



Connection

Summer 2023




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Letter from the Editor

Climate change has been affecting the frequency, duration, and intensity of extreme weather- and climate-related events from coast to coast. June has brought above-normal temperatures across the northern Prairies, northern Ontario, and northern Quebec. Many parts of the country are experiencing the devastating impacts of wildfires, driven mainly by higher temperatures and seasonal dryness. As we brace for a summer of higher-than-normal temperatures across the country, let's take a moment to sit back and review the summer's edition of the Connection.

This edition brings you the highlights of this year's DT Max 2023 Planner version with the known tax changes and available forms. For more in-depth coverage of all the changes, be sure to read the "What's New" for version 26.30 in our online Knowledge Base.

We have a few changes in this version that have been made as a result of client suggestions. Look for this symbol 

Included in this issue of the Connection is the profile of René Jodoin, tax expert and CEO of JFMV Inc. He's made a specialty of what generally perceived as a burden by most firms. His entire organization of the tax season is part of the infrastructure he's put in place over the past couple of years.

Synergy Canada is fully virtual this fall. This will allow you to access online, from wherever you are. You'll be able to attend workshops, learn about upcoming product updates, hear from expert speakers including the CRA and interact with staff. Synergy Canada will take place November 16. To learn more, be sure to visit thomsonreuters.ca/synergy.

Be sure to share your feedback on this Connection as well as any ideas you may have for future editions. I would like to take a moment to say thank-you to my colleagues for their collaboration in this edition of the Connection. I would also like to thank M. Jodoin for taking time in his busy schedule to allow me to interview him. On behalf of everyone at Thomson Reuters, have a safe and wonderful summer.

Ida Celli
Editor, Connection

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What's new for T1?

NEW FOR THE 2023 TAX YEAR IN AUTO-FILL MY RETURN

The following new items can be downloaded from CRA's Auto-fill my return service into DT Max:

- First home savings account (FSHA), new slip
- Canada Emergency Benefits debt indicator
- Correspondence preference indicator (electronic or paper)
- Uncashed cheques indicator

NEW DIAGNOSTICS - ERROR PREVENTION REPORT FEDERAL

T845 Residential property flipping rule

WARNING

You have a disposition of "real estate, depreciable property, and other properties" or a "personal-use property" that has been held for less than 12 months. Beginning with the 2023 tax year, profits resulting from the disposition of real estate (including rental property) that has been held for less than 12 months are considered business income.

The flipped property is deemed to be inventory in the taxpayer's business. The flipped property is deemed not to be a capital property of the taxpayer. Because of the deeming of the property as inventory, and not a capital property, the principal residence exemption does not apply for these dispositions.

There are exceptions to this rule:

- Death: a disposition due to, or in anticipation of, the death of the taxpayer or a related person.
- Household addition: a disposition due to, or in anticipation of, a related person joining the taxpayer's household or the taxpayer joining a related person's household.
- Separation: a disposition due to the breakdown of a marriage or common-law partnership, where the taxpayer has been living separate and apart from their spouse or common-law partner because of a breakdown in the relationship for a period of at least 90 days.
- Personal safety: a disposition due to a threat to the personal safety of the taxpayer or a related person, such as the threat of domestic violence.
- Disability or illness: a disposition due to a taxpayer or a related person suffering from a serious disability or illness.
- Employment change: a disposition for the taxpayer or their spouse or common-law partner to work at a new location or due to an involuntary termination of employment. In the case of work at a new location, the taxpayer's new home must be at least 40 kilometres closer to the new work location (eligible relocation).
- An involuntary termination of the employment of the taxpayer or the taxpayer's spouse or common-law partner.

- Insolvency: a disposition due to insolvency or to avoid insolvency.
- Involuntary disposition: a disposition against someone's will.

This rule does not apply to a capital loss on a flipped property. You also cannot create a business loss through an inventory loss on a flipped property.

If you are affected by the new rules, please enter the disposition in the **Business** group as business income.

NEW FORMS - IN-HOUSE FORMS

EFILE - Notes and diagnostics

In order to facilitate EFILE eligibility, all EFILE-related notes and diagnostics have been moved from the in-house Notes and diagnostics form to our new EFILE - Notes and diagnostics form.

2023 AUTOMOBILE DEDUCTION LIMITS AND EXPENSE BENEFIT RATES FOR BUSINESSES

On December 16, 2022, the Department of Finance Canada announced the automobile income tax deduction limits and expense benefit rates that will apply in 2023.

The following changes to limits and rates will take effect as of January 1, 2023:

- The ceiling for capital cost allowances (CCA) for Class 10.1 passenger vehicles will be increased from \$34,000 to \$36,000, before tax, in respect of vehicles (new and used) acquired on or after January 1, 2023.
- The ceiling for CCA for Class 54 zero-emission passenger vehicles will be increased from \$59,000 to \$61,000, before tax, in respect of vehicles (new and used) acquired on or after January 1, 2023.
- Deductible leasing costs will be increased from \$900 to \$950 per month, before tax, for new leases entered into on or after January 1, 2023.
- The limit on the deduction of tax-exempt allowances paid by employers to employees who use their personal vehicle for business purposes in the provinces will increase by seven cents to 68 cents per kilometre for the first 5,000 kilometres driven, and to 62 cents for each additional kilometre. For the territories, the limit will also increase by seven cents to 72 cents per kilometre for the first 5,000 kilometres driven, and to 66 cents for each additional kilometre.
- The general prescribed rate used to determine the taxable benefit of employees relating to the personal portion of automobile expenses paid by their employers will be increased by four cents to 33 cents per kilometre. For people who are employed principally in selling or leasing automobiles, the rate used to determine the employee's taxable benefit will be increased by four cents to 30 cents per kilometre.
- The maximum allowable interest deduction for new automobile loans of \$300 per month will remain the same for 2023.

What's new for T2?

T2 CORPORATION INCOME TAX RETURN (SCHEDULE 200): PROFESSIONAL REPRESENTATIVE NUMBER

On page 9, new line 925 has been added referring to the tax preparer representative ID (RepID). This information can be entered by accessing the Preferences menu > Identification tab > Identification numbers. Enter a 7 alphanumeric value for the federal RepID. If a 7 alphanumeric RepID has not been entered, no entry will be made on line 925 of Schedule 200.

The representative number will also be transmitted electronically with Forms T106, T1134, and T1135

ATI SCHEDULE 13: IMMEDIATE EXPENSING INCENTIVE

The form has been updated by the Alberta TRA to reflect the immediate expensing incentive, as first announced in the 2021 federal budget.

If an eligible person or partnership (EPOP) is a Canadian-controlled private corporation, property can qualify as designated immediate expensing property (DIEP) if, among other conditions, it is acquired after April 18, 2021. The following part has been changed:

The following line was added:

- Line 125 for the immediate expensing limit allocated to the corporation as reported on line 125 of federal Schedule 8.

The following columns were added:

- Column 4 (line 39) for the cost of acquisitions that are DIEP;
- Column 9 (line 41) for the proceeds of dispositions of the DIEP;
- Column 11 (line 43) for the UCC of the DIEP;
- Column 12 (line 45) for the immediate expensing;
- Column 13 for the cost of acquisition on the remainder of the class;
- Column 15 for the remaining UCC.

QUEBEC INACTIVE CORPORATIONS

As requested by Revenu Québec, we now display the NAICS on the CO-17 (line 32) and on the CO-17.SP (line 32) when a corporation is inactive.

This information is being requested whether the return is being paper filed or efiled.

A man and a woman are standing in front of a large sign that says 'WALL ST'. The man is on the left, wearing a dark suit and a patterned tie, with his arms crossed. The woman is on the right, wearing a black and white patterned dress and glasses, also with her arms crossed. The background is a blurred cityscape.

TEAM WORK MAKES THE DREAM WORK

René Jodoin & Isabelle Croteau - JFMV inc.

“ We’ve made a specialty of what is generally perceived as a burden by most other firms. At our firm, CPAs don’t work overtime during personal tax season. Technical work is done by technicians, tax preparation is done by tax preparers, and CPAs just do CPA work. In fact, the entire organization of the tax season is part of the infrastructure we’ve put in place over the past few years. ”

Montreal-born René Jodoin, tax expert and CEO of JFMV Inc., grew up in a middle-class family. In addition to his enthusiasm for numbers, he has an interest in landscaping, interior design and nautical activities.

His keen interest in economics and the financial markets, combined with his experience as a volunteer at the Rosemont CEGEP tax clinic, paved the way for a career in the field of taxation. In addition to helping low-income clients, he also took on clients with more complex returns, such as self-employed individuals. The challenge of finding the best available tax refund or reducing the amount of tax owed gives him great satisfaction.

Motivated by the desire to become a millionaire by the age of 25 (which was not to be) and to be his own boss, René Jodoin set up his own firm in 1984. He developed his business from his home office, growing from 25 tax returns in his first year to 3,000 returns eleven years later before moving into a commercial space.

Today, JFMV Inc. offers a full range of services, from certification to bookkeeping, tax consulting, estate planning, personal taxation, trust taxation, personal and trust tax filing, succession settlements, as well as the valuation, purchase and sale of businesses.

“ I take great pride in getting refunds for my clients or lowering their amount of tax payable; it’s really rewarding ”

Without hesitation, René Jodoin declares that his firm’s greatest strength lies in its human resources. Management has always favoured an atmosphere of inclusiveness and respect for all. Seeking the contribution of all his employees in a spirit of openness, his team is culturally, religiously, ethnically and gender-wise diverse. The team is multidisciplinary, and staff members complement each other with their diverse knowledge, acquired in a variety of fields.

The firm specializes in tax returns for individuals, estates and trusts. The firm has a very elaborate structure, from the receipt of documents to the delivery of returns through consultants or via its secure Web portal. The team also includes preparers, auditors and assembly staff.

Even before the pandemic, the firm was already operating in a “paperless”, cloud-based working environment. Employees were already teleworking before it became the trend. Since 2020, several other technologies have been implemented to optimize operations, including IP telephony, electronic communications with customers via email and SMS messages (solutions that are more economical, faster and eco-friendly), and the introduction of the firm’s secure Web-based customer portal.

The latter enables them to exchange documents with clients, have documents signed electronically, and bill and collect payments. Clients can now do business with JFMV Inc. without ever leaving the comfort of their own homes.

Thanks to DT Max and DT Practice, the firm produced 6,500 individual returns, 650 corporate returns and around 200 trust returns last year.

Mr. Jodoin appreciates the user-friendliness of DT Max’s database, which enables him to extract client lists in Excel format according to his chosen settings, thus facilitating the programming of email and SMS communication software. The software allows easy access to customer data from previous years without having to switch programs. This allows him to work on the current year’s return while keeping an eye on the previous year’s, minimizing the likelihood of errors. He notes that DT Max diagnostics are always relevant and essential.

The addition of DT Practice in 2014 has greatly facilitated the process. Each customer project is compartmentalized into tasks, and each task is assigned to an employee and allocated a time bank, eliminating wasted time or time worked and not billed. Each staff member works with a customized dashboard, knows their deadlines, and knows what is expected of them. Management is aware of the status of all works in progress and can react quickly and efficiently to meet clients’ expectations. All these key benefits ultimately translate into higher levels of customer satisfaction and increased operational efficiency for JFMV Inc.

What does the future hold for JFMV Inc.? For Mr. Jodoin, the goal is to continue to grow, by offering more services and diversifying resources and expertise, whether by acquiring or merging with other firms or by hiring new ambitious CPAs.

“ We’ve been doing business for almost 40 years, and our expertise spans a wide range of activity sectors. It’s an environment of cooperation rather than competition. When everyone wins, we all win. ”

REMINDER FROM REVENU QUÉBEC: IRREGULARITIES DISPLAYED ON PAPER FILED RETURNS RECEIVED BY RQ

We have been asked by Revenu Quebec to remind tax preparers of the following with respect to paper filed tax returns.

When documents mailed to Revenu Québec do not comply with the printing instructions mentioned in the IN-417.A, this causes additional work in the operational environment as well as delays in processing the tax file.

For this reason, we would like to remind users of section 3.1.2 of guide IN-417.A:

3.1.2 PRINTING

Forms COR-17.U and MR-69 must be printed as a separate document: no other form can be printed on the same sheet. For example, MR-69 can be printed on both sides of the sheet or printed only on the front of a sheet with no other form printed on the back.

Forms COR-17.W, COR-17.X, COR-17.Y and COR-17.Z can be printed on both sides of the same sheet. For example, the last page of COR-17.W and the first page of COR-17.X can be printed on both sides of a sheet, and the second page of COR-17.X and COR-17.Y can be printed on both sides of a second sheet.

Other documents can also be printed on both sides, but not on the same sheet as one of the forms mentioned in the previous two paragraphs.

What's new for T3?

● ALLOCATION OF DEEMED DISPOSITION INCOME

Once it has been established that the trust can allocate or designate its deemed dispositions, a new keyword, **Deem-Inc-Alloc**, has been added for the user to identify the type of deemed disposition to be allocated to the beneficiaries.

● T3QDT - ELECTING BENEFICIARY LEGAL REPRESENTATIVE

The new keyword **Legal-Rep-Name.qdt** has been added to the **Beneficiary** group for any electing beneficiaries that require the signature of the legal representative on federal Form T3QDT.

On the radar

CPA Ontario Practice Management & Tax : Driving Performance in Uncertain Times Dates

October 4 & 5, 2023

Fallsview Resort Hotel, Niagara Falls, Ontario

31st Annual Accounting Technology Seminar Series (virtual)

October 4, 11, 18 & 25, 2023

SYNERGY Canada Conference (virtual)

Thursday, November 16, 2023

NEW IN-HOUSE FORMS - MEMO INDICATORS - FEDERAL (EFILE)

Specific information is required to electronically file the T3 trust return which cannot be ascertained from the return itself. This new form will capture any information necessary concerning certain elections, agreements and waivers.

The information on this form will be used only for efile purposes and will not affect any changes to the T3 trust return. It also does not constitute an election. It is designed simply to inform the CRA that an election, a letter or a note containing the required information will be submitted in paper format or through the Submit documents online service.

Many of you have reached out to us with questions about renewing for the upcoming season. We have the answers.

Please call the Client Services agents at 1-800-663-7829 (option 3).

We'll be happy to help you prepare for 2023

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Thursday, November 16, 2023

The Thomson Reuters users' conference for
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REGISTRATION IS NOW OPEN!

We are pleased to announce that SYNERGY Canada 2023 will be held virtually on Thursday, November 16, 2023, allowing more firms to participate.

A unique opportunity to:

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