Wolters Kluwer

**Release Notes**

# Cantax T1

## Versions 23.4.3xx.115 June 2024

### Contents



### New: Introducing Wolters Kluwer Support Platform

As part of our commitment to service, Wolters Kluwer is pleased to announce the launch of our new Support Platform.

Register to our Support Platform to submit, modify and track all your support requests in a single location. A chatbot system and a ***live chat*** feature powered by our virtual assistant are also included, with access to over 40,000 articles from our knowledge base. Note that **since December 1, 2023, the Support Centre no longer offers an email support service**, which has been replaced by our new support ticketing system.

If you need help during the registration process, please consult the following article to get all the information you need: How do I register to the new Support Platform?

Register now to our Support Platform and take advantage of all the benefits it has to offer!

### Try our Knowledge Base!

**Consult our Knowledge Base to quickly find the information you need!**

Our Knowledge Base contains an array of articles answering technical and tax questions most frequently asked to Support Centre agents. All you need to do is enter a few key words and the articles display in order of relevance to provide you with valuable information that will accurately answer your questions.

### Version Presentation

This 2023 production release of *Cantax* T1Plus has been approved by the CRA and can be used to prepare T1 personal tax returns for the 2023 taxation year. This means that this version is approved for:

- Paper filing
- EFILE
- Electronic filing of Form Authorization
- Electronic filing of Form T1135
- Auto-fill T1 Return (AFR) service
- ReFILE
- EFILING of the returns of taxpayers in multiple-jurisdiction situations
- PAD (Pre-authorized debit)
- Express NOA (Notice of Assessment)
- The 2D bar code(s) printed on the federal return
- This version allows you to work with files created in the Working Pre-Release version.

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#### Carrying forward your preferences

Once your preferences from last year are carried forward to the current year, it is important to verify that the options defined with respect to the returns of your clients and to the electronic filing of data (EFILE) still correspond to your situation for the current season.

## Training

To consult the different training options available regarding *Cantax* T1 (seminars, webinars, tutorials and more), access the Training section of the Wolters Kluwer Web site. You can also access it from the program, by selecting **Help**, **Cantax on the Web** and **Get Cantax Training**.

## Electronic Transmission of Authorization

**February 5, 2024 –** Opening of the system for electronic transmission of authorization requests.

You can electronically file an authorization request with this version of the program as version 105 for 2023 has been approved by the CRA.

In order to be able to electronically file an authorization, you must meet the following two criteria:

1. Have a valid EFILE number and password; and
2. Be a registered representative.

A registered representative is a person who is registered with the CRA's "Represent a Client" online service. To register with the service, go to https://www.canada.ca/en/revenue-agency/services/e-services/represent-a-client.html.

For more details on the Electronic Transmission of authorizations, see the *Cantax* T1 Help.

## Auto-fill T1 return (AFR)

**February 5, 2024 –** Opening of the service.

### Downloading prior-year data

You can download data from the seven previous years (2016, 2017, 2018, 2019, 2020, 2021 and 2022). To download data of a given year, you will have to use the *Cantax* program of the year in question. Ensure that your EFILE password is updated.

Note that only data on slips of prior years will be available. In addition, data that does not relate to a specific year, such as carried forward balances, will not be available.

What's New:

- New T4FHSA slip is now available for download.
- Addition of a correspondence preference indicator which specifies whether the taxpayer prefers electronic or paper mail from the CRA.
- Enhancement of the **My Account access** indicator, which now specifies whether the taxpayer has limited or full access to My Account.
- Addition of an indicator when the taxpayer has Canada Emergency Benefits (CEB) debt.
- Addition of an indicator when the taxpayer has an uncashed cheque from the CRA.

## EFILE

### Filing of 2023 tax returns

**February 19, 2024 –** Opening of the EFILE transmission system.

**January 24, 2025 –** The CRA will shut down its system.

**Note:** Tax returns with diacritics (accented characters) CANNOT be EFILED to the CRA.

**New:**

Starting with the 2023 tax year, the CRA has lifted additional EFILE restrictions to allow the following types of T1 returns to be accepted electronically:

- Non-residents filing a return under section 116 of the *Income Tax Act*
- Emigrants

As a result, the CRA has created the EFILE field **Residency type**. This field can be found in the **Residence** section of the INFO form. It is a mandatory field for all T1 returns that are EFILED and is automatically calculated by the program.

As indicated above, not all non-resident and deemed resident returns can be EFILED this year. Diagnostics have been added or modified to indicate which situations remain EFILE exclusions.

Note that these transmissions will be available in the next version of *Cantax* T1, scheduled to be released in mid-March.

**ReFILE (amended return)**

The CRA now allows the transmission of the following ReFILE requests:

- Returns from newcomers to Canada (immigrants)

## Electronic services prior years' support

In addition to the current tax year 2023, the CRA also supports prior-year electronic services as indicated below until January 2025:

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| **T1 EFILE (original returns)** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| **T1 ReFILE (amended returns)** | ✓ | ✓ | ✓ | | | | |
| **T1135** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| **Auto-fill my return (slips only)** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Express notice of assessment (Express NOA)** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |

You will have to use the *Cantax* program of the year in question and update your EFILE password to the current year.

## Modifications Made to Version 115

The modifications made to version 115 only relate to tax rates and the addition of extra calculations. The 2024 federal and provincial government tax rates, which were known at the time of this release, have been integrated to this version to help you forecast your clients' tax situation for the next taxation year (with the PLAN form).

## Modifications Made to Forms

### Federal

#### 2024 federal budget – Capital gains measures (PLAN)

In its 2024 budget, the federal government has announced its intention to increase the inclusion rate on capital gains realized annually above $250,000 by individuals from one-half to two-thirds by amending the *Income Tax Act*, effective June 25, 2024. The inclusion rate for capital gains realized annually up to $250,000 by individuals will continue to be one-half.

Lines have been added to Form PLAN to manually enter the capital gains. The capital gains entered on the tax return will be transferred by default to line **Capital gains (actual, inclusion rate 1/2)**. Capital gains above the $250,000 threshold realized after June 24, 2024, that are net of current-year capital losses, capital losses of other years applied to reduce current-year capital gains and the capital gains deduction claimed during the year need to be calculated manually and entered on line **Capital gains (actual, inclusion rate 2/3)**.

#### Estimated Alternative Minimum Tax for the 2024 Taxation Year

In addition, for 2024, the government has announced changes to the alternative minimum tax. The calculations are performed in Planner Mode only, with respect to the measures that were introduced in the 2023 and 2024 federal budgets.

#### CCA – Accelerated rate for new eligible purpose-built rental projects

The 2024 budget proposes an accelerated CCA rate of 10% under class 1 for new eligible purpose-built rental projects for which construction begins on or after Budget Day and before January 1, 2031, and are available for use before January 1, 2036.

The new calculations will be integrated in *Cantax* T1 2024 v.100.

#### CCA – Immediate expensing of productivity-enhancing assets

In its April 16, 2024, budget, the federal government is proposing immediate expensing for new additions to classes 44, 46 and 50 if the property is acquired on or after Budget Day and becomes available for use before January 1, 2027. The enhanced deduction would provide a 100% first-year deduction and would be available only for the year in which the property becomes available for use.

Property that becomes available for use after 2026 and before 2028 would continue to benefit from the accelerated investment incentive.

The new calculations will be integrated in *Cantax* T1 2024 v.100.

#### Capital cost allowance (CCA) – Phasing out of the accelerated investment incentive measure

A phase-out period of the tax measures related to accelerated investment incentive property (AIIPs) is beginning in 2024. The UCC adjustment factor is modified for all CCA classes considered to be AIIPs. The adjustment factor is reduced from 7/3 to 1.5 for classes 43.1, 54 and 56, from 1 to 0.5 for classes 43.2 and 53, and from 1.5 to 7/8 for class 55. For all other classes, the adjustment factor is zero.

The new calculations will be integrated in *Cantax* T1 2024 v.100.

### Schedule 6, Canada Workers Benefit – Enhancement of four payments (S6)

In its April 16, 2024, budget, the federal government plans to pay the Canada Workers Benefit in four instalments a year instead of three and increase the amounts so that a family can receive up to $2,739 a year as well as an additional amount of $821 for workers with disabilities.

This change will be integrated in *Cantax* T1 2024 v.100.

### Passenger vehicles – Increase of the capital cost ceiling for passenger vehicles in respect of capital cost allowance and maximum monthly deductible leasing costs purposes

On December 2023, the Department of Finance Canada has announced, through a news release, the ceilings governing the deductibility of automobile costs and the rates used to calculate the value of taxable benefits related to the use of an automobile that will be applicable for the year 2024.

Effective January 1, 2024:

- the $36,000 ceiling applicable to passenger vehicles (Class 10.1) will increase to $37,000 when such a vehicle is purchased after 2023;
- the ceiling will increase from $950 to $1,050 a month in respect of eligible deductible leasing costs for leasing contracts entered into after 2023.
- the maximum allowable interest deduction will be increased to $350 from $300 per month for new automobile loans entered into on or after January 1, 2024.

This change will be integrated in *Cantax* T1 2024 v.100.

### Adding a second CPP contribution (CPP2)

In Bill C-26 assented to in 2016, the federal government indicates that, starting in 2024, CPP2 contributions will be made in addition to basic CPP contributions and the first additional CPP contributions.

The new calculations will be integrated in *Cantax* T1 2024 v.100.

### Launching the Canada Disability Benefit

The 2024 budget announces that the government would begin paying this benefit to eligible low-income, working-age Canadians with disabilities between the ages of 18 and 64 starting in July 2025, since the benefit will come into force in June 2024. The model proposes a maximum benefit amount of $2,400 per year for eligible individuals.

This change will be integrated in *Cantax* T1 2024 v.100.

### Doubling the volunteer firefighter and search and rescue tax credits (VOLUNTEER)

The 2024 budget announces the government's intention to increase tax credits from $3,000 to $6,000. This increase will provide these volunteers with up to $450 back on their taxes.

This change will be integrated in *Cantax* T1 2024 v.100.

### Deduction for tradespeople’s travel expenses

The 2024 federal budget proposes to introduce a single, harmonized deduction for certain travel expenses of tradespeople in the construction industry, with no cap on expenses, retroactive to the 2022 taxation year.

This change will be integrated in *Cantax* T1 2024 v.100.

### Indigenous child and family services settlement

The 2024 federal budget proposes to exclude the income of the trusts established under the First Nations Child and Family Services, Jordan’s Principle, and Trout Class Settlement Agreement from taxation. This measure would apply to the 2024 and subsequent taxation years. The federal government is also committed to ensure that federal social benefits and social assistance benefits for class members would not be negatively impacted by the payments received.

This change will be integrated in *Cantax* T1 2024 v.100.

### Employee ownership trust tax exemption

The 2023 federal budget proposed to exempt the first $10 million in capital gains realized on the sale of a business to an EOT from taxation to facilitate the creation of employee ownership trusts under Bill C-59.

This change will be integrated in *Cantax* T1 2024 v.100.

## Provincial

### Prince Edward Island

### Tax planner, Prince Edward Island Tax and Credits (PLAN)

The following measures were announced in the 2024 Prince Edward Island budget and have been integrated to the current version of the program:

- The current three personal income tax brackets and surtax have been replaced by a five-bracket system for the 2024 tax year, with lower tax rates for each of the first three brackets. The brackets are divided as follows:
    - 9.65% on taxable income of $32,656 or less;

  - 13.63% on the portion of taxable income exceeding $32,656, but not exceeding $64,313;
  - 16.65% on the portion of taxable income exceeding $64,313, but not exceeding $105,000;
  - 18% on the portion of taxable income exceeding $105,000, but not exceeding $140,000;
  - 18.75% on taxable income exceeding $140,000.
- The Prince Edward Island non-refundable tax credit rate has decreased to 9.65% for the 2024 taxation year.

### New Brunswick

### New tax credits for volunteer firefighters and search and rescue volunteers

In its Bill 27, the Government of New Brunswick proposes two non-refundable provincial tax credits: one for volunteer firefighters and the other for search and rescue volunteers.

This change will be integrated in *Cantax* T1 2024 v.100.

## Corrected Calculations

The following problems have been corrected in version 115:

- The US exchange rate for April 2023 displays 1.6785 instead of 1.3485

## Modifications Made to Version 110

## Modifications Made to Forms

### Federal

### Payments greater than $10,000 – Mandatory electronic payments

When the income tax balance owing on the T1 return is greater than $10,000, a diagnostic will be displayed to indicate that payments of more than $10,000 to the Receiver General of Canada must now be made electronically, either through a financial institution's online services, the CRA's *My Payment* service, or through a pre-authorized debit agreement set up on the *CRA's My Business Account* site.

A diagnostic has also been added for instalment payments, as the same principle applies to instalment payments of more than $10,000.

This new obligation has been in effect since January 1, 2024. Taxpayers who fail to comply could face penalties.

### T101 slip, Statement of Resource Expenses (T101)

Addition of box 155, Expenses qualifying for a provincial tax credit – CMETC – Ontario

As a result of provincial Bill 146 (Ontario), the Ontario focused flow-through share tax credit is harmonized with the 2022 amendments to the *Income Tax Act* relating to flow-through shares. Thus, critical mineral exploration expenses are considered for the Ontario provincial tax credit. Therefore, box 155 has been added to the T101 slip.

### Climate Action Incentive Payment (GSTC)

The benefit known as the Climate action incentive payment (CAIP) from 2021 to 2023 was renamed the Canada Carbon Rebate (CCR) in 2024.

This version contains the updated rates for 2024 for all provinces concerned. It should be noted that in Bill C-59, the government announced that as of April 2024, the rural supplement will increase from 10% to 20%. However, this bill has not been sanctioned yet. We will monitor the situation to include the rate update when Bill C-59 is sanctioned.

### T1206, Tax on Split Income (1206)

Lines 9 and 10 have been added to section **Calculation of line 42000 of your return** of Form T1206 to reflect Bill C-47.

Lines 78 to 92 of section **Tax on split income for multiple jurisdictions, province or territory with an income allocation that is not your province or territory of residence** now apply, in addition to the six current provinces and territories, to the Northwest Territories.

As a result, these lines must be completed for each applicable province or territory to which income is allocated in Part 1 of Form T2203 (Jump Code: **2203**) and which is not the province or the territory of residence of the taxpayer. The applicable provinces and territories are British Columbia (BC), Saskatchewan (SK), Newfoundland and Labrador (NL), Prince Edward Island (PE), Manitoba (MB), Yukon (YT) and the Northwest Territories (NT).

### T5013 slip, Statement of Partnership Income (T5013)

Addition of boxes relating to expenses qualifying for a provincial tax credit – CMETC

To enable the exploration of critical minerals, a new 30% critical mineral exploration tax credit (CMETC) has been introduced in 2022. As critical mineral exploration expenses are considered for provincial tax credits, four boxes have been added to the T5013 slip:

- **Box 241, Critical Mineral Exploration Tax Credit – British Columbia**;
- **Box 242, Critical Mineral Exploration Tax Credit – Saskatchewan**;
- **Box 243, Critical Mineral Exploration Tax Credit – Manitoba**;
- **Box 244, Critical Mineral Exploration Tax Credit – Ontario**.

## Provincial

### Alberta

#### Alberta Child and Family Benefit (PROV BEN)

The Alberta child and family benefit rates have been adjusted.

### Newfoundland and Labrador

#### Newfoundland and Labrador Child Benefit (PROV BEN)

The Newfoundland and Labrador child benefit rates are increasing effective July 1, 2024. The rates have been adjusted to reflect this change.

**Modifications Made to Version 105**

## Modifications Made to Forms

### Federal

#### First-time filer (INFO)

The field **Second name** has been added for EFILE purposes to the **First-time filer** section. This optional field is to be used only when a taxpayer files a return for the first time with the CRA. This field is EFILED to the CRA but does not appear anywhere on the T1 return. Even when a second name is provided when filing a return for the first time, the CRA will not ask again for this second name when a taxpayer files his or her T1 returns in subsequent years.

#### Schedule 15, FHSA Contributions, Transfers and Activities (T1-S15)

A question has been added to Schedule 15 to indicate if the taxpayer **only** opened a FHSA and did **not** make any contributions, transfers or withdrawals. This information is now required for the CRA.

Diagnostics have also been added to this question.

#### Client letters

Form T1279 has been added as a form to be signed in the client letters.

#### Climate Action Incentive Payment (GSTC)

Climate action incentive payments for 2024 for all the provinces concerned have not been announced at the time of this version’s release. It should be noted that in Bill C-59, the rural supplement will increase from 10% to 20%. However, the bill has not been sanctioned yet. We will monitor this situation to include the 2024 rate update when Bill C-59 is sanctioned.

#### T4A, Slip Summary (T4A)

Lump-sum payments from a SPP or a money purchase RPP must be reported on line 11500 if a taxpayer is 65 years old or older on December 31 or if the amount was received upon the death of a spouse or a common-law partner. Box 018.1 has been added to Form T4A to report the relevant amount.

#### T777, Statement of Employment Expenses and T2200, Declaration of Conditions of Employment (777 and 2200)

The temporary flat rate method that allowed eligible employees, for the 2020 to 2022 taxation years, to deduct $2 for each day worked at home has been abolished for the 2023 taxation year.

As a result, Form T777S, Statement of Employment for Working at Home Due to COVID-19, has been removed from the program.

Under certain conditions, eligible employees who worked from home in 2023 will still be able to claim home office expenses by completing Form T777, using the detailed method.

Taxpayers who wish to claim home office expenses for 2023 using the detailed method will need to obtain Form T2200.

In addition, Form T2200S, Declaration of Conditions of Employment for Working at Home Due to COVID-19, is not applicable for the 2023 taxation year. Form T2200 will need to be completed to justify employment expenses, without regard to the situation.

#### T1170, Capital Gains on Gifts of Certain Capital Property (T1170)

The calculation of the capital gain resulting from the donation of certified ecologically sensitive land now includes a separate section on Form T1170. As a result of this change, the gain subject to the inclusion rate of 50% of a donation of certified ecologically sensitive land is now carried forward to item 4, **Real estate, depreciable property and other properties** rather than item 5, **Bonds,**

**debentures, promissory notes, crypto-assets, and other similar properties**, of Schedule 3 (T1-S3).

The format of the maturity date in section **Bonds and debentures that are publicly traded, and other properties** has changed, and the day is now displayed. If an entry was made with version 100 of the program, the date will automatically display the 1st of the month. Review the entries and make any necessary corrections.

### T90, Income Exempt from Tax under the Indian Act (T90)

Line **Registered retirement savings plan (RRSP) or Registered retirement income fund (RRIF) income relating to exempt pension transfers from a registered pension plan** has been added to the form.

The new line is an input line, and care must be taken not to enter an amount that is already included in the total of other annuities or retirement pensions.

### T2043, Return of Fuel Charge Proceeds to Farmers Tax Credit (T2043)

For the 2023 taxation year, residents of Nova Scotia (NS), Prince Edward Island (PE), Newfoundland and Labrador (NL) and New Brunswick (NB) will be able to claim the Return of fuel charge proceeds to farmers tax credit by completing Form T2043.

For the provinces of NS, PE, NL and NB, the rate of the tax credit is 0.140% of the amount of eligible farming expenses.

For the provinces of Ontario (ON), Manitoba (MB), Saskatchewan (SK) and Alberta (AB), which are already eligible for this credit, the tax credit is increased to 0.186% of the eligible farming expenses.

## Forms Under Review

The following forms are currently **under review or not available**, either because the CRA has not yet released the final version, or we have received these forms too late to integrate them into this version. They will be updated in the next release of *Cantax* T1Plus.

Forms Under Review

**DC905** – Bankruptcy identification form

**T1206** – Tax on Split Income

**T5013** – Statement of partnership income

**T101** - Statement of resource expenses

**T1221 –** Ontario Focused Flow-Through Share Tax Credit

**T1229 –** Statement of Resource Expenses and Depletion Allowance

**T1231 –** BC Mining Flow-Through Share Tax Credit

**T1241 –** Manitoba Mineral Exploration Tax Credit

**RESOURCE –** Resource Income and Deductions

**T2203 –** Provincial and Territorial Taxes - Multiple Jurisdictions

**EDUPLN –** Education Savings Planner

**EDUWS –** RESP Savings Growth Chart

**EMPPLN –** Employee Benefits Planner

**INVPLN –** Investment Tax Planner

**LIFEPLN –** Lifetime Tax Planner

**PLAN –** Tax Planner

# Modifications Made to Version 100

## New forms

## Federal

### Schedule 12, Multigenerational Home Renovation Tax Credit (T1-S12(MHRTC))

The Multigenerational Home Renovation Tax Credit (MHRTC) is a new refundable tax credit that can be claimed on the 2023 tax return by completing the new Schedule 12.

This new tax credit is intended for families wishing to create a second dwelling so that a senior or a disabled person can live close to a parent.

This second dwelling must accommodate a relative over the age of 65 or living with a disability. This may be a grandparent, a parent, a child, a grandchild, a brother or a sister, an aunt or an uncle, or a niece or a nephew.

The tax credit is 15% of the lesser of qualifying expenditures and $50,000, up to a maximum credit of $7,500 per qualifying renovation.

### First Home Savings Account (FHSA)

In Budget 2022, the government proposed the introduction of the First Home Savings Account (FHSA). This new registered plan, available since April 1, 2023, allows future first-time home buyers to save a total of $40,000 tax free, up to an annual contribution limit of $8,000. Like a Registered Retirement Savings Plan (RRSP), contributions are tax deductible, and withdrawals for first-time homebuyers, including investment income, are tax free, as is the case with a Tax-Free Savings Account (TFSA).

For more information on the FHSA, visit: https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account.html.

This new measure is reflected in the program as follows:

New T4FHSA slip (**T4FHSA**)

The new T4FHSA slip is issued to an individual who has opened a FHSA when a transaction with an impact on his or her tax return has been carried out during the year.

New lines - Income Tax and Benefit Return (**T1**)

While a withdrawal from a FHSA is not included in your income if it is a qualifying withdrawal, a designated amount or an amount otherwise included in your income, the amount withdrawn from a FHSA is taxable in all other cases. In addition, contributions made during the year may be deducted.

As a result, the T1 general return introduces three new lines:

- Line 12905, **First home savings account (FHSA) income**;
- Line 12906, **FHSA income – other**;
- Line 20805, **FHSA deduction**.

New Schedule 15 (**15**)

The new Schedule 15 must be completed if:

- a FHSA has been opened during the year;
- contributions have been made to the FHSA;
- a transfer from a Registered Retirement Savings Plan (RRSP) to a FHSA has been made;
- a designation of FHSA amounts has been made;
- a qualifying withdrawal from a FHSA has been made.

This schedule is also used to calculate the FHSA deduction available for the year and the unused FHSA contribution that can be carried forward to future years.

Form CARRYFWD (**CARRYFWD**)

A FHSA section has been added to carry forward balances available on Schedule 15.

Client letters

Client letters have been updated to include FHSA information.

## British Columbia

### T1356, British Columbia clean buildings tax credit (T1356)

A new temporary tax credit, the British Columbia clean buildings tax credit, has been introduced for individuals undertaking qualifying retrofits that improve the energy efficiency of eligible commercial and residential buildings with four or more units in British Columbia. The tax credit is equal to 5% of eligible expenses. The retrofit must be completed before April 1, 2026, and be certified by the British Columbia Ministry of Finance to qualify. The credit amounts are then reported on form BC479.

# Modifications Made to Forms

## Federal

### Personal (name, address, etc.) (INFO)

Because of the upcoming CRA change which will allow for some non-resident and deemed resident returns to be EFILED, the **Country of residence on December 31, 2023, if non-resident** field has been changed on the INFO screen. As a result, this field now displays a drop-down list with the allowed values. Therefore, for this transition year only, files carried forward with a non-Canadian address will not carry forward the value found in the **Country of residence on December 31, 2022, if non-resident** field from the prior-year file. Where applicable, you might need to manually complete those fields using the new drop-down lists.

### Notice to Reader

As a result of the coming into force of the new Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, published by the Auditing and Assurance Standards Board, the program is introducing changes to the Notice to Reader.

CSRS 4200 addresses compilation engagements, also referred to as the **Notice to Reader** in practice, and contains new conducting and reporting requirements. Therefore, to align with key changes, including scope and reporting standards, the Notice to Reader is removed from the program.

Therefore, item (d) has been removed from the Engagement letter: *(d) you will attach my notice to reader when distributing the return(s) or supplementary financial information to third parties.*

And finally, the Disclaimer mentions in the **Options/Preferences** section have been renamed **Customized Note**.

### Schedule 3, Capital gains (or losses) (T1-S3)

In its 2022 budget, the federal government introduced a new rule concerning property flipping. New subsection 12(12) of the Act provides that profits from property flipping of residential or rental property (defined in new subsection 12(13)) held for less than 365 consecutive days prior to the resale will be subject to full taxation. Accordingly, profits from property flipping are considered to be fully taxable business income and are not eligible for the 50% capital gains inclusion rate or the principal residence exemption. In addition, new subsection 12(14) provides that a taxpayer's business loss with respect to property flipping is deemed to be nil.

Two lines have been added to Schedule 3 to indicate whether the taxpayer has disposed of a property to which this new rule applies and whether the disposition can reasonably be considered to have occurred because of or in contemplation of one of the life events to which the rule does not apply.

For more information on property flipping and the life events that are excluded from the rule, see the information on Schedule 3 and in the help section therein.

### T2125, Residential and rental property flipping (T2125)

Starting in 2023, profits or losses resulting from a flipped residential or rental property owned for less than 365 consecutive days prior to it being resold are now deemed to be business income and must be reported on Form T2125 (**T2125**).

A check box has been added to Form T2125 to indicate that a flipped property has been reported. When this box is selected and the flipped property generates a loss, this loss will be deemed to be nil (the amount on line 9946 of Form T2125 will be equal to zero).

### Schedule 6, Canada Workers Benefit (T1-S6)

Effective July 2023, all taxpayers who claimed the Canada Workers Benefit (CWB) on line 45300 of their 2022 tax return (by filing Schedule 6) have received the Advanced Canada Workers Benefit (ACWB).

Taxpayers who received the ACWB in 2023 will receive a RC210 slip. The ACWB amounts entered on the RC210 slip will be carried forward to a new section (Step 4), which has been added to Schedule 6.

The ACWB amount received by the taxpayer and to be carried forward to line 41500 of the T1 return will not exceed the Canada Workers Benefit (CWB) amount calculated in Schedule 6. The calculation of the CWB amount to be carried forward to line 41500 of the T1 return is performed in the new section in Schedule 6.

In addition, box 11 has been added to the RC210 slip. This new box is used to indicate the portion of the disability supplement that is included in ACWB payments separately.

Since the CRA now automatically pays ACWB amounts to all qualifying taxpayers, the amounts of the ACWB payments that the taxpayer will receive will be calculated in a section that has been added to the RC210 slip. A paragraph has also been added to the letters to indicate the ACWB payment amounts to which the taxpayer is entitled.

### Line 45200, Refundable medical expense supplement (MEDEXPSUP)

Following technical interpretation 2018-0753471E5 published on October 6, 2023, by the CRA, the calculations of the worksheet for line **45200 – Refundable medical expense supplement** has been modified so that the adjusted family net income no longer includes the income from a spouse or common-law partner who died during the year.

### Passenger vehicles – Increase of the capital cost ceiling for passenger vehicles in respect of capital cost allowance and maximum monthly deductible leasing costs purposes

Effective January 1, 2023:

- the $59,000 ceiling applicable to zero-emission passenger vehicles (Class 54) will increase to $61,000 when such a vehicle is purchased after 2022;
- the $34,000 ceiling applicable to passenger vehicles (Class 10.1) will increase to $36,000 when such a vehicle is purchased after 2022;
- the ceiling will increase from $900 to $950 a month in respect of eligible deductible leasing costs for leasing contracts entered into after 2022.

The following forms have been updated to reflect the new rates, effective January 1, 2023, for vehicle acquisitions or leases:

- Forms AUTO, T777A, T2125, T2042, T2121, T776, T1163 and T1273.

### T4 Slip Summary (T4)

Box 45, **Employer-offered dental benefits**, has been added to the T4 Slip Summary to indicate the employee's dental insurance status.

For 2023, box 45 might be empty in certain situations.

Box 45 is shown for information purposes only; it does not affect any calculations on the return.

For more information: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/completing-filing-information-returns/t4-information-employers/t4-slip.html

### T4A slip Summary (T4A)

Addition of box 15, Payer-offered dental benefits

In the 2023 budget, the government clarifies the implementation of the Canadian Dental Care Plan. The plan will cover dental care for uninsured Canadians with an annual family income under $90,000, while those with a family income under $70,000 will not have to pay a co-payment.

As a result, box 15, **Payer-Offered dental benefits**, has been added to the T4A slip to indicate whether the individual has access to dental coverage and, if so, whether it also covers the spouse and dependent children.

<u>Modification to box 201, Repayment of COVID-19 financial assistance</u>

Prior to 2023, the amount reimbursed for federal benefits related to COVID-19 was to be reported on line 23210, while the amount reimbursed for provincial and territorial benefits related to COVID-19 was to be reported on line 23200.

In 2023, with the elimination of line 23210, the reimbursed amount of federal benefits related to COVID-19 will also be included on line 23200.

This measure is reflected in the program as follows:

- Box 201 is no longer doubled;
- Box 201 is moved completely to line 23200;
- Line 23210 is deleted.

### T657, Calculation of Capital Gains Deduction (T657)

If you disposed of qualified farm or fishing property (QFFP) or qualified small business corporation shares (QSBCS) you may be eligible for the lifetime capital gains exemption (LCGE). Because you only include one half of a capital gain in your income, your cumulative capital gains deduction is one half of the LCGE.

The total of your capital gains deductions on gains arising from dispositions in 2023 of qualifying capital property has increased to $485,595 (i.e., one half of the LCGE increased by indexation to $971,190 for 2023).

- For dispositions of QFFP after April 20, 2015, the LCGE is increased to $1,000,000. This additional deduction does not apply to dispositions of QSBCS:
- The limit on gains arising from dispositions in 2022 of qualifying capital property is $456,815 (one half of an LCGE of $913,630)
- The limit on gains arising from dispositions in 2021 of qualifying capital property is $446,109 (one half of an LCGE of $892,218)
- The limit on gains arising from dispositions in 2020 of qualifying capital property is $441,692 (one half of an LCGE of $883,384)
- The limit on gains arising from dispositions in 2019 of qualifying capital property is $433,456 (one half of an LCGE of $866,912)
- The limit on gains arising from dispositions in 2018 of qualifying capital property is $424,126 (one half of an LCGE of $848,252)
- The limit on gains arising from dispositions in 2017 of qualifying capital property is $417,858 (one half of an LCGE of $835,716)
- The limit on gains arising from dispositions in 2016 of qualifying capital property is $412,088 (one half of an LCGE of $824,176)
- The limit on gains arising from dispositions in 2015 of qualifying capital property is $406,800 (one half of an LCGE of $813,600)
- The limit on gains arising from dispositions in 2014 of qualifying capital property is $400,000 (one half of an LCGE of $800,000)
- The limit on gains arising from the dispositions of qualifying capital property after 2008 and before 2014 is $375,000 (one half of an LCGE of $750,000).

## Provincial

## British Columbia

### BC428, British Columbia Credits (T1C/479)

A new section has been created on form BC479 to report the British Columbia clean buildings tax credits on the new form T1356.

For more information, see the section of form T1356.

A new refundable tax credit, the British Columbia renter's tax credit, has been introduced for eligible individuals who rent and occupy a unit in British Columbia for at least six months in a calendar year. The credit is income-based: households with an adjusted income up to $60,000 will receive $400 and households with an adjusted income between $60,000 and $80,000 will receive a gradually reduced credit.

### BC Family Benefit (PROVBEN)

Since July 1, 2023, an additional annual supplement of up to $500 will be provided to single-parent families.

## Saskatchewan

### T1279, Saskatchewan Mineral Exploration Tax Credit (T1279)

This credit was previously calculated in Form SK428. The CRA has added Form T1279 to calculate the credit or carry it back to previous years. The tax credit rate is increased to 30% for 2023 and subsequent taxation years.

## Manitoba

### MB428, Manitoba Tax (T1C/428)

The basic personal amount has been increased to $15,000.

## New Brunswick

### NB428, New Brunswick Tax and Credits (T1C/428)

The government of New Brunswick has made changes to its tax brackets. There are now four tax brackets instead of five, divided as follows:

- 9.40% on taxable income of $47,715 or less;
- 14% on the portion of taxable income exceeding $47,715, but not exceeding $95,431;
- 16% on the portion of taxable income exceeding $95,431, but not exceeding $176,756;
- 19.50% on taxable income exceeding $176,756.

### Benefit – Climate action incentive payment (GSTC)

Following the Government of New Brunswick's request, the federal pollution pricing fuel charge has been replacing the province's own fuel charge since July 1, 2023. New Brunswick will continue to apply its own provincially-administered fuel charge for industrial emitters.

Residents of New Brunswick will receive two CAI payments in 2023-2024: a double payment in October 2023 to return the projected proceeds from the July to September 2023 and the October to December 2023 periods, as well as a single payment in January 2024 to return the projected proceeds from January to March 2024. In April 2024, New Brunswick residents will receive the first of four regular quarterly payments for 2024-2025.

## Newfoundland and Labrador

### NL479, Newfoundland and Labrador Credits (T1C/479)

The physical activity tax credit rate has been increased from 8.7% to 17.4%. The maximum amount that can now be claimed per family for this credit is $348.

## Northwest Territories

### Cost-of-Living Offset (GSTC)

In 2023, changes have been made to the Cost-of-Living Offset (COLO) to reduce the carbon tax burden on residents living in different regions. Therefore, residents living in higher heating fuel use areas will receive higher COLO payments. The regional COLO has two parts:

- The baseline COLO amount to help offset direct and indirect effects of carbon tax, excluding carbon tax on heating fuel;
- An additional COLO amount based on zones (Zone A, Zone B and Zone C) to help offset the effect of the carbon tax on heating fuel costs.

In the program, the calculations consider the additional amount for Zone A residents. Zone B and Zone C residents will receive a higher additional amount.

## Nunavut

### Nunavut Carbon Credit (GSTC)

In Budget 2023, the Government of Nunavut announced the introduction of the new Nunavut carbon credit. It is a non-taxable amount paid to individuals and families to help offset the cost of the carbon tax. This amount is combined with the quarterly payment of the federal GST/HST credit.

## Yukon

### YT(S14), Yukon Government Carbon Price Rebate (T1C/S14-YT)

The Yukon Government Carbon Price Rebate now includes the Yukon mining business carbon price rebate. This rebate can be claimed by a business using eligible Yukon mining assets. Part 2 of the schedule is now presented in table format. The first table calculates the Yukon mining business carbon price rebate, and the second calculates the Yukon general business carbon price rebate.

## Forms removed

### Federal

- T2039, Air Quality Improvement Tax Credit
- ON(S11)MJ, T2203 ON Provincial tuition and education amount
- T1B, T1B - Request to Deduct Federal COVID-19 Benefits Repayment in a Prior Year

### Ontario

- ON(S12), Ontario seniors' home safety tax credit
- STAYCATION, Ontario staycation tax credit

### Saskatchewan

- SK(S12), Saskatchewan home renovation tax credit

## Carry Forward

This version can be used to carry forward 2022 T1 files from *Cantax* T1 and ProFile to *Cantax*.

To carry forward your client files, proceed as follows:

1. Open the 2023 *Cantax* program.
2. Select **File/Carry Forward** from the menu.
3. The **Carry Forward Return** dialog box will be displayed.
4. Use the drop-down list at the bottom of the **File of Type:** dialog box to select the type of return you will be carrying forward.
5. *Cantax* users will select file type Cantax T1 (*.P22). ProFile users will select file type ProFile (*.22T). Use the **Look In** drop-down list at the top of the dialog box to select the folder location where your 2022 files are stored.
6. This will bring up a selection of your client files. You can select the client either by entering the file name or double-clicking the appropriate file.
7. Once the file is selected, click **Open** to begin the carry forward.

## Cantax e-Bulletin

For your convenience, you are automatically subscribed to the **Cantax e-Bulletin**, a free e-mail service that ensures you receive up-to-date information about the latest version of *Cantax* T1.
If you want to review your subscription to **Cantax e-Bulletin**, visit
https://support.wolterskluwer.ca/en/newsletter

You can also register to our Support Platform at https://support.cch.com/oss/canada and submit a support ticket to indicate the products for which you wish to receive general information or information on our software (*Cantax* T1, *Cantax* T2, *Cantax FormMaster* or *CCH Accountants' Suite*).

## Help

### Support Ticket

https://support.cch.com/oss/canada

### Web Site

https://support.wolterskluwer.ca/en/support/