



Introduction to Personal Income Tax

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A PERSONAL NOTE OF WELCOME FROM EVELYN JACKS, PRESIDENT, KNOWLEDGE BUREAU

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Introduction to Personal Income Tax

WHAT'S NEW

In this course we will discuss the tax theory behind lines in filing the 2023 tax return and in tax planning for 2024. We'll discuss triggers for tax compliance, including tax filing milestones that cross over several tax filing years, and important trigger for preparing the return that is to the very best advantage of the tax filing household, as well as the individuals in it.

This course will cover the changes in the T1 tax return, administrative changes you need to know about for the current tax filing year as well as additions and changes to credits and deductions based on previous and current budgets. These include FHSA and the home buyer's plan, multigenerational home tax renovation credits, anti-flipping rules, the Canada Carbon Rebate and more.

Use current professional tax software to prepare case studies throughout this program.

OVERVIEW

Perfect for individuals who want to achieve the credentials needed to file income tax returns, professionally, out of their home or office. It is also suitable for those who wish to start a new career with tax preparation, accounting or financial services firms. Growing tax accounting offices will find this to be the right course to train new employees as knowledgeable tax preparers or front desk staff.

Graduates are thoroughly trained on the latest personal income tax changes using professional tax software in a case study approach. Research skills are honed as well, in the comprehensive online research library known as *EverGreen Explanatory Notes*. The sophisticated tax estimator tools from Knowledge Bureau provide plenty of opportunity to try "what if" scenarios prior to software updates for the next tax year.

APPROACH

Income tax preparation is always timely. In this comprehensive, yet easy-to-learn professional income tax course, learn using true-to-life case studies and student versions of professional income tax filing software. Learn how to use income tax provisions to the best benefit of each individual and the household as a whole, filing their income tax returns accurately and with confidence.

This is an essential service for families to obtain tax refunds, refundable tax credits and make tax-efficient investment decisions.

WHAT YOU WILL LEARN?

This course introduces a proven process for consistently accurate T1 tax preparation services with a professional client interview and document management system, as well as a thorough understanding of tax preparation for the five anchor profiles upon which every personal tax return is based—credit filing, employees, families and children, investors, and seniors.

You will be exposed to a broad range of personal income tax topics in common scenarios, each featuring short answer and true-to-life case studies which overview the basic elements of the tax return and the details behind claiming income, deductions and tax credits on most lines of the personal tax return.

You'll be able to competently prepare basic personal tax returns.

SCOPE OF THE CONTENT: (10 key points)

Part 1 | Professional Tax Preparation

Chapter 1 | Introduction to Income Taxation in Canada

Chapter 2 Using Software to Prepare the Return
Chapter 3 Filing the Return
Part 2 Common Tax Profiles
Chapter 4 Low Income and Credit Filers
Chapter 5 Reporting Employment Income
Chapter 6 Claiming Employment Deductions
Chapter 7 Families and Children
Chapter 8 Reporting Investment Income
Chapter 9 Pensioners
Chapter 10 New for 2024 and Beyond
TOOLS AND SOFTWARE:
EverGreen Explanatory Notes, ProFile, DRTax, TaxCycle, Knowledge Bureau's Income Tax Estimator

TABLE OF CONTENTS: Instruction in the Knowledge Journal features:

Chapter 1: Introduction to Income Taxation in Canada

In this chapter, you will gain or reinforce a basic understanding of how taxation works in Canada, who and what is taxed to the basic areas on the tax return: Total Income, Net Income, and Taxable Income. You will also become familiar with what income, deductions, and credits are used by taxpayers in the most common income tax filing profiles.

Chapter 2: Using Software to Prepare the Return

*You will learn of some of the differences between manual preparation procedures and using software to prepare tax returns.
Taxpayer Identification; Source Documents; Data Entry – T-slips and Income; Claiming Deductions; Maximizing Credits; Checking for Accuracy; Audit- Proofing*

Chapter 3: Filing the Return

You will learn how to become an electronic filer. You'll learn what returns must be filed on paper and how to assemble the paper returns for mailing to CRA. As well, you'll learn about setting up your files and what to give to the client. Finally, you'll learn how to revise a return once an error is found, and you'll become aware of the penalties associated with not following the rules for filing returns.

Chapter 4: Low Income and Credit Filers

*You will be able to prepare returns for most low-income and credit filers after completing this chapter.
GST/HST Credit; Canada Child Benefit; Canada Workers Benefit; Refundable Medical Expense Supplement; Climate Action Incentive*

Chapter 5: Reporting Employment Income

*you will be able to prepare returns for most employees with no employment expenses after completing this chapter.
T4 Slips; Other Employment Income; Determination of Employment or Self-employment Status; Canada Pension Plan Contributions; Employment Insurance Premiums; Tax Withholding; Employment Benefits (T4E); Taxable Benefits; Non-Refundable Credits*

Chapter 6: Claiming Employment Deductions

You will be able to prepare returns for most employees who are claiming employment expenses after completing this chapter.

Employment Expenses; RPPs and RRSPs; Child Care Expenses; Moving Expenses; Truckers and Others; Severance

Chapter 7: Families and Children

You will be able to prepare returns for most family situations after completing this chapter.

Spouses; Children; Students; Medical Expenses; The Sick and Disabled; Charitable Donations; Relationship Breakdown

Chapter 8: Reporting Investment Income

You will be able to prepare returns that include various types of investment income. After completing this chapter.

Interest; Dividends; Capital Gains; Attribution Rules; Personal Residences; Rental Property; Investment Expenses

Chapter 9: Pensioners

You will be able to prepare returns that include pension income, including optimization using pension income splitting after completing this chapter.

OAS Reform; Additional CPP Contributions; Private Pensions; Pension Income Splitting; Non-refundable Credits for Pensioners; Home Accessibility Tax Credit

Chapter 10: New for 2024 and Beyond

Get ready to help your clients plan for the 2024 tax year with critical information to make financial plans before year end. Federal Budget changes relevant to the personal tax return is explained in order for tax specialists to assist their clients to plan ahead for the 2024 tax year.

CHAPTER 1

INTRODUCTION TO INCOME TAXATION IN CANADA

LESSON PLAN:

Chapter	Introduction to Income Taxation in Canada
Reading Time	45 minutes
Practical Time	30 minutes
Review Exercise	30 minutes

WHAT'S NEW:

In this course we will discuss the tax theory behind lines in filing the 2023 tax return and in tax planning for 2024. We'll discuss triggers for tax compliance, including tax filing milestones that cross over several tax filing years, and important trigger for preparing the return that is to the very best advantage of the tax filing household, as well as the individuals in it.

KEY CONCEPTS AND ISSUES - WHAT YOU WILL LEARN:

- Who is taxed
 - Residency
 - Canadian-source Income

- What is taxed and what is not
 - Exempt Income
 - Employment Income
 - Income from Property
 - Capital Gains
 - Self-Employment
 - Other Income
 - Adventures and Concerns in the Nature of Trade

- Compliance: How the system works
 - Filing Requirements: Self-Assessment
 - Information Slips
 - Self-Reporting; Documentation

- Filing Structure
 - Step 1: Identification and other information
 - Step 2: Total Income
 - Step 3: Net Income

- Step 4: Taxable Income
- Step 5: Federal Tax
- Step 6: Refund or Balance Owing

- Taxpayer Profiles
 - Married with Children
 - Employed
 - Self Employed
 - Investors
 - Seniors

NEW SKILLS TO BE MASTERED:

In this chapter, you will gain or reinforce a basic understanding of how taxation works in Canada, who and what is taxed to the basic areas on the tax return: Total Income, Net Income, and Taxable Income. You will also become familiar with what income, deductions, and credits are used by taxpayers in the most common income tax filing profiles.

READING GUIDE - KEY QUESTIONS TO BE ANSWERED:

- What determines if an individual must pay income taxes to the Canada Revenue Agency?
- For a resident in Canada, what income must be reported to CRA?
- What types of income are exempt from taxation in Canada?
- What type of income is self-employment income?
- What are the classifications of income that are taxable?
- Which types of income are taxed at preferential rates?
- What best resembles a taxpayer carrying on an Adventure and Concern?
- Who must file a tax return?
- Which taxpayer must repay a portion of the EI benefit?
- Which taxpayer must repay a portion of the OAS benefit?
- What types of income are reported to CRA independently (no tax slip)?
- What is Total Income?
- What is Net Income?
- What is Taxable Income?

LEARNING ACTIVITIES:

- Read the Knowledge Journal
- Read the assigned topics in *EverGreen Explanatory Notes* and answer the "Try This" questions.
- Do the "Try This" questions using the Income Tax Estimator tool.
- Five case studies using the Income Tax Estimator tool.
- Multiple-choice quiz

RESOURCES:

The Knowledge Journal;

EverGreen Explanatory Notes:

- Individual Residency
- Exempt Income
- Income from Property
- T1, T3, T4, T4A, T4E, T5

CHAPTER 2

USING SOFTWARE TO PREPARE THE RETURN

LESSON PLAN:

Chapter	Using Software to Prepare the Return
Reading Time	30 minutes
Practical Time	30 minutes
Review Exercise	15 minutes

WHAT'S NEW:

January 1, 2024 –CRA Administrative Changes Take Effect.

- **All payments to CRA over \$10,000** must be filed electronically, exception: remitters or payors who can't reasonably do so. \$100 penalty for failure to comply.
- **Mandatory filing thresholds for tax preparers:** mandatory electronic filing for professional tax preparers for five corporate and personal income tax returns each year (down from 10)
- **Mandatory 5 returns electronic filing threshold for trusts:** again, five returns.
- **Mandatory 5 slip electronic filing threshold:** down from 50. Penalties range from \$125 to \$2500, which depends on the number of slips.
- **Electronic Signatures:** permitted for T183 *Information Return for Electronic Filing of an Individual's Income Tax and Benefit Return*, T1223 *Clergy Residence Deduction* and T2200 *Forms Declaration of Conditions of Employment*

KEY CONCEPTS AND ISSUES – WHAT YOU WILL LEARN:

- Taxpayer Identification
- Source Documents
- Data Entry – T-slips and Income
- Claiming Deductions
- Maximizing Credits
- Checking for Accuracy
- Audit-Proofing

NEW SKILLS TO BE MASTERED:

In this chapter, you will learn of some of the differences between manual preparation procedures and using software to prepare tax returns.

READING GUIDE – KEY QUESTIONS TO BE ANSWERED:

- What information must be provided to identify the taxpayer?
- How many paper returns may be filed without penalty by a tax preparer?
- If a tax professional files the return, who receives the Notice of Assessment?
- What information must be provided to identify the taxpayer's spouse?
- What are the most common source documents for income?
- How is income reported when an information slip is unavailable?
- What are the most common deductions available to employees?
- What are the most common deductions available to investors?
- What are the common source documents for deductions?
- Who should claim the family's medical expenses?
- What are the common source documents for credits?
- What is "audit-proofing"?
- Do you claim an in-home office under the simplified or detailed method?
- Who claims the charitable tax credit?

LEARNING ACTIVITIES:

- Read the Knowledge Journal
- Read the assigned topics in *EverGreen Explanatory Notes* and answer the "Try This" questions.
- Multiple-choice quiz

RESOURCES:

The Knowledge Journal;

EverGreen Explanatory Notes

- Audit

CHAPTER 3

FILING THE RETURN

LESSON PLAN:

Chapter	Filing the Return
Reading Time	30 minutes
Practical Time	30 minutes
Review Exercise	15 minutes

WHAT'S NEW:

For the 2023 tax season, the maximum number of returns that an electronic filer can file on paper has been reduced to five.

Since 2023, efilers are requested to include their Rep ID on form T183, although the return may be filed even if the Rep ID field is blank.

KEY CONCEPTS AND ISSUES - WHAT YOU WILL LEARN:

- EFILE
 - Registering for Electronic Filing
 - Taxpayer Authorization – Representing a Client
 - Taxpayer Authorization Form
 - Form T183 – Information Return for Electronic Filing of an Individual's Income Tax and Benefit Return and Form T185 – Electronic Filing of a Pre-authorized Debit Agreement
 - Auto-fill My Return (AFR)
 - Filing the Return
 - Error Correction
 - Paper Documentation
- Paper Filing
 - When paper filing is allowed
 - What to print
 - Assembly of CRA copy
 - Client signatures
- Client copy
- File Copy
- Adjusting Returns
- Penalties

NEW SKILLS TO BE MASTERED:

In this chapter, you will learn how to become an electronic filer. You'll learn what returns must be filed on paper and how to assemble the paper returns for mailing to CRA. As well, you'll learn about setting up your files and what to give to the client. Finally, you'll learn how to revise a return once an error is found, and you'll become aware of the penalties associated with not following the rules for filing returns.

READING GUIDE - KEY QUESTIONS TO BE ANSWERED:

- Who must register for Electronic Filing?
- How many paper returns can you file?
- How is the Electronic Filer identified on the tax return?
- What forms must be signed before filing a return electronically?
- What form must be filed for the tax professional to represent a client?
- What services cannot be completed with Level 1 Authorization?
- What form must be filed to authorize a Pre-Authorized Debit Agreement to allow CRA to withdraw tax owed from a taxpayer's bank?
- What must you do if a return is rejected for EFILE?
- Under what circumstances may you file a return on paper?
- What must be sent to the CRA when you file a paper return?
- What paperwork must be given to the client?
- What do you do when the client provides additional information after the return has been filed?
- What are the penalties for filing a return on paper that could have been filed electronically?
- How do I make a change on a return that is already filed?
- What is the amount of gross negligence penalty that can be applied?
- Who must meet the "onus of proof"?

LEARNING ACTIVITIES:

- Read the Knowledge Journal
- Read the assigned topics in EverGreen Explanatory Notes and answer the "Try This" questions
- Multiple-choice quiz

RESOURCES:

The Knowledge Journal;

EverGreen Explanatory Notes

- *Filing Methods*
- *Filing Deadlines and Reporting Periods*
- *Administration - Overview*
- *Adjustments of Errors and Omissions*
- *Late Filing Penalties*
- *Gross Negligence*
- *Offences and Penalties*
- *Onus of Proof*
- *Tax Evasion*
- *Taxpayer Relief Provisions*
- *Record Retention*
- *T183*
- *T185*

CHAPTER 4

LOW-INCOME AND CREDIT FILERS

LESSON PLAN:

Chapter	Low-Income and Credit Filers
Reading Time	30 minutes
Practical Time	30 minutes
Review Exercise	45 minutes

WHAT'S NEW:

Starting in July 2023, Climate Action Incentive Payments will be made to residents of Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. A new tick box has been added to page 2 of the T1 return replacing Schedule 14 for provinces eligible for the Climate Action Incentive. Prince Edward Island residents will not see this new box because all residents of PE qualify for the rural supplement.

KEY CONCEPTS AND ISSUES - WHAT YOU WILL LEARN:

In this chapter, you will learn about the following credits commonly claimed by low-income and credit filers:

- GST/HST Credit
- Canada Child Benefit
- Canada Workers Benefit
- Refundable Medical Expense Supplement
- Climate Action Incentive (AB, SK, MB, ON, NS, PE, NL)

NEW SKILLS TO BE MASTERED:

After completing this chapter, including the quiz and case studies, you will be able to prepare returns for most low-income and credit filers.

READING GUIDE - KEY QUESTIONS TO BE ANSWERED:

- Why should taxpayers with no income file a tax return?
- What is the benefit year, and what income is used to determine benefits for that period?
- What are the eligibility requirements for the GSTC?
- What income is used to determine benefit amounts?
- When a family situation changes, how and when are benefits adjusted?
- When a taxpayer moves from one province to another, what provincial credits may they apply for?

- What are the qualifications for the Canada Workers Benefit?
- How do you apply for advance payment of the Canada Workers Benefit?
- Who is eligible to claim the Canada Child Benefit?
- Who is eligible to claim the Refundable Medical Expense Supplement?
- What changes does CRA need to know about to ensure proper payment of the Climate Action Incentive?

LEARNING ACTIVITIES:

- Read the Knowledge Journal
- Read the assigned topics in EverGreen Explanatory Notes and answer the "Try This" questions.
- Case studies
- Multiple-choice quiz

RESOURCES:

The Knowledge Journal;

EverGreen Explanatory Notes

- *Spouse or Common-law Partner Amount*
- *Goods and Services Tax Credit (GSTC)*
- *Canada Child Benefits (CCB)*
- *Canada Workers Benefit*
- *Refundable Medical Expense Supplement*
- *Basic Personal Amount*
- *Amount for Eligible Dependents*
- *Canada Caregiver Amount*
- *Climate Action Incentive*

Forms:

- *RC66 – Canada Child Benefits Application*
- *Schedule 6 – Canada Workers Benefit*

CHAPTER 5

REPORTING EMPLOYMENT INCOME

LESSON PLAN:

Chapter	Reporting Employment Income
Reading Time	45 minutes
Practical Time	30 minutes
Review Exercise	45 minutes

WHAT'S NEW:

First-time homebuyers can save annual tax-deductible contributions of up to \$8,000 up to a lifetime limit of \$40,000. To create the unused contribution room, a First Home Savings Account must be opened. Unused contribution room can be carried forward to future years but only after the opening of a FHSA. Income earned within the account does not attract tax, and qualifying withdrawals are also tax-free.

The restriction on using both the FHSA and the Home Buyer's Plan within the RRSP was removed in Bill C-32, thereby allowing home buyers to also use up to \$75,000 (\$40,000 plus \$35,000 respectively) for a down payment. FHSA plans may be transferred to an RRSP or RRIF if the funds are not used to purchase a home within 15 years.

Multigenerational Home Renovation Tax Credit. This is a refundable tax credit of 15% of up to \$50,000 or a maximum of \$7500 spent to construct a secondary suite in the taxpayer's home to house a senior or disabled adult. In the case of adults with disabilities, these individuals must be at least 18 years of age and must be eligible for the Disability Tax Credit.

The qualifying expenditures that can be claimed must be paid after December 31, 2022, for work or services that occurred after that date. The credit is claimed by an eligible taxpayer, spouse or qualifying relation of the person who ordinarily resides in the eligible building within 12 months after the end of the renovation period.

KEY CONCEPTS AND ISSUES - WHAT YOU WILL LEARN:

In this chapter, you will learn about reporting income from employment, including these topics:

- T4 slips
- Other Employment Income
- Employment or Self-employment?
- Canada Pension Plan contributions
- Employment Insurance Premiums

- Tax Withholding
- Taxable Benefits
- Non-refundable credits
- RPPs and RRSPs

NEW SKILLS TO BE MASTERED:

After completing this chapter, including the quiz and case studies, you will be able to prepare returns for most employees with no employment expenses.

READING GUIDE - KEY QUESTIONS TO BE ANSWERED:

- What do you do if the client is missing a T4 slip?
- What amounts not shown on a T4 slip are considered to be employment income?
- What criteria determine if a taxpayer is an employee or a contractor?
- How can an employee reduce income tax withholding at source?
- What are some common taxable benefits?
- How are contributions to the Canada Pension Plan claimed on the tax return?
- What non-refundable credits are available to employees as a result of their employment?
- How is the Canada Employment Credit calculated?
- What are four basic factors of determination that CRA employs between an employee or a self-employed natural person?
- What are the consequences of claiming the volunteer firefighters' or search and rescue volunteers' amount?
- How can an employee increase take-home pay with child care expenses?
- Who should claim charitable donations shown on the employee's T4 slip?
- Which EI recipients are required to repay EI benefits, and how much must they repay?
- What is considered a taxable benefit?

LEARNING ACTIVITIES:

- Read the Knowledge Journal
- Read the assigned topics in EverGreen Explanatory Notes and answer the "Try This" questions
- Case studies
- Multiple-choice quiz

RESOURCES:

The Knowledge Journal;

EverGreen Explanatory Notes

- *Employment Income and Deductions – Overview*
- *Employment Income and Deductions*
- *Other Employment Income on Line 10400*
- *Taxable Benefits*

- "Employees' Contribution" in *Canada Pension Plan*
- "Premium" in *Employment Insurance*
- *Employment Insurance*
- *Canada Employment Credit*
- *Amount for Volunteer Firefighters*
- *Amount for Search and Rescue Volunteers*

Forms:

- T4 – *Statement of Remuneration Paid*
- T4A -*Statement of Pension, Retirement, Annuity and Other Income*
- T4E -*Statement of Employment Insurance and Other Benefits*
- TD1 – *Personal Tax Credit Return*
- T1213 *Request to Reduce Tax Deductions at Source*

CHAPTER 6

CLAIMING EMPLOYMENT DEDUCTIONS

LESSON PLAN:

Chapter	Claiming Employment Deductions
Reading Time	60 minutes
Practical Time	60 minutes
Review Exercise	45 minutes

KEY CONCEPTS AND ISSUES - WHAT YOU WILL LEARN:

In this chapter, you will learn about claiming deductions related to income from employment, including:

1. Employment Expenses
2. Child Care Expenses
3. Moving Expenses
4. Truckers and Others
5. Severance

NEW SKILLS TO BE MASTERED:

After completing this chapter, including the quiz and case studies, you will be able to prepare returns for most employees who are claiming employment expenses.

READING GUIDE - KEY QUESTIONS TO BE ANSWERED:

1. How does an eligible employee claim employment expenses?
2. What options are available to commission-based employees for claiming employment expenses?
3. What is the difference between a passenger vehicle and a motor vehicle?
4. What class of CAA will a passenger vehicle be put in?
5. What are the CCA limits for vehicles purchased in 2022 and 2023?
6. How do employees recoup the GST/HST paid on employment expenses?
7. Which form must be used by employers to deduct the salary paid to an assistant?
8. How does the simplified method of claiming home office expenses compare to the detailed method? Who is eligible for each method?
9. What are the limits for making contributions to registered pension plans and RRSPs?
10. If a couple may claim child care expenses, which spouse must make the claim?
11. Under what conditions can moving expenses be claimed?
12. How do truck drivers claim the costs of their meals and lodging?
13. What is the labour mobility deduction, and who qualifies to claim it?
14. What are the tax consequences of receiving a retiring allowance?

LEARNING ACTIVITIES:

- Read the Knowledge Journal
- Read the assigned topics in *EverGreen Explanatory Notes* and answer the "Try This" questions
- Case studies
- Multiple-choice quiz

RESOURCES:

The Knowledge Journal;

EverGreen Explanatory Notes

- *Employment Expenses*
- *GST Rebates*
- *Tools*
- *Auto Allowances*
- *Registered Pension Plan (RPP)*
- *Registered Retirement Savings Plan (RRSP)*
- *Pooled Registered Pension Plan (PRPP)*
- *Child Care Expenses*
- *Moving Expenses*
- *Board and Lodging Expenses of Long-Distance Drivers*
- *Labour Mobility Deduction*
- *Northern Residents Deduction*
- *Eligible Education School Supply Tax Credit*
- *Severance Packages*
- *Retiring Allowances*

Forms:

- T777 – *Statement of Employment Expenses*
- T777S – *Statement of Employment Expenses for Working at Home Due to COVID-19*
- T2200 – *Declaration of Conditions of Employment*
- T2200S – *Declaration of Conditions of Employment for Working at Home Due to COVID-19*
- T778 – *Child Care Expenses Deduction*
- T1-M – *Moving Expenses Deduction*
- TL2 – *Claim for Board and Lodging Expenses*
- T2222 – *Northern Residents Deductions*

CHAPTER 7

FAMILIES AND CHILDREN

LESSON PLAN:

Chapter	Families and Children
Reading Time	60 minutes
Practical Time	60 minutes
Review Exercise	45 minutes

WHAT'S NEW:

Multigenerational Home Renovation Tax Credit. This is a refundable tax credit of 15% of up to \$50,000 or a maximum of \$7500 spent to construct a secondary suite in the taxpayer's home to house a senior or disabled adult. In the case of adults with disabilities, these individuals must be at least 18 years of age and must be eligible for the Disability Tax Credit.

The qualifying expenditures that can be claimed must be paid after December 31, 2022, for work or services that occurred after that date. The credit is claimed by an eligible taxpayer, spouse or qualifying relation of the person who ordinarily resides in the eligible building within 12 months after the end of the renovation period.

Tax-Free First Home Savings Account. First-time homebuyers can save annual tax-deductible contributions of up to \$8,000 up to a lifetime limit of \$40,000.

Canada Disability Benefits to be Paid. The **Canada Disability Benefit (CDB)** was passed into law under Bill C-22, June 22, 2023 to help approximately 6 million people who live in poverty due to their disability. The payments are expected to start in December 2024 and delivered through the tax system. To be modelled after the GIS (Guaranteed Income Supplement, which is a refundable, income-tested tax benefit) the CDB will be paid to adults 18-64 years of age, initially focused on working people with disabilities.

Canada Dental Care Plan started taking applications for seniors aged 87 and above in December 2023.

KEY CONCEPTS AND ISSUES - WHAT YOU WILL LEARN:

In this chapter, you will learn about preparing returns for families, including the following topics:

- Spouses
- Children
- Students

- Medical Expenses
- The Sick and Disabled
- Charitable Donations
- Relationship Breakdown

NEW SKILLS TO BE MASTERED:

After completing this chapter, including the quiz and case studies, you will be able to prepare returns for most family situations.

READING GUIDE - KEY QUESTIONS TO BE ANSWERED:

- What claims can be made for a spouse or common-law partner?
- What claims can be made for the taxpayer's children?
- What tax credits are available for students and their supporting family members?
- What amounts can be claimed for medical expenses, and who should make the claim?
- What expenses related to assistance in having children can be claimed in 2022 for the first time?
- What is the Canada caregiver credit?
- What amounts can be claimed for other dependants?
- What tax breaks are available for the disabled and their caregivers?
- What changes have been made recently to the qualifications for the disability amount?
- How can claims for charitable donations be optimized?
- What claims can be made in the year of marital change?
- What are the income tax consequences of assets transferred as a result of a breakdown of a conjugal relationship?

LEARNING ACTIVITIES:

- Read the Knowledge Journal
- Read the assigned topics in *EverGreen Explanatory Notes* and answer the “Try This” questions
- Case studies
- Multiple-choice quiz

RESOURCES:

EverGreen Explanatory Notes

- *Non-refundable Credits - Overview*
- *Amounts Transferred from Spouse or Common-law Partner*
- *Canada Caregiver Credit*
- *Adoption Expense Tax Credit*
- *Tuition Education and Textbook Amounts*
- *Medical Expenses*
- *Disability Amount*
- *Disability Supports Deduction*

- *Charitable Donations*
- *Marriage Breakdown*
- *Spousal Support*

Forms:

- T2202 – *Tuition and Enrolment Certificate*
- T2201 – *Disability Tax Credit Certificate*

CHAPTER 8

REPORTING INVESTMENT INCOME

LESSON PLAN:

Chapter	Reporting Investment Income
Reading Time	60 minutes
Practical Time	60 minutes
Review Exercise	45 minutes

WHAT'S NEW:

January 1, 2024 – Non-deductibility of Rental Expenses on Non-Compliant Short Term Rentals Start. The federal government has introduced legislation to disallow the claiming of all expenses against rental income produced through short-term rental ventures. These are defined rentals in a province or municipality that at any:

- does not permit the operation of a short-term rental at the location of the short-term rental; or
- requires registration, a license or a permit to operate as a short-term rental, if the short-term rental does not comply with all registration, licensing and permit requirements.
- **Residential property** means: all or any part of a house, apartment, condominium unit, cottage, mobile home, trailer, houseboat or other property located in Canada, the use of which is permitted for residential purposes under applicable law.
- **Short term rental** means: a residential property that is offered for rent for a period of less than 90 consecutive days.
- **Non-deductibility of expenses** means: if a short-term rental is found to be non-compliant, *no amount* is deductible in computing income for a tax year, for an outlay made or an expense incurred to the extent the outlay or expense is a noncompliant amount for the taxation year.

KEY CONCEPTS AND ISSUES – WHAT YOU WILL LEARN:

In this chapter, you'll learn how to report investment income, including:

- Attribution Rules
- Interest
- Dividends
- Capital Gains

- Personal Residences
- Rental Property

You'll also learn how to claim investment expenses.

NEW SKILLS TO BE MASTERED:

After completing this chapter, including the quiz and case studies, you will be able to prepare returns that include various types of investment income.

READING GUIDE – KEY QUESTIONS TO BE ANSWERED:

- When is interest income reported?
- How is income earned in a joint account reported?
- How are dividends from taxable Canadian corporations taxed?
- How are capital gains taxed?
- What are identical properties, and what special rules apply to them?
- What are the exceptions to the attribution rules?
- How is the gain on a taxpayer's principal residence taxed?
- What happens when a family owns more than one principal residence?
- How is income from a rental property taxed?
- What expenses can be claimed for the costs of earning investment income?

LEARNING ACTIVITIES:

- Read the Knowledge Journal
- Read the assigned topics in *EverGreen Explanatory Notes* and answer the “Try This” questions
- Case studies
- Multiple-choice quiz

RESOURCES:

EverGreen Explanatory Notes

- *Attribution*
- *Interest*
- *Dividends from Canadian Corporations*
- *Capital Gains and Losses – Overview*
- *Income Splitting*
- *Mutual Fund Transactions*
- *Principal Residence*
- *Rent*
- *Carrying Charges*

Forms:

- *Federal Worksheet*
- *Schedule 3 – Capital Gains (or Losses)*
- *T2091- Designation of a Property as a Principal Residence*
- *T776 – Statement of Real Estate Rentals*

CHAPTER 9

PENSIONERS

LESSON PLAN:

Chapter	Pensioners
Reading Time	60 minutes
Practical Time	60 minutes
Review Exercise	45 minutes

WHAT'S NEW:

CPP: In 2024, the basic rate will remain the same, but an additional premium will be required on the next \$4,800 over the maximum pensionable earnings. In 2025 that premium would be on the first \$10,200 over the maximum pensionable earnings. The premium rate on these enhanced pensionable earnings will be 4%. Taxpayers who earn more than the maximum pensionable earnings after 2023 and pay the additional premiums on the additional pensionable earnings will earn additional pension credits and will be entitled to a larger pension when they retire.

Adjustments to prior contributions under defined benefit plans

In general, the Income Tax Act previously did not allow for retroactive contributions to employee accounts under a defined contribution pension plan (RPP) to adjust for under-contribution errors in prior years. Budget 2021 proposed to provide more flexibility to permit certain types of errors to be corrected via additional contributions if there was an under-contribution in any of the five prior years, subject to a dollar limit, and to correct for pension over-contribution errors in the same period if an excess amount was refunded to the employee or employer, as the case may be, who made the contribution. The administrator will be required to file a form T215 within 120 days that the permitted corrective contribution is made to the plan.

This received royal assent on June 22, 2023.

However, this will cause changes to the RRSP contribution room available to clients. Please review this with clients so affected.

KEY CONCEPTS AND ISSUES - WHAT YOU WILL LEARN:

In this chapter, you'll learn about income tax situations for pensioners, including:

- Old Age Security
- Canada Pension Plan income
- Private Pensions
- Pension Income Splitting
- Nonrefundable Credits for Pensioners

NEW SKILLS TO BE MASTERED:

After completing this chapter, including the quiz and case studies, you will be able to prepare returns that include pension income, including optimization using pension income splitting.

READING GUIDE - KEY QUESTIONS TO BE ANSWERED:

- What changes have been made recently regarding Old Age Security?
- At what income level must OAS be repaid?
- Who is eligible to receive the Guaranteed Income Supplement?
- What are the benefits of beginning to receive CPP before or after age 65?
- How can CPP pensions be split between spouses?
- How are CPP death benefits taxed?
- How are foreign pensions taxed when received by a Canadian resident?
- How can pension income splitting benefit senior couples?
- Over what income range is the age amount clawed back?
- What is "eligible pension income?"

LEARNING ACTIVITIES:

- Read the assigned topics in *EverGreen Explanatory Notes* and answer the "Try This" questions
- Case studies
- Multiple-choice quiz

RESOURCES:

EverGreen Explanatory Notes

- *Old Age Security*
- *Guaranteed Income Supplement*
- *Canada Pension Plan*
- *Registered Pension Plan (RPP)*
- *Foreign Pension Income*
- *Pension Income Splitting*
- *Age Amount*
- *Pension Income Amount*
- *Home Accessibility Tax Credit*

Forms:

- T4A(OAS) – *Statement of Old Age Security*
- T4A(P) – *Statement of Canada Pension Plan Benefits*
- T4A – *Statement of Pension, Retirement, Annuity, and Other Income*
- T1032 – *Joint Election to Split Pension Income*
- *T1 Worksheet*

CHAPTER 10

NEW FOR 2024 AND BEYOND

LESSON PLAN:

Chapter	New for 2024 and Beyond
Reading Time	60 minutes
Practical Time	60 minutes
Review Exercise	15 minutes

WHAT'S NEW:

Each year most personal amounts, tax brackets, and various other amounts are indexed to adjust for inflation. Indexation for 2023 was a whopping 6.3% and 4.7% for 2024. In addition, each year, the government tweaks existing tax measures and introduces new ones. This chapter will detail the changes that were introduced in the 2023 federal budgets as well as in the 2024 federal budget.

KEY CONCEPTS AND ISSUES - WHAT YOU WILL LEARN:

What's new and what is planned for future years, including:

- Indexation tax brackets and rates (federal and provincial)
- Indexation of non-refundable tax credits
- Changes for 2023
- Changes for 2024

NEW SKILLS TO BE MASTERED:

After completing this chapter, including the quiz and case study, you will be aware of what's new for current and future years.

READING GUIDE - KEY QUESTIONS TO BE ANSWERED:

- How does indexing affect tax brackets and rates?
- Which personal amounts are not indexed?
- What has changed about the basic personal amount
- How can the new first home savings account be used?
- What was announced in the Federal Budgets that affect returns?

LEARNING ACTIVITIES:

- Read the Knowledge Journal
- Read the assigned topics in *EverGreen Explanatory Notes* and answer the “Try This” questions
- Multiple-choice quiz

RESOURCES:

EverGreen Explanatory Notes

- *Budget 2022 - Personal Tax Changes*
- *Budget 2023 – Personal Tax Changes*
- *Budget 2024 – Personal Tax Changes*

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1

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This course introduces a proven process for consistently accurate T1 tax preparation services with a professional client interview and document management system, as well as a thorough understanding of tax preparation for the five anchor profiles upon which every personal tax return is based—credit filing, employees, families and children, investors, and seniors.

Knowledge Journal Topics:

- Intro to Income Taxation in Canada
- Using Software to Prepare the Return
- Filing the Return
- Low Income and Credit Filers
- Reporting Employment Income
- Claiming Employment Deductions
- Families and Children
- Reporting Investment Income
- Pensioners
- New for current tax year and beyond

2

Professional Income Tax Filing - Advanced

Fully updated to the latest federal Budgets, this comprehensive course delves deeply into the deductions, tax credits, and tax calculations on the personal tax return, with an emphasis on capital gains and losses, and registered and non-registered investment income sources. It overviews common and advanced client profiles, while sending students to the dynamic commentary in EverGreen Explanatory Notes.

Knowledge Journal Topics:

- Update and Review
- Family Filing
- Employees - Part 1
- Employees - Part 2
- Retirement
- Investors
- Asset Management
- Life Events
- Business Starts and Stops
- Death and Estate Planning

3

Filing Proprietorship Returns

This course for professional advisors uses CRA's prescribed forms: Statement of Business or Professional Activities, Capital Cost Allowance statements, worksheets for reporting home office, automobiles, other assets, inventory control, and cost of goods sold.

Knowledge Journal Topics:

- Taxation of Income from a Proprietorship
- Reporting Requirements: GST/HST
- Claiming Business Expenses
- Transactions Involving Business Assets
- Home-based Businesses
- Hiring Human Resources
- Inventory-Based Businesses
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4

Filing T3 Returns

This course introduces the types of trusts that may be created in Canada and how each of them is taxed. Students will learn how to prepare T3 returns as part of the case study exercises in the course. The students will also learn how to optimize taxes payable on income earned by at trust The Trust Tax Estimator tool, provided with this course, will help you to minimize taxes on trust income.

Knowledge Journal Topics:

- Introduction to Organizational Structures
- Consolidated and Combined Financial Statements
- Foreign Currency Transactions
- Purchase of a Business
- Sales of a Business
- The Sale of Assets
- The Sale of Shares
- Business Succession
- Tax Planning in Succession
- The Role of a Value Centered Accounting Function

5

Filing Final Returns at Death

This course deals comprehensively with the taxation of individuals at death and the new relationship with the CRA when taxpayers die. Gain a thorough understanding of how income and capital accumulations are taxed on final returns and learn strategies to minimize taxes.

Knowledge Journal Topics:

- Death and Taxes
- Returns in the Year of Death
- Reporting Income
- Capital Assets
- Registered Accounts
- Claiming Deductions
- Non-Refundable Credits
- Refundable Credits
- The Estate
- Avoiding Probate Fees

6

Investment Tax Strategies

This course covers a strategic and tax-efficient investment income planning process which places capital accumulations in the right hands of individuals in the family. The objective is to save capital and earn investment income with tax-efficiency and then to average down the tax paid on both by arranging to share with family members within the tax rules allowed.

Knowledge Journal Topics:

- Introduction to Real Wealth Management
- Tax Efficient Investing: Planning for Income and Capital
- Business Income and Asset Planning
- Introduction to Canadian Income Tax
- Growing and Preserving Tax Efficient Wealth
- Registered Investments
- Tax-Efficient Investments Income
- Real Estate
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- William Samplonius, ON

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