

Checklist for completing your 2025 income tax return

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 2024 tax return and 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 2024 calendar year, and during the first 60 days of 2025. |
| <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 (continued)

| Retirees | |
|--------------------------|--|
| <input type="checkbox"/> | Registered Retirement Income Fund, Locked-in Retirement Income Fund, or Prescribed Retirement Income Fund Withdrawals (T4RIF/R2) |
| <input type="checkbox"/> | Old Age Security & Canadian Pension Plan Benefits (T4A-OAS, T4A-P, R2) |
| <input type="checkbox"/> | Other Pension/Annuity Income (T4A, R2) |

Helpful reminders and tips

| Individuals |
|---|
| <p>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.</p> <p>Remember to report the sale of your principal residence, if applicable.</p> |
| Employees |
| <p>Eligible employees who seek to claim home office expenses for 2025 must 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 2025 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 per cent of the time for a period of at least four consecutive weeks in 2025. As in 2024, for 2025, if an employee has voluntarily entered into a formal telework arrangement with their employer, the CRA will consider the employee to have been required to work from home.</p> |
| Business owners |
| <p>Incorporated small business owners can use their lifetime Capital Gains Deduction to shelter up to \$1,250,000 (2025) 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.</p> |
| Retirees |
| <p>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.</p> <p>For more information on this topic, ask your BMO financial professional for a copy of the article, <i>Pension Income-splitting Provides Tax Planning Opportunities for Couples</i>.</p> |
| Alternative Minimum Tax |
| <p>The Alternative Minimum Tax (“AMT”) regime seeks to ensure that high income earners pay a minimum amount of income tax each year, and cannot artificially reduce their taxable income through excessive use of deductions or credits. Recent changes were made to the AMT regime effective for 2024, including broadening the AMT base, further limiting tax preference items (i.e., exemptions, deductions and credits) and increasing the AMT tax rate. Some high-income individuals (especially those with substantial capital gain or dividend income) claiming significant deductions and credits (including charitable donations), and Family Trusts, may be affected by these amendments, which are now in effect. Investors with significant gains/losses should also note that only 50 per cent of carryover losses will be applied for AMT purposes, whereas gains will be fully taxable. Please see our publication, <i>Alternative Minimum Tax</i>, and speak with your tax advisor for assistance regarding your personal situation to determine the possible application of AMT.</p> |

Notable changes for 2025 tax filing

Paper filing package update

The CRA will no longer proactively mail a paper income tax package to individuals. This means that paper filers will not automatically receive a 2025 income tax package in the mail. If filing on paper, individuals must download or request a package directly from the CRA beginning January 20, 2026.

New trust reporting rules

New tax return filing and information reporting requirements for many trusts (with some exceptions) came into effect for trust taxation years ending on, or after December 31, 2023, with penalties for non-compliance. In particular, the new trust reporting rules create a requirement to file a T3 Trust Income Tax and Information Return for certain trusts (including “bare trusts”) which were previously exempt from this filing requirement.

However, the 2025 federal budget proposed that it will not require bare trusts to file a T3 Trust Income Tax and Information Return, including Schedule 15 (Beneficial Ownership Information of a Trust) for the 2025 tax year, and indicated the government’s intention to delay this filing requirement until the 2026 tax year. Following the release of the budget, in December 2025, the Canada Revenue Agency released confirmation that it does not expect bare trusts to file a T3 return (including Schedule 15 Beneficial Ownership information) for the 2025 tax year. This is a continuation of the exemption from the trust reporting requirements that was issued for bare trusts for the 2023 and 2024 tax years. For more information, please ask your BMO financial professional for a copy of our publication, *New Tax Reporting Requirements for Trusts*. Trustees should consult with their tax and legal advisors to determine the impact to affected trusts and, where filing is required, seek to gather the necessary reporting information.

First Home Savings Account (“FHSA”)

The FHSA is a new registered plan introduced in 2023 to help individuals save for their first home. Contributions to an FHSA are deductible and qualifying withdrawals made from an FHSA to purchase a qualifying home are tax-free. If you opened one or more FHSAs or made any FHSA contributions, transfers or withdrawals in 2025, you will need to complete Schedule 15, FHSA Contributions, Transfers and Activities when filing your federal tax return.

Home Buyers’ Plan (“HBP”)

The HBP withdrawal limit was increased from \$35,000 to \$60,000 for withdrawals made after April 16, 2024. In addition, temporary repayment relief was introduced to defer the start of the 15-year repayment period by an additional three years for participants making a first withdrawal between January 1, 2022, and December 31, 2025. Accordingly, the 15-year repayment period will start in the fifth year following the year that the first withdrawal was made.

Residential Property Flipping Rule

For sales of Canadian residential properties, including a rental property, homeowners should be aware of 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.

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 Private Wealth professional.

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