,
- ☐ medical expenses for you, your spouse and any dependent persons,
- ☐ moving expenses (please advise us if you have, or may have, immigrated or emigrated to/from Canada),
- ☐ professional and union dues,
- ☐ tuition fees for both full-time and part-time courses for you or a dependant – including mandatory ancillary fees and Forms T2202, TL11A, B, C and D where applicable,
- ☐ registered retirement savings plan (RRSP) and any other pension plan contributions and withdrawals (including withdrawals and repayments for the home buyers plan and lifelong learning plan),
- ☐ scientific research and experimental development expenses, and
- ☐ tools acquired by tradespersons and eligible apprentice mechanics (**NEW!** For 2023, the maximum deduction for tradespeople’s tools has increased to $1,000 from $500).

☐ **7.** Details on **repayments of COVID-19 support payments** in 2023. This includes both individual support benefits and benefits received for a business. A deduction may be available with respect to the repayment.

☐ **8.** Details on the **disposition of your principal residence, other real property or any assignment sales** (i.e. where the purchase contract is sold/assigned to another party). Please provide the proceeds of disposition, the cost of the property, a description of the property, and the year the property was acquired. This information is required even if there was no gain on the disposition of the property.

In addition, please indicate if you have a **change-in-use** of your property. This could include, for example, converting some or all of your principal residence into an income-earning property, such as a rental suite. It could also include converting a property used for short-term rentals, such as Airbnb or VRBO, to long-term rentals.

NEW! Effective January 1, 2023, all gains arising from the disposition of residential property (including rental property and assignment sales) **owned for less than 365 days** are deemed to be business income unless a particular exception is met (such as the disposition being due to a death, separation, birth, safety issue, illness/disability, employment change, insolvency or involuntary disposition). If a disposition occurred within 365 days, please provide a reason for the disposition.

- ☐ **9.** Details of **foreign property** owned at any time in 2023, including cash, stocks, digital currency (such as Bitcoin), trusts, partnerships, real estate, tangible and intangible property, contingent interests, convertible property, etc. The following details are necessary: description of the property, related country, maximum cost in the year, cost at year-end, income and capital gain/loss for each particular property.

  For property held in an account with a Canadian securities dealer or Canadian trust company, please provide the country for each investment, fair market value of the investments at each month-end, income or loss on the property, and gain/loss on disposition of the property.

- ☐ **10.** Details of **income** from, or **distributions** to, **foreign entities** such as foreign affiliates and trusts.
- ☐ **11.** Details regarding residence in a prescribed area that qualifies for the **northern residents deduction.**
- ☐ **12. Internet business activities** – If you have business, professional, farming or fishing income, please indicate whether you have Internet business activities. According to CRA, Internet business activities include any activity where you earn income from your webpages, websites or apps. Information-only webpages and websites like directories or ads will not generally trigger this information requirement.

  If you have Internet business activities, please provide:

  - the number and address of webpages or websites that your business generates income from. If you have more than 5, provide the 5 that generate the most income, and
  - the percentage of income generated from the Internet (if you do not know the exact percentage, provide an estimate).

- ☐ **13.** If any of the following **changed in the year**, please provide the relevant details:
  - **province/territory** of **residence**,
  - **address**, **name** or **SIN**,
  - **personal relationship status** (single, married, common-law, separated, divorced or widowed; please include date of change), and
  - **dependants/children** (please provide their income, birth date and SIN).
- ☐ **14.** Details of any 2023 income tax **instalments** or tax payments made in the year.
- ☐ **15. 2022 notice of assessment/reassessment** and any other correspondence from CRA, including correspondence received after filing this personal tax return.
- ☐ **16.** Copy of any **foreign tax returns** filed and any associated tax assessments.
- ☐ **17.** If we are not preparing your **spouse or common-law partner's personal tax return**, please provide their return for review and tax planning.

B. Questions to Answer

Please provide the relevant details if you answer yes to any of the questions below.

Y/N **1.** Do you want your tax refund deposited directly into your account at a financial institution?

Y/N **2.** Are you a Canadian citizen?

Y/N **3.** Do you authorize CRA to give your name, address, date of birth, and citizenship to Elections Canada to update the National Register of Electors?

Y/N **4.** Did you receive interest, dividends, or benefits from a business where a relative is a key party (in terms of ownership or involvement)?

Y/N **5.** Are you a U.S. citizen, green card holder, or were you, or your parents born in the United States? You may have U.S. filing obligations.

Y/N **6.** Are you an Indigenous person? Special tax rules may apply.

Y/N **7.** Are you or any of your dependants disabled? If so, provide Form T2201, Disability Tax Credit Certificate. The transfer rules allow claims for certain dependent relatives. In addition, are you, or would you like to provide support to a disabled person? Tax planning opportunities may be available, such as establishing a registered disability savings plan.

Persons with disabilities may also receive tax relief for the cost of disability supports (e.g. sign language services, talking textbooks, etc.) incurred for employment or education. If you or your dependant are disabled but do not have a Form T2201, please provide details so we can explore whether you are eligible for special credits or benefits.

Y/N **8.** Are you the caregiver for any infirm family members? Did you provide in-home care for an infirm dependent relative?

Y/N **9.** If you have children up to the age of 17, have you received the Canada child benefit (CCB)? The CCB is a tax-free, income-sensitive, benefit paid monthly to help with the cost of raising children.

Y/N **10.** Have there been any other significant life events in the past year, such as the death or impairment of a loved one? There can be tax planning opportunities.

Y/N **11.** Did you purchase a new home in 2023? If so, you may be eligible for the new residential property GST/HST rebate. Also, are you a first-time home buyer in 2023? A federal tax credit based on $10,000 (@15% = $1,500) may be available.

Y/N **12.** Have you made any contributions to a gifting tax shelter?

Y/N **13.** Did you receive any significant prizes or awards from your or a related person's employment?

Y/N **14.** Did you receive a retroactive lump-sum payment over $3,000 (for example, spousal support)? In certain cases, some tax relief may be available.

C. Additional Information – New Clients Must Provide

Please check all boxes that apply and provide supporting information.

- ☐ **1.** Name, address, date of birth, social insurance number (SIN) for yourself, spouse/common-law partner and any dependants.
- ☐ **2.** All **CRA correspondence** for the past three years.
- ☐ **3.** Details of **previously claimed capital gain exemptions**, **business investment losses** and cumulative net investment loss accounts.
- ☐ **4.** A listing of **income-earning assets** (such as rental properties) and investment accounts.
- ☐ **5.** Details of **amounts carried forward** from previous years (ex. losses, donations, RRSP).

D. Other

1. **Underused Housing Tax** (UHT) – The UHT is an annual 1% tax intended to apply to the value of residential real estate owned by non-residents that is considered to be vacant or underused. However, many Canadian individuals on the title of a residential property on December 31 may also need to file UHT returns. This can occur if a person is holding the property in trust for another (such as when a person is on title but is not the true owner) or if a person is holding the property as a partner for a partnership. **NEW!** The government has proposed changes that would exclude many of these individuals from filings for the 2023 year (i.e. for those on title as of December 31, 2023). However, the relieving measures are not proposed to apply to those on title for the 2022 year. Filings for both the 2022 and 2023 years are due on April 30, 2024.

2. **NEW! First Home Savings Account** (FHSA) – As of April 2023, FHSAs could be set up by first-time home buyers, allowing annual contributions of up to $8,000, to a lifetime limit of $40,000. Like an RRSP, contributions are deductible from income. If FHSA funds are withdrawn to acquire an eligible property, the withdrawal is not taxable. If you are planning to buy your first home in the near term, contact us before the purchase for planning possibilities.

3. **Canada Dental Benefit** – The Canada dental benefit provides an up-front, tax-free payment to cover dental expenses for children under the age of 12 without dental coverage. The benefit is only available to families whose adjusted family net income is under $90,000. Applications for this benefit can be made online on CRA's My Account. If no benefit was claimed for the first application period (ending June 30, 2023), an additional payment may be available for the second period (ending June 30, 2024).

4. **Instalments required for 2024** – A pre-authorized debit arrangement is an online service-payment option which authorizes CRA to withdraw a pre-determined payment amount directly from a bank account on a specific date to pay taxes. This may help avoid penalties on late and/or missing instalment payments. CRA interest rate on late or insufficient instalments for the beginning of 2024 is 10%. Such interest is not deductible.

5. **MyCRA mobile App** – This web app allows you to access and view key portions of your tax information, such as your notice of assessment, tax return status, benefit and credit information, and RRSP and TFSA contribution room.

6. **CRA's My Account** – Taxpayers can set up an online account with CRA that provides tax filing information and communications in addition to the information in MyCRA mobile App.

7. **CRA Online Services – Account alerts** – Individuals can register with CRA to be notified by email when CRA's record of an individual's address has changed, banking information for direct deposit has changed or if mail sent by CRA was returned.

8. Additional **provincial/territorial credits** and programs may be available.