

## Important Changes for the 2023 Tax Season

### Deadlines for 2023:

- Tax deadline is Tuesday, April 30, 2024 and June 15<sup>th</sup> for self-employed.
- All tax owing must be paid by April 30<sup>th</sup> 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 lifetime contribution limit is \$95,000. You can check your available limits for rrsp or tfsa on your CRA My Account.

### 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.