

2022 Income Tax Information

Thank you for choosing Sean D. Miller Professional Corporation, Chartered Professional Accountant to prepare your 2022 Income Tax Return. Below you will find some questions about changes in your situation, the RRSP deadline, information about tax changes for 2022, and a checklist of information for you to bring in.

Tax Questions:

- ☐ **Have you moved this year?**
 - New Address: _____
 - ***If you disposed of your principal residence in 2022 please inform us as the disposition must be reported on your 2022 tax return***
- ☐ **Have you had a child this year?**
 - Child name _____ Birth date: _____
- ☐ **Do you own any foreign property with a total cost of more than \$100,000? Yes/No**
 - If yes, you are required to file T1135 Foreign Income Verification Statement by April 30
- ☐ **Are you now living common law or get married during the year?**
 - Date _____ Name change _____
- ☐ **Did you divorce or separate this year?**
 - Date _____
- ☐ **Any other significant changes?**
 - _____

RRSP Deadline – Wednesday March 1, 2023

- Your 2022 RRSP deduction limit is on your 2021 Notice of Assessment. You may want to consider booking an appointment to do a tax estimate to determine your savings with an RRSP contribution.

New For 2022 Personal Income Tax

- **Tax-free savings account (TFSA):** beginning on January 1, 2023, you can add \$6,500 (the total principal contributions including the 2023 contribution, is now up to \$88,000)
- **Canada Emergency Business Account (CEBA):** eligible businesses can receive up to \$60,000 in federal assistance with up to \$20,000 forgivable; the forgivable portion is taxable when received; the deadline for applying has passed, however, the deadline for repayment has been extended until December 31, 2023
- **Underused Housing Tax:** New for 2022, 'affected owners' will have to file Form UHT-2900, Underused Housing Tax Return and Election Form, on or before May 1, 2023; the penalties for late filing are substantial (\$5,000 for individuals; \$10,000 for corporations); contact Sean if your corporation owns residential property as of December 31, 2022, or you an individual who owns residential property through a partnership as of December 31, 2022 (see attached UHT quick reference chart for additional information)
- **Covid-19 Pandemic Benefit Repayments:** if you are required to repay a benefit previously received, you can choose whether to claim the repayment as a deduction in the year repaid or in the year the original benefit was received
- **Looking Ahead to 2023:** New anti-flipping rules will be in effect January 1, 2023 and forward for certain residential real estate transactions, including the sale of rental properties and principal residences. The rules operate to classify the gain from the sale of the property as business income (100% income inclusion) instead of capital gains (50% income inclusion). The rules are complex and there are numerous exceptions; consider contacting Sean if you are planning on selling your principal residence or rental property in 2023
- **Looking Ahead to 2023:** First Time Home Savings Account (FHSA): Effective April 1, 2023, you can contribute up to \$40,000 over your lifetime and up to \$8,000 in a year, including 2023, for the purchase of a first home; this is a registered account that has RRSP and TFSA characteristics

"Thank you for your business!"

Tax Information Checklist:

Assessment Notices and Instalments:

- ☐ **2021 Notice of Assessment** – 2- or 3-page document issued by Canada Revenue Agency
- ☐ **2022 Instalment Payment Summary** – on back of March 15/23 Instalment Reminder

Income Information:

- ☐ **T4, T4PS** – Employment
- ☐ **T4A** – Pension income, Scholarships, Bursaries, Grants, Apprenticeship Grants, any benefits received during the Covid-19 pandemic incl. CERB, CRB, CESB, CRSB and CRCB
- ☐ **T4A (OAS)** – Old Age Security Pension
- ☐ **T4A(P)** – Canada Pension Plan Benefits
- ☐ **T4E** – Employment insurance benefits
- ☐ **T5, T3, T5013** – Dividend, Interest or other Investment Income, Capital Gains or Losses
- ☐ **T5007** – WCB, social assistance
- ☐ **T4RSP** – RRSP income
- ☐ **T4RIF** – RRIF income
- ☐ **Foreign pension income** – list of amounts received and/or tax slips received (note the currency)
- ☐ **Investment Statements** – for any investment sales or purchases
- ☐ **Annual Trading Summary** – for summary of stock/bond/mutual fund sales & purchases.
- ☐ **December 31 Investment Statements** – for summary of stock/bond/mutual funds owned.
- ☐ **HBP** – Home Buyers Plan withdrawals or payments (attach 2021 Notice of Assessment)
- ☐ **LLP** – Lifelong Learning Plan withdrawals or payments (attach 2021 Notice of Assessment)
- ☐ **Support payments received** – with listing of taxable portion if known
- ☐ **Self-employment income** – include financial statements, accounting journals or receipts, excel synoptic, and details of use of home as office expenses
 - **Income earned from Internet Business Activities** – include website details
- ☐ **Farming income** – include financial statements or accounting journals, and completed inventory forms provided
- ☐ **Rental income** – include accounting journal with expenses categorized by type and separated by each property
- ☐ **Other income** – provide details of any other income other than the above

Deduction Information:

- ☐ **Registered Retirement Savings Plan (RRSP) contribution receipts**
- ☐ **Registered Pension Plan deduction (included on T4 slips)**
- ☐ **Annual union, professional or like dues receipts**
- ☐ **Childcare expense receipts** – including summer camps or daycare
 - if provided by an individual include the S.I.N. number, address, and number of weeks for summer camps
- ☐ **Disability support deduction receipts**
- ☐ **Attendant care expense receipts**
- ☐ **Interest and carrying charges**
 - interest on money borrowed to earn interest, dividends, and other investment income
 - investment management fees, investment counselling fees
 - accounting fees \$ _____
- ☐ **Support payments paid** – include name and address of recipient, attach court order or agreement

- ☐ **Allowable business investment losses**
 - for losses on disposing shares or debts of small business corporations
- ☐ **Moving expenses** – need receipts, details of dates, distance, addresses, etc.
- ☐ **Exploration and development expenses** – T5, T101, T5013, T5013A slips
- ☐ **Commission and employment expenses**
 - provide list or receipts, and *employer must sign forms T2200 or TL2*
- ☐ **Tradesperson's tool expense and apprentice mechanics**
 - provide receipts and *employer must sign form T2200*
- ☐ **Meals and lodging expenses for transport employees**
 - provide logbook of hours and dates of trips and *employer must sign T2200*
- ☐ **Other employment expenses**
 - supplies, and other various expenses to earn employment income
 - attach list of expenses and *employer must sign T2200*
- ☐ **Other deduction receipts**
 - certain legal fees, repayment of EI or OAS benefits, clergy residence deduction

Tax Credits:

- ☐ **Home buyers' amount** – incl. legal purchase documentation – claim increased to \$10,000 for 2022
- ☐ **Canada Caregiver Credit** – for an infirm spouse, common-law partner, or eligible dependant 18 or older; infirm dependents such as parents, grandparents, siblings, aunts, uncles, nieces, nephews, adult children of the claimant or of the claimant's spouse or common-law partner and other certain relatives living with you
- ☐ **Adoption expense receipts** (maximum of \$17,131 per child)
- ☐ **Disability amount** for you or dependant (if first claim, attach *T2201 signed by a medical doctor, nurse practitioner, or other medical practitioner – my office can submit this form to CRA*)
- ☐ **Interest paid on student loans** – include receipts or form
- ☐ **T2202** – Tuition fees (form **TL11** if outside Canada)
- ☐ **Medical expense receipts**
 - Can claim doctors, dental, eye care, prescriptions, chiropractor receipts, etc.
 - Premiums paid for health and dental plans (i.e. Alberta Blue Cross, etc.)
 - **Note:** Most pharmacies can print a statement of all prescriptions for a year
- ☐ **Charitable donation receipts**
- ☐ **Federal and provincial political contributions receipts**
- ☐ **Eligible educator school supply tax credit** – tax credit of up to \$1,000 for eligible educators on the purchase of eligible teaching supplies (25% credit results in max. \$250 of tax savings)
- ☐ **Volunteer firefighter/Search and rescue volunteer tax credit** – tax credit of \$3,000 if criteria met throughout the year
- ☐ **Digital new subscription tax credit** – tax credit of up to \$500 for qualifying subscription expenses paid to a qualified Canadian journalism organization for a digital news subscription

Additional Tax Credits and Deductions I Will Calculate:

- **Various personal amounts** – Personal, age, spousal or common law partner, eligible dependants
- Canada employment amount
- Employee and partner GST rebate
- Canada Workers Benefit (CWB), refundable medical expense supplements
- Deduction for elected split-pension amount
- Losses, capital gain deduction, other deductions
- Climate action incentive payment

The UHT imposes a 1% annual tax on the value of residential real estate considered to be vacant or underused that is owned on December 31 of each year. The government indicated that the tax would target property owned by non-Canadians; however, the scope of filing requirements extends to many Canadian entities and individuals, including CCPCs and trustees of a trust. The first filings and taxes are due on April 30, 2023.¹

This chart is intended to be a general guide in determining filing obligations and tax exposure. The specific [legislation](#), [regulations](#) and [CRA administrative policy](#) should be reviewed for a complete and detailed understanding.²

STEP 1: Are you subject to the UHT rules?

Were you the legal owner (the person/entity registered on title), jointly or otherwise, of a residential property in Canada as of December 31?³

If so, go to STEP 2. If not, you are not subject to the UHT Act.

STEP 2: Are you required to file an annual return?

Excluded owners are not required to file a UHT return.

Excluded owners include⁴:

- ☐ **Canadian citizens or permanent residents** (under the Immigration and Refugee Protection Act)
 - individuals that hold an interest in the property as a **partner** of a partnership or as a **trustee** of a trust (except personal representatives of a deceased individual⁵ [ex. executor of an individual's will]) are **carved out of this exclusion**
- ☐ **corporations** that are both incorporated under the laws of Canada or a province and listed on a **Canadian stock exchange** (that is, **private corporations** are **not** excluded owners)
- ☐ **registered charities**
- ☐ cooperative housing corporations
- ☐ municipalities, Indigenous governing bodies, or corporations owned by such entities
- ☐ the Government of Canada and government of a province, or an agent of either
- ☐ various forms of publicly-traded trusts
- ☐ certain other public service bodies (e.g. universities, public colleges, school authorities, hospital authorities)

If you are an excluded owner, you have no obligations or liabilities. If you are not an excluded owner (CRA refers to these persons as “affected owners”), you must file a UHT return by April 30 – go to STEP 3.

STEP 3: Are you required to pay the UHT?

If you meet any one of the exemptions set out below under four broad categories, no tax will be payable when you file your return.

3A – Type of Owner of the Property:

- ☐ a **specified Canadian corporation** – where foreign owners (corporations incorporated or continued outside the laws of Canada or a province and individuals that are not Canadian citizens nor permanent residents) do not own or control, directly or indirectly, 10% or more of the corporation (by share value or voting rights)⁶
- ☐ a **specified Canadian partnership** – where each member is, on Dec. 31, an excluded owner or a specified Canadian corporation⁷
- ☐ a **specified Canadian trust** – where each beneficiary that has a beneficial interest in the property is, on Dec. 31, an excluded owner or a specified Canadian corporation⁸
- ☐ **new owner** – owner acquired the property in the year and was not an owner of that property at any time in the prior 9 years⁹
- ☐ **owner died** in the year or prior year¹⁰
- ☐ the **personal representative of a deceased individual**⁴ (exemption applies for the year of death and subsequent year) and the person was not an owner of the property in either of the years¹¹
- ☐ a **co-owner** of a property where another co-owner held at least 25% of the property at their death (exemption applies for the year of death and subsequent year)¹²

3B – Availability of the Property:

- ☐ if the property is under **construction** and is **not substantially completed** before April of the year¹³
- ☐ if **construction** of the property is **substantially completed** between January 1 and March 31, the property is put for sale to the public during the year and the property was never occupied by an individual as a place of residence during the year¹⁴
- ☐ property is **not suitable** to be **lived in year-round**¹⁵ or **seasonably inaccessible** due to public access not maintained year-round¹⁶
- ☐ property is **uninhabitable** (at least 60 continuous days in the year) due to a **disaster** or hazardous conditions (this exemption is only available for a maximum of two years in respect of the same disaster)¹⁷
- ☐ property is **uninhabitable** (at least 120 consecutive days in the year) due to ongoing **major renovations** (this exemption is only available once every 10 years)¹⁸

3C – Occupant of the Property:

- ☐ **primary place of residence** for the year of the individual, their spouse or common-law partner¹⁹, or their child²⁰ attending a designated learning institution

- ☐ one of the following individuals continuously occupies the property for a period of at least a month (**qualifying occupancy**), for a total of at least 180 days in the year²¹
 - ☐ an arm's length individual who occupies the property under a written agreement
 - ☐ a non-arm's length individual who occupies the property under a written agreement and pays at least fair rent (5% of the value of the property)
 - ☐ the owner or their spouse or common-law partner, while the individual is in Canada for work, and the occupancy relates to that purpose
 - ☐ the owner or their spouse or common-law partner, parent or child who is a Canadian citizen or permanent resident

3D – Location and Use of the Property:

- ☐ **vacation property** located in an **eligible area** of Canada (certain areas that are more rural) and used by the owner or their spouse or common-law partner for at least 28 days in the year²² (see the [UHT vacation property designation tool](#) to determine eligible regions)

If you do not meet any exemptions, go to STEP 4. If you meet at least one exemption, go to STEP 5.

STEP 4: Calculate the tax.

The UHT is 1% of the greater of the property's assessed value for the year for property tax purposes and the most recent sale price, applied to the ownership percentage. An owner can also elect to use the property's fair market value as determined at any time during the year and up to April 30 of the following year. CRA requires an appraisal with specific parameters to use this election.²³

STEP 5: File the annual return and pay the tax (if no exemption is met) by April 30.

Those who are required to file should complete and file Form UHT-2900, Underused Housing Tax Return and Election Form. A separate return is required for each owner of each property. Individual owners that fail to file the return on time are subject to a minimum \$5,000 penalty, while corporations are subject to a minimum \$10,000 penalty. Additional penalties can apply to the filings under various circumstances, including loss of access to the exemptions under Paragraphs 6(7)(c) to (f) and Subsections 6(8) and (9) (not usable for the full year, uninhabitable, primary place of residence and qualifying occupancy) when computing the penalty tax if the return is not filed by December 31 of the following year.²⁴ There is no time limit for CRA to assess the UHT tax liabilities, penalties and interest where taxpayers fail to file a required return.²⁵

Notes:

- 1 As April 30, 2023 falls on a Sunday, CRA has confirmed that the return, payments and elections are made on time if they receive them by May 1, 2023.
- 2 All legislative references refer to the [Underused Housing Tax Act](#), unless otherwise noted. Note that many of the below terms are defined in Section 2 of the UHT Act. Many provisions of the UHT Act provide for modification by future regulation. All reference to "year" in the chart refer to "calendar year," unless otherwise noted.
- 3 A residential property includes a detached house or similar building containing not more than three dwelling units, as well as a part of a building that is a semi-detached house, row house unit or residential condominium unit (definition of residential property in Section 2). CRA provided numerous examples of buildings that they consider to fall within, and outside, of this definition in [UHTN1 Introduction to the Underused Housing Tax](#). Those who are a life tenant or have a life lease and those who have a long-term lease of land (20 year or longer lease, or lease with an option to purchase land) on which a residential property sits may also be subject to these rules.
- 4 Definition of excluded owner in Section 2
- 5 A personal representative, in respect of a deceased individual, means the executor of the individual's will, the liquidator of the individual's succession, the administrator of the estate of the individual or any person that is responsible under the appropriate law for the proper collection, administration, disposition and distribution of the assets of the estate or succession of the individual (definition of personal representative in Section 2).
- 6 Paragraph 6(7)(b) and definition of specified Canadian corporation in Section 2 Where a corporation has no share capital, a specified Canadian corporation is a corporation having no chairperson or other presiding officer who is not a citizen nor a permanent resident or a corporation not having 10% or more of its directors who are neither Canadian residents nor citizens.
- 7 Subparagraph 6(7)(a)(i) and definition of specified Canadian partnership in Section 2
- 8 Subparagraph 6(7)(a)(ii) and definition of specified Canadian trust in Section 2
- 9 Paragraph 6(7)(g)
- 10 Paragraph 6(7)(h)
- 11 Paragraph 6(7)(i)
- 12 Paragraph 6(7)(j)
- 13 Paragraph 6(7)(k)
- 14 Paragraph 6(7)(l)
- 15 Paragraph 6(7)(c)
- 16 Paragraph 6(7)(d)
- 17 Paragraph 6(7)(e)
- 18 Paragraph 6(7)(f)
- 19 If an individual and their spouse or common-law partner own multiple residential properties, they must file an election to designate a single property for the purposes of the exemption. Subsections 6(10) - (12)
- 20 Subsection 6(8)
- 21 Subsection 6(1)
- 22 Paragraph 6(7)(m)
- 23 Subsections 6(3) and (4)
- 24 CRA has the discretion to waive interest and penalties (Sections 26 and 48).
- 25 Subsections 6(5) and (6), and Sections 7, 47 - 52

Additional UHT Resources

- General CRA Administrative Guidance – <https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax.html>
- Underused Housing Tax Technical Information – <https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax/underused-housing-tax-technical-information.html>
- Underused Housing Tax Notices – <https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax/underused-housing-tax-technical-information/underused-housing-tax-notices.html>
- Underused Housing Tax Forms – <https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax/underused-housing-tax-technical-information/underused-housing-tax-forms.html>
- Underused Housing Tax Vacation Property Designation Tool – <https://apps.cra-arc.gc.ca/ebci/sres/ext/pub/ntrUhtExpnTI>
- Underused Housing Tax Act And Related Regulations made under this Act – <https://laws-lois.justice.gc.ca/eng/acts/U-0.5/index.html>



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Video Tax News does not provide consulting services. Please contact your accountant or other advisor for specific questions on the UHT legislation.

Services Available

Financial Planning:

- **Personal Financial Planning**
 - Retirement and estate planning
 - Personal budgeting
 - Education funding and alternatives
 - Planning after separation or divorce
 - Loan/mortgage analysis
 - Insurance planning
 - Tax estimates for current or future years
 - Will planning, including tax transfers of property after death
- **Business and Corporate Financial Planning**
 - Tax planning including advice on various income splitting techniques and various investment products to reduce tax
 - Lease vs. purchase analysis
 - Tax estimates for current or future years

Taxation:

- T1 Personal Tax Preparation
- T2 Corporate Tax Preparation
- T3 Trust Income Tax Returns (eg. estates)
- T1 Final Personal Returns (for the year of death)

Corporate Services:

- Financial Statement preparation
- Compilation (Notice to Reader) Engagements
- Review Engagement Reports
- Management Consulting
- Review year end results each year with shareholders
 - I believe it is important to go over the results with you so that I can communicate possible areas of improvement and you can make informed decisions for your business
- GST return preparation and filing
- Succession planning
 - With proper planning and a suitable timeframe, I can help to ensure your business is in the best possible position to change ownership. I can help develop the plans that ensure a smooth and successful transition, with minimal tax consequences. These methods could include:

- a) Estate freeze mechanism for transfer
- b) Sale of shares vs. sale of assets
- Cash flow & budgeting analysis
 - A business can be profitable and still run into trouble due to cash flow issues. I can help forecast and evaluate your company's financial condition, estimate financing requirements, and track cash-flow sources and uses.
- Accounting System set up and/or improvement
- In office or on-site help with accounting and/or bookkeeping issues

Agriculture Services:

- AgriStability/AgriInvest
- Estate planning
- Succession planning

Bookkeeping Services:

- Set up of accounting system and/or improvement of current accounting system
- In-office or on-site bookkeeping help
- Various Accounting System support/setup/ongoing advice
 - Sage 50 (formerly Simply Accounting)
 - Quickbooks
- Monthly, Quarterly, or Annual Bookkeeping
- GST return completion
- Payroll completion
- Covid-19 related subsidy applications (i.e. TWS, CEWS, CEBA loan, etc.)

Business Setup:

- Explain steps to set up a business
- Registering a business with CRA
- Set up of Accounting System in any of the following:
 - Manual ledger
 - Sage 50
 - Quickbooks
 - Excel spreadsheet
 - Other programs by request
- Always available to answer any questions you may have
 - I believe it is always best and more cost effective for you if questions or issues are dealt with as they arise, instead of waiting until the end of your fiscal period to address these

Business Valuations:

Calculate and discuss an estimated value of your business. It is important to discuss your business valuation in the following situations:

- Business purchase or sale
- Corporate reorganization and restructuring including estate freezes

Tax Planning, Investment and Retirement Planning:

You may want to consider discussing with me the other knowledge that I have including discussion and recommendations on investment alternatives, tax planning tips, calculations of savings required for retirement, etc. The best time for making an appointment for this type of work would be May-December due to the volume of personal and corporate tax returns that my office prepares from January-April.

*Please feel free to call the office to set up an appointment today
if you require any of the above services*