



## Portfolio Strategy

In recent weeks we have been receiving questions from clients inquiring about current market conditions. Markets have continued to rally this year, while COVID news continues to show challenges. January also saw retail investors take aim at hedge funds which have shorted names that were potentially headed toward bankruptcy.

When we look at investments for our clients assets, we follow our market indicators and invest accordingly. Equity markets tend to look ahead of economic conditions by 3-6 months, so although for many it seems that very little has changed since last spring (lockdowns, working-from-home, small businesses struggling), the market is looking past this to a brighter horizon when vaccines have allowed economies to move towards a more normal state. There are many positives happening in the equity market right now, as many sectors are now participating in the rally, market breadth is expanding, volumes are solid and credit markets remain quiet.

Moving to the short squeeze that led to extreme upward moves in GameStop and a few others with relatively weak fundamental prospects (to put it charitably). This price action led to crushing losses for a few hedge funds and massive gains for some nimble day traders who rode this wave. What is novel in this case is that a social media movement led to concentrated buying by retail investors, who forced sophisticated institutions to scramble to avoid even greater losses - David versus Goliath, if you will. However, we have seen such extreme price moves before and they seldom end well. Fundamentals are the key determinant of equity values, and prices tend to converge toward fair value over time. We are already seeing this play out, as the price of these companies has started to drift back down.

In our equity portfolios we made a number of adjustments in January, though stayed away from anything remotely close to those names involved in the "short squeeze" mentioned above. We exited positions in Kimberly Clark, Alimentation Couche-Tard and Metro, while making purchases in Shopify, Magna and uranium-producer Cameco.

Fixed income markets were relatively quiet during the month, though our position in Brookfield Office Properties preferred share jumped early in the month on the back of Brookfield Asset Management's intent to purchase a higher stake in Brookfield Office Properties.

On an asset mix basis, we remain slightly underweight fixed income, overweight equities and have a

small weighting in cash as we continue to look for opportunities.

## [2021 Personal Tax Calendar](#)

This attached calendar summarizes several important dates on the tax calendar and offers some tips to help you with your overall wealth planning. Where a deadline falls on a weekend or a holiday recognized by the Canada Revenue Agency (“CRA”), the deadline is generally extended to the next business day.

As always, if you have any questions, please do not hesitate to contact us.

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# 2021 Personal Tax Calendar

January 2021

While most Canadians are aware of the April 30 personal income tax filing deadline, there are other important tax deadlines that must be observed over the course of the year – especially if you want to take advantage of certain tax deductions and credits. This calendar summarizes several important dates on the tax calendar and offers some tips to help you with your overall wealth planning. Where a deadline falls on a weekend or a holiday recognized by the Canada Revenue Agency (“CRA”), the deadline is generally extended to the next business day.

By not considering tax planning until the end of the year – or when filing your annual tax return – may limit the opportunities available to help you minimize your overall tax bill. Talk to your BMO financial professional and your personal tax advisor about the planning considerations and tips included in this calendar to determine if you’d benefit from incorporating them into your 2021 wealth planning.

Month	Event	Deadline
January	<b>Family Loans</b> Deadline to pay annual interest on family loans to avoid income attribution for 2020.	January 30
	<b>Company Loans</b> Deadline to pay annual interest on company loans to reduce the amount that will be deemed a taxable benefit for 2020.	January 30
	<b>TIP:</b> Make your 2021 RRSP and TFSA contributions at the start of the year. Start the year off right by making your 2021 Registered Retirement Savings Plan (“RRSP”) and/or Tax-Free Savings Account (“TFSA”) contributions and benefit from tax advantaged growth sooner. The 2021 maximum contribution limit is \$27,830 for RRSPs (based on 2020 earned income). The 2021 TFSA contribution limit is \$6,000.	
February	<b>Company Car</b> Deadline to reimburse your employer and reduce your 2020 operating cost benefit for the personal use of an employer-provided automobile. <b>TIP:</b> If you’re eligible for the “low personal use” classification for determining the standby charge for a company car, inform your employer of your intention to use the classification in early February; before your employer finalizes your T4/Relevé 1 (RL-1). In light of the impact that COVID-19 lockdowns and public health measures have had on how employees use their employer-provided vehicles, the Federal government (and Quebec government) introduced temporary adjustments to the calculation of automobile taxable benefits for 2020/21. It is proposed that employees be allowed to use their 2019 automobile usage to determine eligibility for the (reduced) standby	February 14

Month	Event	Deadline
February	charge (if the employee was provided with an automobile from the same employer as in 2019) for the 2020 and 2021 tax years. Similar changes would apply in respect of the option to calculate the operating expense benefit as 50% of the standby charge.	
	<b>T4/RL-1 Tax Slips</b> Deadline for employers to issue 2020 T4/RL-1 slips (Statement of Remuneration Paid) to employees.	<b>February 28<sup>2</sup></b>
	<b>Note:</b> For Canadians who received Federal COVID-19 benefits in 2020, such as the <a href="#">Canada Emergency Response Benefit ("CERB")</a> , the <a href="#">Canada Emergency Student Benefit ("CESB")</a> , the <a href="#">Canada Recovery Benefit ("CRB")</a> , the <a href="#">Canada Recovery Sickness Benefit ("CRSB")</a> , and the <a href="#">Canada Recovery Caregiving Benefit ("CRCB")</a> , the CRA will be issuing a T4A slip by the end of February to report these amounts received, as they are taxable. Residents of Quebec will receive both a T4A and a RL-1 slip.	
	<b>T4A/RL-2 and T5/RL-3 Tax Slips</b> Deadline for financial institutions to send 2020 T4A/RL-2 (Statement of Pension, Retirement, Annuity, and Other Income) and T5/RL-3 (Statement of Investment Income) tax slips. Similarly, trustees of family trusts should note the requirement to report the amount of interest paid on a prescribed rate loan annually on a T5/RL-3 return (and issue the related T5/RL-3 slips), in respect of the preceding year.	<b>February 28<sup>2</sup></b>
	<b>TIP:</b> While filing your income tax return early can be tempting, especially if you're expecting a refund, ensure you've received all your tax slips before filing. If you receive tax slips after you file your return, you'll need to file a T1-ADJ/TP-1R form to amend your tax return. Your tax slips and other tax documents are available on your BMO online account portal.	
March	<b>2020 RRSP Contribution Deadline</b> Deadline for making your RRSP contribution for the 2020 tax year. The maximum RRSP contribution limit for 2020 is \$27,230, and any unused contribution room can be carried forward for use in future years. To confirm your personal 2020 RRSP contribution limit refer to your 2019 Notice of Assessment, available through the CRA's My Account eService at <a href="https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html">https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html</a> .	<b>March 1</b>
	<b>Home Buyers' Plan/Lifelong Learning Plan Repayments</b> Deadline for making any required Home Buyers' Plan ("HBP") and Lifelong Learning Plan ("LLP") repayments to your RRSP for 2020. If you fail to make your 2020 HBP/LLP repayment, the unpaid amount must be claimed as taxable income on your 2020 income tax return. <b>TIP:</b> HBP/LLP repayments can be made by designating an RRSP contribution as a HBP or LLP repayment on Schedule 7 of your 2020 income tax return. Note that the HBP withdrawal limit was recently increased to \$35,000 (from \$25,000).	<b>March 1</b>
	<b>Quarterly Income Tax Instalment Payment</b> Deadline for first quarter income tax instalments for individuals required to make quarterly payments. If your estimated net income tax payable for the current year, and either of the two preceding tax years, exceeds \$3,000 (\$1,800 for Quebec residents), you may be required to pay quarterly income tax instalments.	<b>March 15</b>

Month	Event	Deadline
March	<b>Trusts</b> Deadline for filing a 2020 tax return for trusts with a December 31 year end.	<b>March 31</b>
	<b>T3/RL-16 Tax Slips<sup>1</sup></b> Deadline for financial institutions to send 2020 T3/RL-16 slips (Statement of Trust Income Allocations and Designations).	<b>March 31</b>
	<b>T5013/RL-15 Tax Slips<sup>1</sup></b> Deadline for financial institutions to send 2020 T5013/RL-15 slips (Statement of Partnership Income).	<b>March 31</b>
April	<b>U.S. Individual Income Tax Returns for U.S. Citizens Living in Canada</b> If you are a U.S. citizen, you must file a 2020 U.S. individual income tax return with the Internal Revenue Service ("IRS"). This is in addition to your Canadian income tax return that you must file as a Canadian resident by April 30.  <b>TIP:</b> U.S. citizens living abroad are granted an automatic two-month extension (i.e., June 15) to file their U.S. income tax return. While interest may be charged on payments made after April 15, the IRS will not assess any late payment penalties for amounts owing that are paid by June 15.	<b>April 15</b>
	<b>FBAR Reporting for U.S. Citizens</b> Deadline for U.S. citizens to file a 2020 Report of Foreign Bank and Financial Accounts ("FBAR") FinCEN Form 114 with the IRS to provide details on any foreign bank accounts and other financial accounts held outside the U.S. Please note that the deadline can be extended by six months to October 15, 2021.	<b>April 15</b>
	<b>Personal Income Tax Returns</b> Deadline for filing your Canadian (or Quebec) personal income tax return (excluding self-employed individuals and their spouses or common-law partners). April 30 is also the deadline for payment of any taxes owing to the CRA (or Revenu Québec) for 2020 for all individuals.	<b>April 30</b>
	<b>Planning Consideration: Children with earned income</b> Unused RRSP contribution room can be carried forward indefinitely. File a personal income tax return for children with "earned income" (e.g., from a part-time job) so they can start accumulating RRSP contribution room.  <b>TIP:</b> The CRA will allow employees with modest expenses as a result of working from home in 2020 due to COVID-19 to claim an amount of up to \$400 without the need to track detailed expenses. The allowable amount is based on the amount of time spent working from home and will generally not require a signed form from employers. Employees who worked from home more than 50% of the time over a period of at least four consecutive weeks in 2020 due to COVID-19, will be eligible to claim a (temporary) flat rate deduction of \$2 for each day they worked at home in that period, plus any other days they worked from home in 2020 due to COVID-19 up to a maximum of \$400. Employees with larger claims for home office expenses can still choose to use the existing detailed method to calculate their home office expenses deduction. Revenu Québec announced that it will parallel these Federal changes for Quebec provincial income tax purposes for 2020.	

Month	Event	Deadline
May	<p><b>Planning Consideration: Putting your income tax refund to work</b></p> <p>If you receive an income tax refund in 2021, use the funds to make your 2021 RRSP/TFSA contribution or pay down debt.</p>	
June	<p><b>Income Tax Returns for Self-Employed Individuals</b></p> <p>Deadline for filing a 2020 income tax return if you (or your spouse or common-law partner) are self-employed. Please note that any personal income taxes owing to the CRA or Revenu Québec are due April 30.</p>	<b>June 15</b>
	<p><b>Quarterly Income Tax Instalment Payment</b></p> <p>Deadline for second quarter income tax instalments for individuals required to make quarterly payments.</p>	<b>June 15</b>
	<p><b>Planning Consideration: Review your estate plan</b></p> <p>Review your estate plan regularly to ensure it continues to meet the needs of you and your family. At a minimum, your estate plan should include:</p> <ul style="list-style-type: none"> <li>• An up-to-date Will that reflects your intentions and names an appropriate executor(s);</li> <li>• A Continuing or Enduring Power of Attorney for Property in the event of mental or physical incapacity; and</li> <li>• A Power of Attorney for Personal Care to address medical and physical care decisions.</li> </ul> <p>Further, your estate plan should be reviewed whenever there is a change to your personal situation, such as a birth, death, incapacity, retirement, marriage, divorce, change in residency, attainment of age of majority, significant increase or decrease in wealth, or sale of a business.</p> <p>In Quebec an executor is referred to as a liquidator and a Power of Attorney is referred to as a mandate. The impact of Quebec family law and Quebec law regarding the designation of beneficiaries on registered plans requires special consideration.</p>	
	<p><b>Proposed Changes to the Taxation of Employee Stock Options</b></p> <p>Draft legislation seeks to change Canada's beneficial employee stock option tax treatment by applying a \$200,000 annual limit (per vesting year) on certain employee stock option grants (based on the fair market value of the underlying shares at the time the options are granted) that can receive tax-preferred treatment under the current employee stock option tax rules (i.e., 50% taxable). Employee stock options above the limit will be subject to the new (proposed) employee stock option tax rules (i.e., full taxation of the employment benefit). However, employee stock options granted by Canadian-controlled private corporations ("CCPCs"), and non-CCPC employers with annual gross revenues of \$500 million or less, will not be subject to the new limit.</p> <p>The proposed changes will apply to employee stock options granted after June 2021. Given the significant potential impact of these proposed changes, affected individuals (and employers) should pay close attention to any further developments regarding the implementation of these proposals.</p>	<b>June 30</b>
July	<p><b>Planning Consideration: Income-splitting opportunities</b></p> <p>Under the Canadian tax system the more you earn, the more you pay in income taxes on incremental dollars earned. With this in mind, it may make sense to spread income among family members who are taxed at lower marginal rates to reduce your family's overall tax burden, subject to the income attribution rules. Common income-splitting strategies to consider include<sup>3</sup>:</p> <ul style="list-style-type: none"> <li>• An interest-bearing loan at the prescribed interest rate to family members in a lower tax bracket;</li> </ul>	

Month	Event	Deadline
July	<ul style="list-style-type: none"> <li>• Pension income-splitting between spouses (or common-law partners);</li> <li>• Gifts to adult children or other adult family members (other than a spouse or common-law partner); and</li> <li>• Gifts to a minor child – directly or through a trust structure – to acquire investments that generate only capital gains.</li> </ul>	
August	<p><b>Planning Consideration: Planning for your child’s post-secondary education</b></p> <p>As the new school year approaches, consider whether your family’s education plan would receive a passing grade. Starting a dedicated education savings plan while children are still young helps ensure you have the funds necessary when they begin their post-secondary studies. What’s right for your situation depends on many factors, including disposable income, whether financial assistance will be provided by other family members (such as grandparents), the ages and number of children involved, and the options for your savings if your child doesn’t pursue a formal post-secondary education program. A Registered Education Savings Plan (“RESP”) could provide the flexibility required to save for the post-secondary studies of your children or grandchildren.</p>	
September	<p><b>Quarterly Income Tax Instalment Payment</b></p> <p>Deadline for third quarter income tax instalments for individuals required to make quarterly payments.</p>	<b>September 15</b>
October	<p><b>Planning Consideration: Your RRSP maturity options</b></p> <p>If you turned or will be turning age 71 in 2021, or are planning to retire next year and will be using your RRSP to supplement your pension and government benefits, make sure you’ve considered your RRSP maturity options. You can withdraw the cash proceeds from your RRSP, purchase a Life Annuity, or transfer your RRSP to a Registered Retirement Income Fund (“RRIF”). A RRIF may be your best choice if you want to continue to manage your investments and give yourself maximum flexibility in terms of structuring your retirement income. You are required to withdraw a minimum amount each year and can choose when and how your withdrawals are paid.</p> <p>If you’re age 65 or older, RRIF payments are eligible for the \$2,000 Federal Pension Income Tax Credit, and for pension income-splitting with your spouse or common-law partner.</p>	
November	<p><b>Planning Consideration: Tax-loss selling</b></p> <p>You have until late December to sell a security that settles in 2021; however, you should review your non-registered investment portfolio earlier to consider the sale of securities with accrued losses before the end of the year to offset capital gains realized in the year, or in the three previous taxation years (if a net capital loss is created in current year). Be aware of the superficial loss rule that will deny the capital loss on the sale of an investment if repurchased within 30 days by you, your spouse (or common-law partner), or another affiliated entity (if the investment is still held at the end of this 30-day period).</p>	
December	<p><b>Quarterly Income Tax Instalment Payment</b></p> <p>Deadline for fourth quarter income tax instalments for individuals required to make quarterly payments.</p>	<b>December 15</b>
	<p><b>Trades Settling in 2021</b></p> <p>The expected last buy/sell date for securities to settle in calendar year 2021 (based on trade date plus two business days).</p>	<b>December 29</b>

Month	Event	Deadline
December	<p><b>RRSP Conversion for Individuals Turning Age 71 in 2021</b></p> <p>Deadline for collapsing your RRSP if you turned 71 in 2021. If you have unused RRSP contribution room available, consider making your 2021 RRSP contribution before collapsing your RRSP by the end of the year. In addition, if you received earned income in 2021 that will generate RRSP contribution room for 2022, consider making a 2022 RRSP contribution early – in December 2021 – before collapsing your RRSP. While you'll be charged a 1% penalty tax for the month of December, the tax savings on your RRSP contribution (which can be claimed on your 2022 tax return) should exceed the penalty tax.</p>	December 31
	<p><b>Charitable Donations</b></p> <p>Deadline for making a charitable donation that can be claimed for the 2021 tax year. The Federal tax credit (on donations exceeding \$200) is calculated at the top marginal rate, regardless of your personal tax rate<sup>4</sup>.</p> <p><b>TIP:</b> Donate appreciated publicly-traded securities instead of cash for enhanced tax savings. Further, combine all charitable donations for you and your spouse (or common-law partner) and claim these on one income tax return for maximum tax savings.</p>	December 31
	<p><b>Tax Deductions and Credits Deadline</b></p> <p>The final payment date in order to receive a 2021 tax deduction or credit for expenses such as childcare, medical and tuition tax credits.</p> <p><b>TIP:</b> To maximize the medical expense credit, combine all medical expenses for you and your family on one income tax return and choose the 12-month period ending in 2021 that contains the most expenses.</p>	December 31
	<p><b>Planning Consideration: TFSA withdrawal</b></p> <p>If you're planning a withdrawal from your TFSA, consider making the withdrawal in December instead of waiting until the new year. That way, the amount withdrawn in 2021 will be added back to your available TFSA contribution room on January 1, 2022.</p>	

This Tax Calendar is neither a comprehensive review of the subject matter covered, nor a substitute for specific professional tax advice. The tax strategies discussed in this publication may or may not be appropriate for you. We encourage you to consult with an independent tax professional to confirm the relevant deadlines and the anticipated implications to your particular situation (with respect to the current tax legislation) in developing and implementing any tax strategies.

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





<sup>1</sup> Please note, BMO makes every effort to ensure that tax slips are mailed by the stated deadline. However, in the event that an issuer does not supply the necessary information in time or makes amendments, tax slips will be processed on an individual security basis and mailed under separate cover as soon as available. Please ensure you've received all tax slips prior to filing your tax return.

<sup>2</sup> Extended to the Monday, as the deadline falls on the weekend.

<sup>3</sup> On a related note, be aware that the tax legislation was amended to expand rules that seek to limit income-splitting with certain adult family members involving private companies. For more information, please ask your BMO financial professional for a copy of our publication, *Tax Changes Affecting Private Corporations: Tax on Split Income ("TOSI")*.

<sup>4</sup> For donations made after 2015 that exceed \$200, the calculation of the Federal charitable donation tax credit allows higher income donors to claim a Federal tax credit at a rate of 33% (versus 29%), but only on the portion of donations made from income that is subject to the 33% top marginal tax rate that came into effect on January 1, 2016.

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