

Important Changes for the 2023 Tax Season

Deadlines for 2023:

- Tax deadline is Tuesday, April 30, 2024 and June 15th for self-employed.
- All tax owing must be paid by April 30th to avoid interest. 10% annual interest on balances owed.
- Late-filing penalties: 5% on tax owing, plus 1% for each full month your return is late (maximum 12 months)

What are the marginal Tax Brackets?

The new federal income tax brackets and tax rates are:

- Up to \$53,359 of income is taxed at 15%
- \$53,359 and \$106,717 is taxed at 20.5%
- \$106,717 and \$165,430 is taxed at 26%
- \$165,430 and \$235,675 is taxed at 29%
- Above \$235,675, income is taxed at 33%
- Provincial tax is on top of this tax.
- The basic personal amount (income that is tax exempt) is \$15,000.

RRSP Contribution Limits

- The RRSP contribution limit increased from \$29,210 in 2022 to \$30,780 for tax year 2023. Your contribution limit is 18% of your earned income, unless you have unused contribution room.
- Deadline for RRSP contribution for the previous year is Feb 29, 2024.

Tax Free Savings Account Limits

The annual contribution limit for your TFSA has also increased to \$6,500 in 2023 and \$7,000 for 2024.

The maximum contribution limit is \$95,000 but you can confirm your available limit for rrsp or tfsa contributions on your CRA My Account or by calling them at 1-800-959-8281.

FHSA

The new tax-free **First Home Savings Account** combines a TFSA with an RRSP.

It allows Canadians to contribute of \$8,000 per year up to a maximum of \$40,000 over their lifetime toward the purchase of a first home.

- Contributions are tax free upon withdrawal, like with the TFSA, and tax-deductible against income, like with RRSP contributions.
- If you opened a FHSA in 2023, you can claim up to \$8,000 in FHSA contributions made by December 31 as a FHSA deduction.

Ontario child benefit

- The OCB and the Canada child benefit (CCB) are together in one monthly payment.
- To receive the OCB, you and your spouse or common-law partner need to file your income tax and benefit return(s) as eligibility is subject to an income test.
- You only need to apply once in a lifetime for each child under the age of 18 in your care.

New Canadian Dental Care Plan (CDCP)

The new Canadian Dental Care Plan (CDCP) will cover most basic dentistry costs, such as cleaning, X-rays, fillings, crown and dentures, root canals, dentures, and extractions for uninsured Canadians with a household income of less than \$90,000.

Note: Applicants must have filed an income tax return for the previous year before applying for the CDCP since this benefit is subject to income criteria to qualify.

Climate action incentive payment (CAIP)

In 2023, the rural supplement increases by 20% starting April 2024.

Increased Deduction for tools (tradespersons and apprentice mechanics)

Starting in 2023, the maximum deduction for tradespersons' eligible tools is now \$1,000.

Ontario Tax Credit changes:

- You will no longer be able to claim the \$500 for the COVID work-from-home expense. If you work from home, a T777 form to claim employment related expenses must be completed and signed by your employer to claim this credit.
- No Ontario seniors' home safety tax credit
- No Ontario jobs training tax credit
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- No Ontario jobs training tax credit
- **Yes** the Grocery Rebate is still there to help alleviate financial strain due to rising food costs. The value of the rebate is equivalent to double the GST/HST credit amount you received in January 2023.

Disability Tax Credit applications have gotten easier.

- There's no need to print and bring the forms to your medical practitioner anymore.
- Via CRA My Account, individuals wanting to apply can complete Part A of the application and once issued a reference number, provide this to your qualified medical practitioner who can then complete Part B digitally for you.

New OAS limit amounts

- For the 2023 tax year, if your taxable income was over \$81,761 you will need to repay some of your OAS. If your taxable income was over \$134,626, you would not have received any OAS payments.
- Lastly, Seniors aged 75 and over received an automatic 10% increase of their Old Age Security pension, as of July 2022.

Canada Pension Plan maximum contributions have been increased.

- The Canada Pension Plan (CPP) has been increased by 6.5%.
- The maximum pensionable earnings are \$66,600, with a basic exemption of \$3,500 for 2023.
- The maximum combined contribution for 2023 is \$3,754.45.
- New for 2024, the first earnings ceiling has increased to \$68,500 which will see the 5.95% CPP rate applied. A second ceiling became effective January 1st, 2024, up to \$73,200.

Federal, provincial, and territorial COVID-19 benefit repayments.

Federal, provincial, and territorial COVID-19 benefit repayments made after December 31, 2022, can be claimed as a deduction on line 23200 of your 2023 return.

Multigenerational home renovation tax credit (MHRTC)

- The MHRTC is a new refundable 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.

Property flipping

- Starting January 1, 2023, any gain from the disposition of a housing unit (including a rental property) that you owned or held for **less than 365 consecutive days** before its disposition is deemed to be business income and not a capital gain.
- It therefore would not be eligible for the 50% inclusion rate and will be taxed at 100%.

Return of fuel charge proceeds to farmers tax credit

- The Return of fuel charge proceeds to farmers tax credit is now available to self-employed farmers and individuals who are members of a partnership operating a farming business with one or more permanent establishments in Ontario.
- If eligible, a portion of your fuel charge proceeds may be returned to you.