

What's new for 2023

Several credits or deductions have either been modified or added for the 2023 taxation year. Here are a few of them that may be of interest to you.

First Home Savings Account (FHSA) – This new measure aimed at facilitating home ownership came into effect on April 1, 2023.

Residential Property Flipping Rule – As of January 1, 2023, profits from the sale of a residential property (including rental property) that was held for less than 365 days will be deemed to be business income. Exceptions will apply for situations such as death, separation and other such life circumstances.

Multigenerational Home Renovation tax credit (MHRTC) (Federal) – This new tax credit aims to assist owners with the cost of renovations in building a secondary suite for a family member who is a senior or adult with a disability. 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. Before proceeding with the construction work, be sure to consider the potential impact of these renovations on the principal residence exemption.

Canadian Dental Care Plan – This plan is intended to help lower dental costs for eligible families earning less than \$90,000 per year. Families earning less than \$70,000 will have no co-payment to make. There will be progressive applications to the plan until 2025. Applications for seniors aged 87 years and over have been accepted since December 2023. Online applications can be made starting in May 2024.

Upgrading of Residential Waste Water Treatment Systems – If you paid for qualified expenditures for recognized work in relation to the residential waste water treatment systems of your principal place of residence or your cottage (available year-round), you may be eligible for this Québec refundable credit. This credit available since April 1, 2017, has been extended to March 31, 2027.

Canada Dental Benefit – This interim benefit is intended to help lower dental costs for eligible families earning less than \$90,000 per year. You can request this amount if the child receiving dental care is under 12 years old and does not have access to a private dental insurance plan. Depending on your adjusted family net income, you could receive a tax-free maximum payment of \$650 for each eligible child. This benefit will be applicable for only two periods. The last benefit period is for children under 12 years old as of July 1, 2023, for dental care received between July 1, 2023 and June 30, 2024. You have until June 30, 2024 to make a claim. This benefit is managed directly by the Canada Revenue Agency and cannot be requested in your tax returns. You can make your requests through “My Account” at the CRA.

Tax credit for Volunteer Firefighters and Search and Rescue Volunteers – The amount used to calculate the tax credit for Quebec purposes has been increased to \$5,000, which represents a tax credit of \$700. The \$5,000 amount will be indexed annually as of 2024.

Tax credit for home-support services for seniors (Québec) – The tax credit rate has increased to 37%. This credit will increase annually by 1% to reach 40% by 2026.

Payments above \$10,000 – As of January 1, 2024, electronic payments must be made for all remittances or payments of more than \$10,000.

What's new for 2023 (cont)

ABOLISHED

Home office expenses for employees who are teleworking – The simplified method allowing for a deduction of \$2 per day of teleworking up to a maximum amount of \$500 is no longer available.

Tax credit for seniors' activities (Québec) – This tax credit was eliminated as of 2023.

OTHER INFORMATION AND REMINDERS

Postdoctoral fellowship income – This income now qualifies as “earned income” for RRSP purposes. This amendment applies to 2021 and subsequent taxation years. Furthermore, postdoctoral fellowship income received in the 2011 to 2020 taxation years can also qualify as “earned income” if an adjustment to the “earned income” calculation is requested by the individual prior to 2026. Please advise us if you have received income from a postdoctoral fellowship so that we may assist you with this adjustment request.

Virtual currency transactions – As a Canadian resident, every year you must report all income earned from all sources. Since 2020, Revenu Québec is asking taxpayers to indicate on their income tax returns if they have had any transactions using virtual currency (cryptocurrency such as Bitcoin). This information is requested in question 12 of the Income section of our 2023 Tax Checklist and on page 2 of our Simplified Tax Checklist. Please be sure to answer it!

Requirement to register with the CNESST – Individuals who employ domestic workers for 420 hours over a period of 12 months (average of 35 hours per month) or 30 hours a week over a period of 7 consecutive weeks must register as an employer with the CNESST. Domestic workers are people who, in exchange for remuneration, undertake to carry out tasks for an individual, such as household chores or maintenance, babysitting or taking care of a person or animal, any other domestic tasks at the individual's home, or acting as a chauffeur or bodyguard. This has been in force since April 6, 2022. Please note that the minimum hourly wage as of May 1, 2023, was \$15.25.

Tax on split income (TOSI) – In addition to applying to certain types of income of a child born in 2006 or later, TOSI may now apply to amounts received by adult individuals from a related business. If you have received income on which TOSI applies, please advise us.

NEW MEASURES AS OF JANUARY 1, 2024

QPP contributions – Workers aged 65 and over who are already receiving their retirement pension will be able to stop contributing to the QPP. Workers who choose to stop contributing to the QPP

can do so by completing and providing form RR-50 to their employer. As of January 1st of each year, workers who turned 72 at the end of the previous year will automatically stop contributing to the QPP.

PROPOSED MEASURES FOR 2024

Cracking Down on Non-Compliant Short-Term Rentals (Airbnb and others) – These proposed measures intend to deny income tax deductions for expenses incurred to earn short-term rental income, including interest expenses, in provinces and municipalities that have prohibited short-term

rentals, as well as deny income tax deductions when short-term rental operators are not compliant with the applicable provincial or municipal licensing and registration requirements. These measures would apply to deny all expenses incurred on or after January 1, 2024.