

Completing Your 2023 Income Tax Return Checklist

February 2024

As the tax filing deadline approaches, below are some reminders to help ensure you're prepared to file your personal income tax return, and that you maximize your tax savings. It's important that you have all required tax documents before you prepare your return, otherwise you will be required to file an amendment. In addition, you may want to have your 2022 tax return and the Canada Revenue Agency ("CRA") – and, if applicable, Revenu Québec – Notice of Assessment handy in case you need to refer to tax information from the previous year.

Tax Receipts

All individuals
<input type="checkbox"/> Salaried Income (T4/R1)
<input type="checkbox"/> Investment Income (T5/R3)
<input type="checkbox"/> Trust and Mutual Fund Income (T3/R16)
<input type="checkbox"/> Limited Partnership Income (T5013/R15)
<input type="checkbox"/> Trading Summary/Realized Gain/Loss Report
<input type="checkbox"/> RRSP Contribution Receipts – For contributions made during the 2023 calendar year, and during the first 60 days of 2024.
<input type="checkbox"/> RRSP Withdrawals (T4RSP/R2)
<input type="checkbox"/> RESP Withdrawal Receipts (T4A/R1)
<input type="checkbox"/> FHSA Contributions (T4FHSA)
<input type="checkbox"/> FHSA Withdrawals [T4FHSA / RL-32 (if taxable)]
<input type="checkbox"/> Foreign Securities Report
<input type="checkbox"/> Interest Expenses and Carrying Charges – Including Fee Letter(s) for any applicable management fees relating to fees for non-registered fee-based account(s).
<input type="checkbox"/> Charitable Donations – You can combine your charitable donations with your spouse (or common-law partner) and claim on one income tax return for maximum tax savings.
<input type="checkbox"/> Political Contributions
<input type="checkbox"/> Moving Expenses
<input type="checkbox"/> Medical Expenses
<input type="checkbox"/> Tuition Expenses (Form T2202A/R8)
<input type="checkbox"/> Child Care Expenses
<input type="checkbox"/> Home Office / Employment-related Expenses (including Form T2200/TP-64.3)

Tax Receipts cont.**Retirees**

Registered Retirement Income Fund, Locked-in Retirement Income Fund, or Prescribed Retirement Income Fund Withdrawals (T4RIF/R2)

Old Age Security & Canadian Pension Plan Benefits (T4A-OAS, T4A-P, R2)

Other Pension/Annuity Income (T4A, R2)

Helpful Reminders and Tips**Individuals**

If you realize capital losses in the same taxation year that a significant capital gain is triggered, the tax liability on the capital gain can be reduced. Also, any net capital losses can be carried forward indefinitely or carried back to offset net capital gains reported in the three previous taxation years.

Remember to report the sale of your principal residence, if applicable.

Employees

Eligible employees who seek to claim home office expenses for 2023 must now use the detailed method, which requires a completed Form T2200, Declaration of Conditions of Employment, signed by their employer (Form TP-64.3, General Employment Conditions for Quebec provincial tax purposes). Employees who worked from home in 2023 are generally eligible to deduct **home office expenses** paid that were directly related to their work if they were required to work from home and worked from a home office more than 50% of the time for a period of at least four consecutive weeks in 2023. For 2023, if an employee has voluntarily entered into a formal telework arrangement with their employer, CRA will consider the employee to have been required to work from home.

Notably, the temporary flat rate method, which was available for 2020, 2021 and 2022, will **no longer apply** for the 2023 tax year. This simplified method previously allowed employees (with modest expenses) to claim a flat rate deduction of \$2 for each day they worked at home, up to a maximum of \$500, without the need to track detailed expenses.

Business owners

Incorporated small business owners can use their lifetime Capital Gains Deduction to shelter up to \$971,190 (2023) of capital gains on the sale of shares of a qualifying small business corporation. The Capital Gains Deduction can only be claimed on an actual sale (or deemed disposition) of qualifying shares.

Retirees

Consider pension income-splitting to strategically lower family taxes by taking advantage of your spouse/common-law partner's lower marginal tax rate. Canadian residents receiving eligible pension income can transfer up to 50 per cent of this income to their spouse or common-law partner. A T1032 – Joint Election to Split Pension Income form (or Schedule Q for Quebec taxpayers) must be completed.

For more information on this topic, ask your BMO financial professional for a copy of the article, *Pension Income-splitting Provides Tax Planning Opportunities for Couples*.

Notable Changes for 2023 Tax Filing:**First Home Savings Account (“FHSA”)**

The FHSA is a new registered plan to help individuals save for their first home. Starting April 1, 2023, contributions to an FHSA are generally deductible and qualifying withdrawals made from an FHSA to purchase a qualifying home are tax free. If you opened one or more FHSAs in 2023, you will need to complete Schedule 15, FHSA Contributions, Transfers and Activities when filing your Federal tax return.

Multigenerational Home Renovation Tax Credit (“MHRTC”)

The MHRTC is a new refundable Federal tax credit that allows an eligible individual to claim certain renovation costs to create a secondary unit within an eligible dwelling so that a qualifying individual can reside with their qualifying relation. If eligible, you can claim up to \$50,000 in qualifying expenditures for each qualifying renovation completed, up to a maximum credit of \$7,500 for each claim you are eligible to make.

Residential Property Flipping Rule

For sales of Canadian residential properties in 2023 (or thereafter), including a rental property, homeowners should be aware of new rules recently-enacted that will tax the sale of a property that is held for less than 12 months as business income (and ineligible for the Principal Residence Exemption). However, exemptions apply for Canadians who sell their home due to certain life circumstances, such as a death, disability, the birth of a child, a new job, or a divorce.

Underused Housing Tax

The new Underused Housing Tax (“UHT”) is an annual 1% tax on the ownership of vacant or underused housing in Canada that took effect on January 1, 2022. The tax usually applies to non-resident, non-Canadian owners, however, it can also apply to Canadian owners in certain situations.

The UHT can impose an annual reporting requirement and, for some of these filers, a tax liability. The annual tax return for affected taxpayers, as well as the tax imposed, is due by April 30.

Please note that this checklist is not a comprehensive review of the subject matter, and it’s important to consult a professional tax advisor for assistance in your particular situation.

For more information, please speak with your BMO financial professional.



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