



THOMSON REUTERS

Connection

Winter 2022



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Letter from the Editor

This year's winter has been a frosty flip-flop across the country with notable polar-coaster swings in temperatures and big snowstorms in certain areas. But one thing remains constant and that is the arrival of tax season in Canada.

I'm pleased to present to you this edition of the Connection, which includes important highlights made to DT Max T1, T2, T3 and T5013. As always, all the details of versions 25.01 and subsequent can be found in the What's new in our Knowledge Base online.

Our annual Synergy Canada Users' Conference was once again a virtual event with a record number of participants. Thomson Reuters staff were available at our virtual booth area, along with the speakers and representatives from the CRA and Revenu Québec. Your feedback is always welcome as we continue to listen to your suggestions to add value to these events. We hope to see you at this year's conference – stay tuned for upcoming details!

On behalf of everyone at Thomson Reuters, I wish you a great tax season.

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Editor, Connection

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What's new for T1?

EMPLOYMENT EXPENSES FOR WORKING AT HOME DUE TO COVID-19: TEMPORARY FLAT RATE METHOD

The Federal Government has extended, for the 2021 and 2022 taxation years, the use of the temporary flat rate method to claim the home office expense deduction introduced last year.

In addition, the maximum amount has been increased from \$400 to \$500 per year for this simplified method.

QUEBEC: ENHANCEMENT OF THE SENIOR ASSISTANCE TAX CREDIT (FORM TP-1029.SA)

As requested by our clients, a search bar has now been added in the window listing the North American Industry Classification System (NAICS) codes. This new feature will allow you to find the applicable NAICS code quickly.

DEDUCTION FOR RESIDENTS OF DESIGNATED REMOTE AREAS (FORM T2222) - CHANGES TO THE TRAVEL DEDUCTION

Quebec: Harmonization with federal legislation regarding the travel deduction for individuals living in a recognized remote area (form TP-350.1)

The travel benefits deduction will be amended and expanded to be available to residents of eligible remote areas who are travelling even if their employer does not provide benefits for their personal travel.

As of January 1, 2021, if the taxpayer has received, in the course of his or her employment, taxable benefits related to travel by an eligible family member and does not claim the deduction for those benefits, or if they have not received taxable travel benefits, they may claim, for the year, some or all of a lump sum amount of \$1,200 for each eligible family member in respect of their trips in the year.

Note that starting in 2021, for each eligible family member, only two trips may be eligible for a deduction if the trip was for non-medical reasons. This limit does not apply to medical travel. You can claim a deduction for an unlimited number of medical trips taken by you or an eligible family member.

By default, the software will optimize the calculation of the travel deduction for each family member using the most advantageous between the value of the taxable travel benefit and the lump sum amount of \$1,200. Given the new restriction of two non-medical trips, if a person has taken more than two non-medical trips, the program will optimize the calculation by claiming the two most advantageous trips.

If desired, you can change the calculation made by default by the software by specifying the choice of method you want to use using the new Advantage-Package sub-word added to the RegionsEloignees group's Voyages keyword. In addition, you can also change the breakdown of the lump sum paid by the software using the Attrib-Package keyword.

NEW REFUNDABLE TAX CREDIT FOR THE RETURN OF FUEL CHARGE PROCEEDS TO FARMERS (FORM T2043)

Beginning in 2021, if the taxpayer is an independent farmer or an individual member of a partnership who carries on a farming business with a permanent establishment in Ontario, Manitoba, Saskatchewan and/or Alberta, and the taxpayer's total gross eligible farm expenses are \$25,000 or more, the taxpayer may be eligible for the new refundable credit.

If the taxpayer is eligible, the credit will be automatically calculated on the new Form T2043 and the amount will be included on the new line 47556 of the federal return.

Client suggestions recently added

TAX RETURN SUMMARIES

Q: In addition to the GST/HST credit, would it be possible to add a line in the tax return summaries to also display other provincial benefits and credits, such as the Ontario Trillium Benefit estimate

A: As of version 25.13, the Ontario Trillium Benefit estimate, as well as other provincial benefits and credits, will also be displayed in the following summaries: the Executive Summary, the Tax Return Summary, and the Tax Return Summary - Combined (with spouse).

COMPARATIVE REPORTS PERTAINING TO THE FEDERAL COVID-19 BENEFITS REPAYMENT

Q: Where taxpayers who received federal COVID-19 benefits in 2020 repaid them in 2021, they can choose in which tax year they want to claim the deduction for the repaid amount. They can also choose to split the deduction between the 2020 and 2021 returns, as long as the total deduction does not exceed the amount refunded. Could the software include an optimization feature to help taxpayers determine how to split the deduction between the years 2020 and 2021 to achieve an optimal result for both years?

A: Starting with version 25.12, when the taxpayer has repaid federal COVID-19 benefits in 2021, the program will generate the Comparative report T1 - 2021 and 2020 pertaining to the federal COVID-19 benefits repayment (as well as the Comparative report TP1 - 2021 and 2020 pertaining to the federal COVID-19 benefits repayment for residents of Quebec).

Since a deduction claimed on the return lowers the taxpayer's net income for the year and may affect other deductions and/or credits, these two reports allow you to view the effects of whether or not to claim the deduction in 2021. Note that the taxpayer's situation in 2020 is displayed for comparison purposes only. The effects of whether or not to claim the deduction in 2020 are not presented in this report.

What's new for T2?

QUEBEC EFILE OF INSURANCE CORPORATIONS

Revenu Québec will now accept the electronic transmission of corporate returns when the corporation is an insurance corporation. As a result, this version of DT Max T2 now allows those transmissions for Quebec purposes.

In addition, please note that insurance corporations can now efile amended tax returns.

CRA T2 Auto-fill Service and the Procedure to download T2 tax data from the CRA documents, available in our knowledge base.

FEDERAL T183 ELECTRONIC SIGNATURE

The User's defaults menu will now include a new option to specify how the EFILE authorization form(s), such as the T183 form, will be signed and dated.

The applicable options are:

- Form(s) will be signed in person
- Form(s) will be signed electronically
- Form(s) will be signed and dated electronically

Should you wish to override this option for a specific file, you may do so through the Client-Signature keyword.

If you intend to have clients sign the T183 form electronically, then DT Max must capture the date and time of the electronic signature. This information can be captured through the keywords E-Sign-Date and E-Sign-Time found within the E-Signature keyword group.

Use the keyword E-Sign-Date to indicate the date the T183 form was electronically signed. The date specified on the T183 form will be transmitted to the Canada Revenue Agency.

The time can be entered with the keyword E-Sign-Time. The date being transmitted to the Canada Revenue Agency must match the date specified on the T183 form.

The T183 form must always be completed prior to transmitting the federal income tax return.

What's new for T3?

BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS FOR 2021

The Federal Budget 2018 announced the requirement that certain trusts provide additional beneficial ownership information on an annual basis. This proposal would oblige certain trusts to file T3 Income Tax Returns for 2021 and onwards where in the past they were not required to file.

On February 4, 2022, the Department of Finance released for public comment a set of draft legislative proposals to implement previously announced tax measures of which include the reporting requirements for Trusts.

As such, the Canada Revenue Agency will continue to apply the existing filing requirements for T3 Trust income tax returns.

Given that the Quebec taxation system is generally harmonized with the federal taxation system, Revenu Québec will temporarily lift the obligation to provide the additional beneficial ownership information of the trust.

VALIDATION OF TRUST ACCOUNT NUMBERS

All trust account numbers will be validated by performing a MOD-10 calculation. A message warning clients that an invalid number has been entered will be generated.

QUEBEC: MANDATORY ENTRY OF TRUST IDENTIFICATION NUMBER AND ACCOUNT NUMBER IN RETURNS, REPORTS AND DOCUMENTS

The identification number that appears on a Notice of Assessment issued by Revenu Québec must appear on the Trust Income Tax Return (TP-646-V) and Trust Information Return (TP-646.1-V) filed by a trust.

If a trust does not have an identification number because it has never filed an income tax return, it can request one using form LM-58.1.2-V, Application for a Trust Identification Number.

As of 2018, a trust must also enter the trust account number appearing on the federal Trust Income Tax and Information Return (form T3RET) in its income tax return or information return. In addition, it must provide this account number to any person or to any partnership that is required to file an information return in which this number is entered.

As of March 26, 2021, the trust identification number and account number must appear on all returns, reports or other documents that the trust is required to file under tax legislation

T1134(2021) REDESIGNED - INFORMATION RETURN RELATING TO CONTROLLED AND NON-CONTROLLED FOREIGN AFFILIATES (2021 AND LATER TAXATION YEARS)

The T1134 form has been modified considerably with a significant number of new fields. A new group filing method has also been introduced for reporting entities that are members of a related group that share the same taxation year end. One set of T1134 forms (summary and supplements) on behalf of the entire group may now be filed.

What's new for T5013?

Limited partner losses are now limited to the adjusted at-risk amount. This includes losses from business, professional, commission, fishing and rental property.

On the T5013 slip, losses are limited to the amount in box 106, Limited partner's adjusted at-risk amount, and losses not applied are entered in box 108, Limited partner's loss available for carry forward.

On the RL-15 slip, losses are limited to the amount in box 26, At-risk amount, and losses not applied are entered in box 27, Limited partnership loss

New for tax year 2021 in Auto-fill my return (AFR)

- The Canada Training Credit Limit for the current tax year will now be available in Auto-fill my return.

- An indicator will appear if the client has elected to pay Employment Insurance on self-employment earnings.

- T5013, Statement of Partnership Income

- Box 002 – Partner code
- Box 003 – Country code
- Box 004 – Recipient type
- Box 005 – Partner's share (%) of partnership
- Box 010 – Total limited partner's business income (loss)
- Box 020 – Total business income (loss)
- Box 030 – Total capital gains (losses)
- Box 040 – Capital cost allowance

Support Hours

Feb 26th to May 2nd, 2022, extended hours

Monday to Friday 8:00 am to 9:00 pm EST

Saturday and Sunday 9:00 am to 5:00 pm EST

April 15th and April 18th, 2022

Good Friday and Easter Monday

9:00 am to 5:00 pm EST

April 17th, 2022

Easter Sunday

Office closed

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