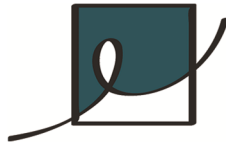


Income Tax

Brief



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CPA PROFESSIONAL CORPORATION

FALL 2025

START PLANNING NOW; SAVE ON TAXES

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DATES TO REMEMBER:

November and December

Tax planning

December 31

Farmers take inventory

Pay salary to family

Charitable donations due

January 15

December source deductions due

February 28

T4 filing deadline

March 1

RRSP purchases deadline

The Federal Government made a number of changes in regards to personal and corporate taxes that can have a profound impact on the amount of tax you will owe the government come April 2026.

Spending a few hours now will help you to minimize your tax bill and help to prepare you for the tax season.

Whether you do your taxes yourself, or have a professional complete your return, I

am providing this newsletter so you can make note of some of the major changes and some of the more common items that come up during tax season.

BUDGET 2025

On November 4, 2025, the Minister of Finance and National Revenues tabled the 2025 federal budget.

The budget contains tax measures that affect individuals and corporations, but there is no change to the general corporate tax rate or any newly announced changes in personal income tax rates.

As previously announced, Budget 2025 confirms reductions in the tax rate for the lowest federal tax bracket. The rate will be reduced from 15% to 14.5% in 2025 and 14% in 2026. Tax

brackets will continue to be indexed for inflation.

Some proposed tax measures include:

- Top-up tax credit. With the reduction in tax rates, the rate at which non-refundable tax credits apply would also reduce. This proposal would effectively maintain the 15% inclusion rate for 2025 through 2030.
- Reporting by bare trusts would apply to taxation years ending after 30 December 2026 instead of 30 December 2025.



- The cancellation of the Canadian Entrepreneurs' incentive
- Automated federal benefits. Beginning with the 2025 taxation year, CRA will automatically prepared pre-filled tax returns for some low-income Canadians to ensure they have access to certain benefits (i.e. GST/HST credit, child benefit, etc.). Eligible individuals will have 90 days to review the information and submit changes before CRA files the return.

WHERE CRA WILL LOOK CLOSELY AT YOUR RETURN ...

Every few years, CRA decides to randomly examine certain deductions claimed on tax returns. In the last year I have seen an increase in CRA requesting back up for these deductions.



MEDICAL EXPENSE CLAIMS

There has been a significant increase in CRA requests to see back-up for medical claims. To ensure your claims are approved if selected for review makes sure you have provided original receipts, logs of mileage claimed, and (newly requested this year) appointment summaries from the medical professionals (doctor, dentist, chiro, hospital, etc.)

CHARITABLE DONATIONS

CRA loves to deny donations. This year I had tax payers get their charitable donations examined at a higher rate than normal. Some donations were denied due to the issuer of the receipt not providing all the information required by CRA on donation receipts. In all cases, the issuers were contacted, corrected their errors, and re-issued the receipts which were then accepted.

MOTOR VEHICLES

You are required to use a log book unless your vehicle is used 100% business purposes. At anytime, up to 7 years after the date of your return, CRA can demand that you produce your log book.

I use an app: MileIQ

Kilometer Rate for 2025

First 5,000 km - \$0.72/km
Subsequent km - \$0.66/km

INVESTMENTS AND RRSPS

RRSP purchase deadline is March 1

T3s may not be mailed until the end of March or beginning of April

INVESTMENTS

If you have invested in Mutual Funds, you will be receiving a T3 slip. **These slips may not be issued until late March or early April.**

Management fees and interest on loans taken to make investments are deductible against your investment in-

come. Be sure to make provide applicable documents. Details will be required for any investment disposal to complete your tax return including proceeds, original cost, and date of sale.

RRSPs

Determining if you should purchase RRSPs this year

starts with determining the amount you are eligible to purchase. Check the amount available on your 2024 Notice of Assessment and deduct any contributions you have already made which are applicable to 2025. **The deadline for the purchase of RRSPs is March 1.**

RESP CONTRIBUTIONS



Your children, grandchildren, nieces and nephews, under the age of 18, can benefit from your planning if they are planning on continuing to a post-secondary education. The Federal Government supports an annual matching

grant; the Canada Education Savings Grant (CESG). Contributions can be made at any time during the year; a minimum of \$2,500 per year is required to earn the maximum grant. The maximum lifetime grant the Govern-

ment of Canada can give your child through the CESG is \$7,200. While there is no longer an annual limit, there is a lifetime contribution limit of \$50,000 per beneficiary.

PERSONAL TAX CREDITS AND OTHER DEDUCTIONS

Here are some of the more common credits and deductions available:

- Disability tax credit [requires credit certificate]
- Tuition and Education Credit. Paid for yourself, or transferred from spouse or child. To transfer, transferee must sign back of T2202A.
- Moving expenses
- Child care expenses
- Transit pass credit
- Child fitness tax credit
- Carrying charges
- Political donations
- Interest paid on student loan
- Volunteer firefighter credit
- Working tax credit
- Adoption tax credit
- Search and Rescue Volunteer tax credit
- Pension credit
- Medical expenses:
 - ⇒ Training and related expenses for service animals
 - ⇒ Mileage and meals (with restrictions)
 - ⇒ Prescriptions
 - ⇒ Dental
 - ⇒ Eyeglasses
 - ⇒ Hearing aids
 - ⇒ Dentures
 - ⇒ Crutches
 - ⇒ Insulin needles
 - ⇒ Visual fire alarms



CHARITIES

You can reduce your tax bill by making charitable donations. To ensure that your donation will be eligible for a tax deduction, ensure that the charity is currently a registered charity with the Government of Canada. You can search for Canadian Registered Charities or go to

<http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html> for a listing to search.

Donations must be made by December 31 to qualify for that year. You should receive your donation receipt

in the early part of the new year.

Any amounts that are not applied to this year, are carried forward up to five years.

Donations to charities are eligible for deduction up to five years after the donation is made

“CANADIAN SNOWBIRD ACT” (2025, U.S. HOUSE OF REPRESENTATIVES)

The US House of Representatives have proposed (not enacted to date) the “Canadian Snowbird Act”.

If passed in its current form would: 1. create a new non-visa visitor category, “Canadian Retiree”; 2. Create a new expansion of to the Income Tax definition of “Non-resident alien” under the Internal Revenue Code;

and 3. Extend the maximum length of stay for a “Canadian Retiree” from 182 days to 240 days.

To be classified as a “Canadian Retiree” a person must meet ALL the following requirements: 1. be a Canadian citizen; 2. be at least 50 years of age; 3. maintain a residence in Canada; 4. own

or rent (for the duration of stay) a residence in the US; 5. not work for a US employer in the US; and 6. not be otherwise inadmissible or deportable, or fail to meet other requirements of relevant legislation.

If you meet all of these requirements, you still will not qualify unless you get the

Secretary of the Department of Homeland Security to approve you IN ADVANCE.

Spouses may qualify if they meet the same requirements , other than #4.

Consult with an expert in US tax and US immigration if you would like to take advantage of the Act, when enacted.

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Accessible. Affordable. Professional.
Big firm expertise. Small firm relationship.



My aim is to serve clients by offering professional accounting services that are accessible, affordable, personalized, and that build and sustain a reputation for excellence, attention to detail, ethics, empathy and objectivity.

I believe that acting with honesty and integrity is integral in creating a lasting client relationship and is a cornerstone of my business operations. I commit to perform high-quality work in every engagement. Commercial considerations will not override the quality of work a client receives; I will charge what is fair, even if I have to take a loss.

TAX FREE INTEREST SAVING

- Contributions can be made by Canadian residents aged 18 and over at the time of the contribution, up to the amount of their unused contribution room
- The annual TFSA limit for 2026 is set at \$7,000. If you have never contributed and you have built contribution room since the program started, up to \$109,000 can be contributed. Income earned on these investments is earned tax free.
- There is no lifetime limit to contributions
- If a person becomes a non-resident, they will not have contribution room for the years in which they were non-resident for the entire year.
- If a person have contribution room, but no funds to contribute, they may contribute funds given by their spouse or common-law partner with no attribution of income.
- Tax payable on excess contributions is 1% per month for any month in which there is an excess amount at any time in the month.
- A withdrawal in any year does not increase the TFSA limit until the following calendar year.

OFFICE HOURS

You may have noticed that I do not maintain typical business hours. My family comes first and so my hours are typically school hours.

Monday —Friday 9am -3pm

Close Stat Holidays

Closed most school holidays

Thank you for your understanding.