

## **IMPORTANT PERSONAL TAX DEADLINES:**

- The **2022 RRSP contribution** deadline for it to be deductible for the 2022 tax year is Wednesday, March 1, 2023.
- Personal **taxes** are due by Monday, May 1, 2023.
- The **2022 personal income tax filing deadline** is Monday, May 1, 2023.
- If you or your spouse are **self-employed**, your **filing deadline** is Thursday, June 15, 2023.

## **NEW OR EXTENDED TAXES, TAX DEDUCTIONS OR CREDITS**

**Underused housing Tax (UHT)** – The UHT imposes a national annual 1% tax on the value of non-resident (for immigration purposes), non-Canadian owned residential real estate considered to be vacant or underused. Legal ownership of real estate must be considered as of December 31, 2022, with filings and/or taxes first being due on April 30, 2023.

Canadian controlled private corporations (CCPC) and trusts may have to file this new tax return even if there are no taxes owing. Please consult our office!

**Home Accessibility Tax Credit** – Eligible individuals (seniors aged 65 and older at the end of 2022 and those who live with senior relatives) can claim a tax credit of 25% of up to \$20,000 (increase from \$10,000 in 2021) of eligible expenses that are paid or become payable in 2022 (maximum credit of \$3,000), for safety and accessibility improvements made to a senior's principal residence in Ontario. This tax credit can be shared between eligible individuals.

**Labour mobility deduction** – a deduction for up to \$4,000 of certain personally-incurred travel and temporary lodging expenses for employed tradespeople and apprentices in the construction industry that performs duties at temporary work location. To qualify, the employee must not also receive a non-taxable allowance or be reimbursed by their employer in respect of these costs.

**Ontario Staycation Tax Credit** - The Ontario Staycation Tax Credit is a temporary personal income tax credit for eligible Ontario residents. The tax credit allows Ontario residents to claim 20% of their eligible accommodation expenses, up to \$1,000 for individuals and up to \$2,000 for families. Only one individual per family can claim the tax credit in 2022, which can include the expenses of your spouse, common-law partner, and eligible children. The host must be registered for GST/HST.

**Canada Housing Benefit Top-up Payment** – A one-time \$500 tax-free payment would be provided to low-income renters (those who filed 2021 returns with adjusted net incomes below \$35,000 for families or \$20,000 for individuals). Applications for this benefit can be made online on CRA's My Account.

**Flow-through share expenses** – A 30% critical mineral exploration tax credit is available 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.

**Tax-Free First Home Savings Account (FHSA)** – A new registered plan to help Canadians save towards their first home by allowing account holders to contribute up to \$40,000 over the lifetime of the plan. Either Home Buyer's Plan (HBP) or FHSA program can be used, not both.

**Residential Property Flipping Rule** – any person who sells a residential property they have held for less than 12 months would be fully taxed on their profits as business income. Some exemptions apply. The measure would apply in respect of residential properties sold on or after January 1, 2023.

**First-Time Home Buyers' Tax Credit (HBTC)** – Eligible individuals who purchased their first homes in 2022 can claim a 15% federal tax credit based on \$10,000. Maximum credit of \$1,500 (an increase from \$750 in 2021).

**Multigenerational Home Renovation Tax Credit** – Eligible expenses related to building a secondary suite for a family member who is a senior or an adult with disability may be claimed. The credit will provide a 15% tax refund on expenses of up to \$50,000 to a maximum of \$7,500.

**Disability tax credit** – Individuals with type 1 diabetes will be effectively deemed eligible for the disability tax credit. While this change was legislated in 2022, it is retroactive to 2021 and subsequent years.

**Immediate expenditure of capital assets** – if you own a business or rental property, consider making a capital asset purchase by the end of the year. Many capital assets purchased and made available for use in 2022 will be eligible for a 100% CCA write-off under the new immediate expensing rules.

**Tax-free Canada dental benefit** – payments of up to \$650 per child per year are available to cover dental expenses (as of October 1, 2022) for children under 12 if they do not have dental insurance coverage. The benefit is available to families with an adjusted net income less than \$90,000. Applications can be made online through CRA's My Account.

**Surrogate mothers and fertility treatments** – certain expenditures are proposed to be eligible for the medical expense tax credit as of January 1, 2022.

### **Repayments of COVID-19 benefits**

Please also advise if you repaid COVID-19 support payments previously received. A deduction may be available in respect of the repayment.

- **NEW!** Where a repayment was previously included in income (such as for CERB or CRB), the deduction can be claimed in the year the amount was originally included in income (2020, 2021 or 2022) or the year the repayment was made.
- **NEW!** Students who incorrectly applied for Canada Emergency Response Benefit (CERB) when they should have applied for the Canada Emergency Student Benefit (CESB) can apply to offset CERB repayments with CESB that they would have been eligible for during the same benefit period. To qualify, the student must have filed their 2019 and 2020 personal tax return by the end of 2022.

**Old Age Security (OAS) Clawback** - A senior whose 2022 net income exceeds \$81,761 will lose all, or part, of their OAS pension. Senior citizens will also begin to lose their age credit if their net income exceeds \$39,826. Consider limiting income over these amounts. Another option would be to defer receiving OAS receipts (for up to 60 months) if it would otherwise be eroded due to high-income levels.

## **REMINDERS**

**COVID-19 Emergency or Recovery Benefits** – If you received amounts under the following programs, Canada Worker Lockdown Benefit (CWLB), Canada Recovery Sickness Benefit (CRSB) or Canada Recovery Caregiving Benefit (CRCB) in 2022, you will receive a T4A or T4E slip. You must report these amounts on your 2022 income tax return.

**Other employment expense** – If you worked from home in 2022, you may be able to claim certain employment expenses. The CRA will allow employees to claim up to \$500 of expenses under the flat-rate method, based on the amount of time working from home due to the pandemic.

**Ontario Jobs Training Tax Credit** – Eligible individuals can claim a credit for 50% of eligible expenses incurred in 2022 for eligible training programs/postsecondary courses up to a maximum benefit of \$2,000. This program has the same eligibility as the **Canada Training Credit**.

**Canada Training Benefit** – As of January 1, 2019, if you meet certain conditions, you will be able to accumulate \$250 per year, to a maximum over your lifetime of \$5,000, to be used in calculating your Canada Training Credit. Based on information from your return, the CRA will determine your Canada Training Credit Limit and provide it to you on your Notice of Assessment. You may be able to claim a Canada Training Credit equal to your Canada Training Credit Limit for the year or 50% of your eligible tuition and fees paid to an educational institution in Canada, whichever is less.

**Digital news subscription expenses** – For the 2020 to 2024 tax years, you may be able to claim a non-refundable tax credit for expenses you paid in the year for a digital news subscription with a qualified Canadian journalism organization.

**Zero-emission vehicles** – If you are self-employed or claiming employment expenses, you may be able to claim capital cost allowance on zero-emission vehicles. Starting in 2019, there is a temporary enhanced first-year capital cost allowance of 100% for eligible zero-emission vehicles. Eligible vehicles must be acquired after March 18, 2019, and become available for use before 2024. The enhanced allowance decreases if the vehicle becomes available for use after 2023 and before 2028.

**Tax on Split Income [TOSI]** – On June 21, 2018, the government passed new rules with the objective to eliminate the tax benefits of income splitting where the recipient of the income (a related family member) has not made a sufficient contribution to the family business. Essentially all income amounts, and types are subject to the new rules. Any income taxed under the TOSI rules is subject to tax at the highest personal marginal tax rates, eliminating any advantage achieved from income splitting.

**U.S. Residents** – Consider your U.S. filing obligations, information exchange agreements have increased the flow of information between CRA and the IRS.

**Foreign reporting** – If you held specified foreign property (examples – tangible property, funds deposited outside of Canada, shares of a company that is non-resident in Canada (i.e., US public companies)) with a total cost in excess of \$100,000 at any time during 2022, you are required to file form T1135 – Foreign Income Verification Statement.

**Foreign Affiliate Reporting** – If you and those related to you, combined, owned at least 10% of any class of shares of a foreign corporation, you are required to complete form T1134. A new T1134 form has been released by CRA last year, you must use the new form for tax years that *began after* December 2020.

**Reporting the sale of your principal residence** – You are required to report basic information when you sell your principal residence (date of acquisition, proceeds on sale and address).

**Canada Caregiver Credit (CCC)** – The CCC increased slightly from last year. The credit consists of up to a \$7,525 tax credit in respect to infirm dependents who are parents/grandparents, brothers, sisters, aunts, uncles, nieces, nephews, or adult children. The \$7,525 tax credit will be reduced dollar for dollar by the dependent's net income above \$25,195. This credit is reduced by the \$2,350 supplement claimed for an eligible dependent or the \$2,350 supplement claimed as a spouse or common-law partner amount.

**Canada Workers Benefit (CWB)** – This refundable tax credit that supplements the earnings of low- and modest-income workers. For 2021, most people would not receive the CWB after their income exceeded \$32,244.

**Voluntary Disclosure** - If income, forms, or elections have been missed in the past, a voluntary disclosure to CRA may be available to avoid penalties.

**Recordkeeping** - Certain expenditures made by individuals by December 31, 2022, will be eligible for 2022 tax deductions or credits, such as digital news subscriptions, moving expenses, labour mobility tax credit expenditure (NEW), childcare expenses, charitable donations, political contributions, registered journalism organization contributions, medical expenses, alimony, eligible employment expenses, union, professional or like dues, carrying charges, air quality improvement expenditures (NEW) and interest expense. Ensure you keep all receipts that may relate to these expenses.

**Tax-Free Savings Account (TFSA)** - Individuals 18 years of age and older may deposit up to \$6,000 into their TFSA in 2022. An additional \$6,500 may be contributed starting on January 1, 2023.

**Canada Education Savings Grant (CESG)** for registered education savings plan (RESP) contributions equal to 20% of annual contributions for children (maximum \$500 per child per year) is available. In addition, lower-income families may be eligible to receive a Canada Learning Bond.

**Registered Disability Savings Plan (RDSP)** may be established for a person who is under the age of 60 and eligible for the disability tax credit. Non-deductible contributions to a lifetime maximum of \$200,000 are permitted. Grants, bonds, and investment income earned in the plan are included in the beneficiary's income when paid out of the RDSP.

**Canada Pension Plan (CPP)** receipts may be **split** between spouses aged 65 or over (Application is required). Also, consider if there are benefits to receiving CPP early or late.

**Canada's federal income tax rates for the 2022 Tax Year – More details available [here](#)**

| Tax Rate | Tax Brackets                  | Taxable Income            |
|----------|-------------------------------|---------------------------|
| 15%      | on the first \$50,197         | \$50,197                  |
| 20.50%   | on the next \$50,195          | \$50,197 up to \$100,392  |
| 26%      | on the next \$55,233          | \$100,392 up to \$155,625 |
| 29%      | on the next \$66,083          | \$155,625 up to \$221,708 |
| 33%      | on the portion over \$221,708 | \$221,708 and up          |

## **CHANGES FOR 2023**

**2023 Automobile Deduction Limits and Expense Benefit Rates for Businesses** - Department of Finance Canada announced the automobile income tax deduction limits and expense benefit rates that took effect as of January 1, 2023. For full details [read more](#).

Note you can find this information as well as our December Year End Tax Planning Tips on our HVGP.ca website for your [reference](#). Please contact our office if you have any questions about the information provided at 905 891 5339.