

Tax season is upon us: Here's what you need to know to complete your return



JAMIE GOLOMBEK | February 17, 2017 4:22 PM ET
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The image shows a close-up of a hand filling out a Canadian T1 General Income Tax and Benefit Return form. The form is from the Canada Revenue Agency and includes sections for Identification, Information about you, and Information about your spouse or common-law partner. A hand is seen writing 'Ten' in the 'Last name' field. The form also includes fields for social insurance number (SIN), date of birth, language of correspondence, and marital status.

If your mailbox has seemed a little fuller recently, it may be because you've started to receive your tax slips for the 2016 calendar year. The annual arrival of these slips sends an early warning that tax season is just around the corner.

Indeed, the unofficial start of tax season begins this Monday Feb. 20 with the launch of the Canada Revenue Agency's NETFILE service. NETFILE is an electronic tax-filing service that allows you to send your individual income tax return directly to the CRA using the Internet and a NETFILE-certified

tax software product. Not only can you use the service to file your 2016 tax return but, if you're behind in your tax filings, you can now use NETFILE to file the previous three years tax returns (i.e. 2013, 2014 and 2015) as well.

As you begin to assemble your slips and prepare for the 2017 filing season, here's some changes to look out for this year.

Auto-fill my return

The CRA's "auto-fill" service returns again this year to enable you to automatically fill in parts of your 2016 (or 2015) tax return with information that the CRA has available at the time of filing. This filings season, the service has been enhanced to include extended log-in sessions, more tax slips and the use of the service for previous-year returns.

To use auto-fill, you must be fully registered for the CRA's "My Account" feature and select a NETFILE-certified software that offers auto-fill. You then simply follow the steps laid out in the software. Once Auto-fill has populated your information, it's a good idea to double check to ensure that all the proper fields on the return were appropriately completed.

This year, some of the more common tax slips that are available for download include: T3, T4, T4A, T4RIF, T4RSP, T5, T5008, the RC62, and RRSP contribution receipts.

Express NOA

New for the 2017 filing season, the CRA has introduced this service that will deliver "an instant assessment result message" and provide you with a Notice of Assessment directly into the certified tax software the next day. To use the service, you must be registered for online mail and file electronically using a certified tax software program.

The Canada child benefit (CCB) and the universal child care benefit (UCCB)

The 2016 tax year marked the introduction of the CCB, a tax-free monthly payment made to eligible families with kids under the age of 18. The CCB may also include the child disability benefit and any related provincial and territorial programs. The CCB replaced the Canada child tax benefit, the national child benefit supplement and the universal child care benefit (UCCB). Since the CCB only started in July 2016, if you had kids who were under 18 prior to July 2016, you would have received monthly UCCB amounts which are taxable. The CRA will issue UCCB recipients a special tax slip - the RC62 "Universal child care benefit statement" by the end of February. If you're married or living in a common-law relationship, the lower-income spouse or partner must report this amount on line 117 of their return.

School Supply Tax Credit

If you're an educator who spent your own money on school supplies for the classroom in 2016, be sure to claim the new "Teacher and Early Childhood Educator School Supply Tax Credit," which is meant to compensate teachers and early childhood educators who often incur personal, unreimbursed costs to purchase teaching supplies to enhance the students' classroom learning environment.

This new tax break allows eligible educators to claim a 15 per cent refundable tax credit for up to \$1,000 in qualifying school supply expenses each year. For the cost of supplies to qualify, employers

will be required to certify that the supplies were purchased "for the purpose of teaching or otherwise enhancing learning in a classroom or learning environment." Be sure you have your receipts for any supplies you are claiming in case the CRA needs to verify them.

Income splitting tax credit

You'll recall that the family tax cut, which was a version of income splitting that allowed an individual with a child under 18 to notionally transfer up to \$50,000 of income to his or her lower-income spouse or partner, was eliminated for the 2016 and future tax years so you won't find it anywhere in your tax software or tax forms this filing season.

But seniors need not worry. If you received pension income in 2016, you can still split eligible pension income with your spouse or common-law partner.

Children's fitness tax credit

This credit has been eliminated for 2017, but for 2016, the maximum eligible fees in the year was reduced to \$500 (from \$1,000 in 2015). The additional amount of \$500 for children eligible for the disability tax credit has not changed. As a result, the maximum credit is reduced to \$75 (\$150 for a child eligible for the disability tax credit).

Children's arts tax credit

This credit was also eliminated for 2017. For 2016, the maximum eligible fees in the year was reduced to \$250 (from \$500 in 2015), but the additional amount of \$500 for children eligible for the disability tax credit has also remained the same. The maximum credit is therefore reduced to \$37.50 (\$112.50 for a child eligible for the disability tax credit).

Home accessibility tax credit (HATC)

This new credit was introduced for 2016 to assist seniors and those eligible for the disability tax credit with certain home renovations. The tax credit is equal to 15 per cent of up to \$10,000 of expenses per year towards renovations that permit these individuals to gain access to, or to be more mobile or functional within, their home, or reduce their risk of harm within their home or from entering their home. Examples of typical expenditures that will qualify for this new tax credit include: the installation of grab bars, wheelchair ramps and walk-in bathtubs and showers.

Reporting the sale of your principal residence

Finally, if you sold your home last year, you are now required to report some basic information on the new, second page of Schedule 3 "Capital Gains (or Losses) in 2016" of your tax return to be able to claim the principal residence exemption and have the gain be completely (or partially) tax-free. Information you are required to provide includes: the date of acquisition, proceeds of disposition and the address of the home that was sold.

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References

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