

Connection

Letter from the Editor

Each tax season has its own challenges. This year is no different. From reporting new credits to new rules regarding Trusts and the electronic filing, there is much to keep us on our toes. It is now time to roll-up our sleeves and reach the finish with the satisfaction of a job well done.

This edition of the Connection includes many important highlights of the changes made to DT Max products as well as ONVIO and mandatory changes for electronic filing. All the details of version 27.10 can be found in the What's New on our Knowledge Base online.

This past November our Synergy Canada Users' Conference was held virtually. With interesting speaker sessions and a variety of workshops, we are proud to say we had a record number of attendance. Along with the Thomson Reuters staff speakers included representatives from the CRA and Revenu Québec.

Thomson Reuters is charting a new course. We're not simply updating how we look, we are aligning our brand with our company goal to be the #1 content-driven and AI technology company.

Be sure to share your feedback on this Connection as well as any ideas you may have for future editions. I would like to say thank-you to my colleagues for their collaboration with this edition of the Connection.

On behalf of everyone at Thomson Reuters,

Have a great end of tax season!

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New for the 2023 Tax Year

A new feature is now available in the *Miscellaneous* section of *User's defaults* (*Preferences* menu) to save the T5008 slips downloaded from *CRA Auto-fill my return* to a CSV file. This file can be opened using any spreadsheet software (e.g., Excel or Google Sheets).

You can select when you want DT Max to save your client's T5008 slips to a CSV file.

DT Max will save the T5008 slip data to an external CSV file and include a link to that file in a keyword in the **T1-Autofill** keyword group. You can simply enter the total amounts that you have calculated using the spreadsheet in DT Max.

Note: If the T5008 slip data is saved to a CSV file, it will not be displayed in T-Slip "T5008" keyword groups.

For full details on the T5008 CSV file, please consult the "[Many T5008 slips](#)" section of the [Procedure to download tax data from the CRA](#) page in our knowledge base.

What's new for T1?

The **tax workflow review and tracking** feature will assist you during the tax return verification and review stage, specific tax review questions have been added and grouped into different tax categories. Simply browse through the tax questions in the tax categories that apply to your client's situation and select the question(s) relevant to your client.

This new keyword group, **Taxreview-For**, allow syou to log answers to questions you have on your client's tax return during the tax preparation process. DT Max will keep track of the answers to these questions in the data entry through the keyword group, and two new forms will be generated in the tax return screen.

Once the tax review question has been completed, i.e. processed, and the data entry has been carried out or modified, you can use the keyword **Completed.Tax** that you will find in the tax review question group. When you select "Yes", the tax review question will be transferred to another form called **Tax Review Questions - Completed**. Once all the tax review questions have been processed and completed, you should no longer have the **Tax Review Questions** form but only the **Tax Review Questions - Completed** form.

RESIDENTIAL PROPERTY FLIPPING RULE

Starting on January 1, 2023, the new deeming rule applies to flipped property to ensure that profits are subject to full income inclusion. Under the new rule, profits from the sale of a flipped property are deemed to be business income. Where the new deeming rule applies, profits on the sale cannot be treated as a capital gain (50-per-cent income inclusion) and the Principal Residence Exemption is not available.

For more details, please refer to the CRA's [Residential Property Flipping Rule](#) website page.

TAX-FREE FIRST HOME SAVINGS ACCOUNT (FHSA)

This new registered plan would give prospective first-time home buyers the ability to save \$40,000 on a tax-free basis. Like a Registered Retirement Savings Plan (RRSP), contributions would be tax-deductible, and withdrawals to purchase a first home - including from investment income - would be non-taxable, like a Tax-Free Savings Account (TFSA).

Key design features of the FHSA

- an \$8,000 annual contribution limit
- \$40,000 lifetime contribution limit

If you opened an FHSA in 2023, check the box on line 1 of Schedule 15, First Home Savings Account Contributions, Transfers and Activities.

For more information on the FHSA, visit canada.ca/fhsa.

For more details on how the FHSA works, please refer to the Department of Finance's [Design of the Tax-Free First Home Savings Account](#) background.

What's new for T2?

TWO VERSIONS OF FORM T3010: T3010(23) AND T3010(24)

In 2022, the Government of Canada announced measures to boost charitable spending in our communities and passed legislation changing disbursement quota rules for registered charities.

The Canada Revenue Agency has released a new version of Form T3010, Registered Charity Information Return, to reflect new reporting requirements. With version 27.01 of DT Max T2, two versions of the Form T3010 are available:

1. Charities with fiscal periods ending on or before December 30, 2023, should file their Form T3010 using version 23.
2. Charities with fiscal periods ending on or after December 31, 2023, will have to file their Form T3010 using version 24.

DT Max will generate the proper version of the T3010 depending on the fiscal period end of the charity.

IMPORTANT NOTICE: Due to these changes, it is very important to **recalculate the return** to make sure that you are using the correct version of the form.

CO-1029.8.33.6: NEW KEYWORD FOR DATA ENTRY

A new keyword **Copy-TrainWeek** has been added in the **TrainingCrQ** group to simplify the data entry for Quebec Form CO-1029.8.33.6. This form requires you to enter information regarding weeks in the training period that are not all identical.

Since this can be a tedious task, the new keyword **Copy-TrainWeek** allows you to copy a specific **Trainee-Week** subgroup that has already been entered for a particular **TrainingCrQ group**.

In order for the correct information subgroup to be copied over, there must be a match found between the **Copy-TrainWeek** keyword and the **Trainee-Week** keyword.

What's new for T3?

NEW TRUST FILING AND INFORMATION REPORTING RULES

Federal Bill C-32 implements the new trust tax return filing and information requirements. The new rules involve the obligation of filing a T3 Trust Income Tax and Information Return for certain trusts and bare trusts that had previously not been required to file. The Bill also outlines the reporting requirements of the additional beneficial ownership information of all trustees, beneficiaries, settlors as well as other controlling entities, on an annual basis.

The new rules will apply to taxation years ending after December 30, 2023.

To comply with these new obligations, DT Max T3 will prompt the user through the "Error and warning messages" to enter the required information. All trusts mandated to file under these new rules should enter the keyword **File-BenOwnership** and choose the applicable jurisdiction. Based on this information, certain keywords within each beneficial owners' group will become necessary to enter. Please refer to the section on **New keywords** for further information.

The CRA and Revenu Québec's reporting requirements for the additional beneficial information differ. The new CRA rules oblige the trusts to produce a tax return and Schedule 15 annually. However, the beneficial ownership information should only be captured if it is the first time the trust is reporting the information or if the beneficial ownership has changed during the tax year. For the CRA, previously reported entities will be automatically carried forward. As for Revenu Québec, they require the information to be entered yearly on the TP-646, regardless of whether the entity has been previously entered.

CRA UPDATE ON BARE TRUSTS

The Canada Revenue Agency has announced on March 28, 2024 that they will not require bare trusts to file a T3 Income Tax and Information Return, including Schedule 15, for the 2023 tax year, unless the CRA makes a direct request.

FIRST HOME SAVINGS ACCOUNT (FHSA)

The first home savings account (FHSA) is a new registered plan to help individuals save for their first home. An FHSA can be opened starting April 1, 2023. If an FHSA holder dies during the year, there may be FHSA implications for their estate. A new trust type 342, *Tax-Free First Home Savings Account*, is available for the 2023 taxation year.

ELECTRONIC REMITTANCE OR PAYMENTS ABOVE \$10,000

As of January 1, 2024, payments or remittances to the Receiver General of Canada should be made as an electronic payment if the amount is more than \$10,000. Payers may face a penalty unless they cannot reasonably remit or pay the amount electronically.

WHAT'S NEW WITH ELECTRONIC FILING

T1 Federal now supports 6 prior years - Electronic filing (EFILE) for income tax return is now limited to the current plus six prior tax years.

MANDATORY EFILING

For T1

Please note that starting in 2024, tax preparers who file more than 5 (five) federal or 5 (five) Quebec returns must file them electronically. This has been revised from the previous limit of 10 (ten).

For T2

The Canada Revenue Agency, Revenu Québec, and the Alberta Tax and Revenue Administration have all eliminated the mandatory electronic filing threshold of \$1 million in gross revenue.

For taxation years beginning in 2024, all corporations that are eligible for Corporation Internet Filing, whether their gross revenue is in excess of \$1 million or not, will be required to electronically file their returns.

In addition, starting in 2024, tax preparers who file more than 5 (five) federal, 5 (five) Quebec, or 5 (five) Alberta returns must file them electronically. This has been revised from the previous limit of 10 (ten).

For T3

For federal slip types filed after 2023, the Canada Revenue Agency (CRA) introduced a reduction in the mandatory electronic filing threshold, from 50 (fifty) to 5 (five). If, for example, a preparer was to paper file 6 (six) or more T3 slips with the trust return, then that preparer could be imposed a penalty by the CRA.

In addition, starting in 2024, tax preparers who file more than 5 (five) federal trust returns must file them electronically.

Revenu Québec has mandated the same requirement with respect to RL slips. As of January 1, 2024, if you have to file more than 5 (five) RL-16 slips, you must file them online in an XML file.

For T5013

For federal slip types filed after 2023, the Canada Revenue Agency (CRA) introduced a reduction in the mandatory electronic filing threshold, from 50 (fifty) to 5 (five). If, for example, a preparer was to paper file 6 (six) or more T5013 slips with the return, then that preparer could be imposed a penalty by the CRA. Revenu Québec has mandated the same requirement with respect to RL slips.

ONVIO

TAX MATTERS CONTACT

It is no longer a problem if all of your clients don't have an email address or are not technically adept. As long as one person in a family is signed up for Client Centre, you can designate that person as the Tax Matters Contact. This means that this person can send and receive documents on behalf of the entire family in Client Centre (e.g., view the tax returns of other family members, upload tax documents on behalf of other family members). This feature takes care of all the complicated behind-the-scenes work of adding relationships to contacts and doing folder sharing in Onvio Documents. In addition to being easy to turn on, it is equally easy to turn off if you decide it no longer applies.

ONVIO FIRM MANAGEMENT

Combine Multiple PDFs

PDF documents can now be combined together. This will save you time by not having to leave Onvio to combine multiple PDFs. You can access this functionality by selecting two or more PDFs and selecting Manage, then Combine PDFs. To further enhance your experience, you can optionally adjust the order of the documents being combined, add an outline, and send the originals to the recycle bin.

Daily Digest Notification

Firms can now turn on the Daily Digest notification email for their staff and clients in Client Notifications for selected notifications. Instead of your clients being bombarded with emails, when this feature is enabled, Onvio will only send no more than one email to your clients every 24 hours.

Onvio Tax

5-Year Summary

For 2023 and later tax years, the 5-year summary can now show data from prior tax years.

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