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CHAPTER TWO SOLUTIONS

Solution to Assignment Problem Two - 1

While there are alternatives in all Cases, the following answers represent the "minimum" instalments, as required in the problem.

Case One

Ms. Skurnick's net tax owing in each of the three years is as follows:

2016 = $9,600 ($28,800 - $19,200)
2017 = $7,040 ($23,040 - $16,000)
2018 = $5,600 ($21,600 - $16,000) Estimated

As her net tax owing is expected to exceed $3,000 in 2018 and was more than $3,000 in both the first and second preceding years, the payment of instalments is required.

Using the 2018 estimate would result in minimum instalment payments. Based on this year, the required quarterly instalments would be $1,400 ($5,600 ÷ 4) for a total of $5,600.

They would be due on March 15, June 15, September 15, and December 15.

Case Two

Ms. Skurnick's net tax owing in each of the three years is as follows:

2016 = $17,600 ($28,800 - $11,200)
2017 = Nil ($23,040 - $24,000)
2018 = $7,200 ($21,600 - $14,400) Estimated

As her net tax owing is expected to exceed $3,000 in 2018 and was more than $3,000 in 2016, the payment of instalments is required.

Using the 2017 net tax owing would result in minimum instalment payments. Based on this year, the required quarterly instalments would be nil.

Case Three

Ms. Skurnick's net tax owing in each of the three years is as follows:

2016 = $1,300 ($28,800 - $27,500)
2017 = $6,840 ($23,040 - $16,200)
2018 = $3,400 ($21,600 - $18,200) Estimated

As her net tax owing is expected to exceed $3,000 in 2018 and was more than $3,000 in 2017, the payment of instalments is required.

Instalments under the three acceptable alternatives would be as follows:

Alternative 1 Using the estimated net tax owing for the current year would result in quarterly instalments of $850 ($3,400 ÷ 4) for a total of $3,400.

Alternative 2 Using the net tax owing for the previous year would result in quarterly instalments of $1,710 ($6,840 ÷ 4), for a total amount of $6,840.

Alternative 3 Using the net tax owing for the second previous year would result in a figure of $325 ($1,300 ÷ 4) for the first two instalments. The remaining two instalments would be $3,095 each {[$6,840 - (2)($325)] ÷ 2]. This would result in total instalments of $6,840.

The best choice would be Alternative 1. While the first two instalments are lower under Alternative 3, the total for the year under Alternative 3 is $3,340 ($6,840 - $3,400) higher.

They would be due on March 15, June 15, September 15, and December 15.

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Solution to Assignment Problem Two - 2

Part A

Under ITA 157(1), Ledux Inc. would have three alternatives with respect to the calculation of its instalment payments. The alternatives and the relevant calculations are as follows:

Current Year Base The instalment payments could be 1/12th of the estimated Tax Payable for the current year. In this case the resulting instalments would be $16,945.42 per month ($203,345 ÷ 12).

Preceding Year Base The instalment payments could be 1/12th of the Tax Payable in the immediately preceding taxation year. The resulting instalments would be $17,963.92 ($215,567 ÷ 12).

Preceding And Second Preceding Years The third alternative would be to base the first two instalments on 1/12th of the Tax Payable in the second preceding year and the remaining instalments on 1/10th of the Tax Payable in the preceding year, less the total amount paid in the first two instalments.

In this case, the first two instalments would be $16,118.33 ($193,420 ÷ 12) each, a total of $32,236.66. The remaining 10 instalments would be $18,333.03 [($215,567 - $32,236.66) ÷ 10] each. The total instalments under this approach would be $215,567.

While the third approach would provide the lowest payments for the first two instalments, the payments would total $215,567. As this is larger than the $203,345 total when the instalments are based on the current year's estimated Tax Payable, the use of the current year's Tax Payable approach would be the best alternative.

Part B

If the Company failed to make instalment payments towards the 2017 taxes payable, it would be liable for interest from the date each instalment should have been paid to the balance due date, March 31, 2017.

Assuming the actual 2017 taxes payable are $203,345, it would be the least of the amounts described in ITA 157(1), and interest would be calculated based on the current year instalment alternative. The rate charged would be the one prescribed in ITR 4301 for amounts owed to the Minister, the regular base rate plus 4 percentage points.

There is a penalty on large amounts of late or deficient instalments. This penalty is specified in ITA 163.1 and is equal to 50 percent of the amount by which the interest owing on the late or deficient instalments exceeds the greater of $1,000 and 25 percent of the interest that would be owing if no instalments were made. While detailed calculations are not required, we would note that this penalty would clearly be applicable in this case.

Interest on the entire balance of $203,345 of taxes payable would be charged beginning on the balance due date, March 31, 2017, two months after the end of the 2017 taxation year. The rate charged would be the one prescribed in ITR 4301 for amounts owed to the Minister, the regular base rate plus 4 percentage points.

There is also a penalty for late filing. If no return is filed by the filing due date of July 31, 2017, the penalty amounts to 5 percent of the tax that was unpaid at the filing date, plus 1 percent per complete month of the unpaid tax for a maximum period of 12 months. This penalty is in addition to any interest charged due to late payment of instalments or balance due. In addition, interest would also be charged on any penalties until such time as the return is filed or the instalments (balance due) paid.

The late file penalty could be doubled to 10 percent, plus 2 percent per month for a maximum of 20 months for a second offence within a three year period.

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Solution to Assignment Problem Two - 3

Case 1

Bronson's net tax owing in each of the three years is as follows:

2016 = Nil ($7,843 - $8,946) Note that a negative number is not used here.
2017 = $3,190 ($12,862 - $9,672)
2018 = $3,851 ($14,327 - $10,476 Estimated

As his net tax owing is expected to exceed $3,000 in 2018 and was more than $3,000 in 2017, the payment of instalments is required.

Instalments under the three acceptable alternatives would be as follows:

Alternative 1 Using the estimated net tax owing for the current year would result in quarterly instalments of $962.75 ($3,851 ÷ 4), for a total amount of $3,851.

Alternative 2 Using the net tax owing for the previous year would result in quarterly instalments of $797.50 ($3,190 ÷ 4), for a total amount of $3,190.

Alternative 3 Using the net tax owing for the second previous year would result in the first two instalments being nil. The remaining two instalments would be $1,595 [($3,190 - 0) ÷ 2], a total of $3,190.

The best alternative would be Alternative 3. While the total instalments under this alternative are the same as under Alternative 2, this option offers some deferral as the first two instalments are nil.

The required instalments would be due on September 15 and December 15, 2018.

Case 2

Bronson's net tax owing in each of the three years is as follows:

2016 = Nil ($8,116 - $8,946) Note that a negative number is not used here.
2017 = $4,174 ($13,846 - $9,672)
2018 = $3,066 ($13,542 - $10,476) Estimated

As his net tax owing is expected to exceed $3,000 in 2018 and was more than $3,000 in 2017, the payment of instalments is required.

Instalments under the three acceptable alternatives would be as follows:

Alternative 1 Using the estimated net tax owing for the current year would result in quarterly instalments of $766.50 ($3,066 ÷ 4), for a total amount of $3,066.

Alternative 2 Using the net tax owing for the previous year would result in quarterly instalments of $1,043.50 ($4,174 ÷ 4), for a total amount of $4,174.

Alternative 3 Using the net tax owing for the second previous year would result in the first two instalments being nil. The remaining two instalments would be $2,087 [($4,174 - 0) ÷ 2], a total of $4,174.

The best choice would be Alternative 1. While the first two instalments are lower under Alternative 3, the total for the year under Alternative 3 is $1,108 ($4,174 - $3,066) higher.

The required instalments would be due on March 15, June 15, September 15, and December 15, 2018.

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Case 3

Bronson's net tax owing in each of the three years is as follows:

2016 = $4,200 ($13,146 - $8,946)
2017 = $3,170 ($12,842 - $9,672)
2018 = $3,200 ($13,676 - $10,476) Estimated

As his net tax owing is expected to exceed $3,000 in 2018 and was more than $3,000 in both 2016 and 2017, the payment of instalments is required.

Instalments under the three acceptable alternatives would be as follows:

Alternative 1 Using the estimated net tax owing for the current year would result in quarterly instalments of $800 ($3,200 ÷ 4), for a total amount of $3,200.

Alternative 2 Using the net tax owing for the previous year would result in quarterly instalments of $792.50 ($3,170 ÷ 4), for a total amount of $3,170.

Alternative 3 Using the net tax owing for the second previous year would result in the first two instalments being $1,050 ($4,200 ÷ 4) each, a total of $2,100. The remaining two instalments would be $535 [($3,170 - $2,100) ÷ 2], a total of $1,070. When combined with the first two instalments, the total for the year would be $3,170 ($2,100 + $1,070).

In terms of minimizing instalments, the best choice is Alternative 2. While the total amount is $3,170, the same amount as under Alternative 3, there is some deferral with the first two payments being smaller.

The required instalments would be due on March 15, June 15, September 15, and December 15, 2018.

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Solution to Assignment Problem Two - 4

Case One

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is a small CCPC, instalments will be quarterly.

2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $27,405 ($109,620 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $31,290 ($125,160 ÷ 4) based on the first preceding year.
   - One instalment of $25,305 ($101,220 ÷ 4) based on the second preceding year, followed by three instalments of $33,285 [($125,160 - $25,305) ÷ 3], a total of $125,160.

3. The best alternative in terms of minimum instalments would be four instalments of $27,405, for total payments of $109,620. The instalments are due on March 31, June 30, September 30, and December 31, 2018.

Case Two

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is a small CCPC, instalments will be quarterly.

2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $27,405 ($109,620 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $26,075 ($104,300 ÷ 4) based on the first preceding year.
   - One instalment of $25,305 ($101,220 ÷ 4) based on the second preceding year, followed by three instalments of $26,331.67 [($104,300 - $25,305) ÷ 3], a total of $104,300.

3. The best alternative would be one payment of $25,305, followed by three payments of $26,331.67. While the total instalments are the same $104,300 in both the second and third alternatives, the third alternative is preferable because the first payment is lower. This provides a small amount of tax deferral.

   The instalments are due on March 31, June 30, September 30, and December 31, 2018.

Case Three

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is not a small CCPC, monthly instalments are required.

2. The three acceptable alternatives would be as follows:

   - Monthly instalments of $9,135 ($109,620 ÷ 12) based on the current year estimate.
   - Monthly instalments of $10,430 ($125,160 ÷ 12) based on the first preceding year.
   - Two monthly instalments of $8,435 ($101,220 ÷ 12) based on the second preceding year, followed by 10 monthly instalments of $10,829 {[$125,160 - (2)($8,435)] ÷ 10}, a total of $125,160.

3. The best alternative in terms of minimum instalments would be 12 instalments of $9,135, resulting in a total of $109,620 of instalment payments.

   The instalments would be due on the last day of each month, beginning in January, 2018.

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Case Four

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is not a small CCPC, monthly instalments are required.

2. The three acceptable alternatives would be as follows:

   - Monthly instalments of $9,135 ($109,620 ÷ 12) based on the current year estimate.
   - Monthly instalments of $8,691.67 ($104,300 ÷ 12) based on the first preceding year.
   - Two monthly instalments of $8,435 ($101,220 ÷ 12) based on the second preceding year, followed by 10 monthly instalments of $8,743 {[$104,300 - (2)($8,435)] ÷ 10}, a total of $104,300.

3. The best alternative would be two payments of $8,435, followed by ten payments of $8,743. While the total instalments are the same $104,300 in both the second and third alternatives, the third alternative is preferable because the first two payments are lower. As indicated in Case Two, this provides a small amount of tax deferral.

   The instalments would be due on the last day of each month, beginning in January, 2018.

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Solution to Assignment Problem Two - 5

Part A

For individuals, the taxation year is always the calendar year. Individuals without business income are required to file their tax returns no later than April 30 of the year following the relevant taxation year. For individuals with business income, and their spouse or common-law partner, the filing deadline is extended to June 15.

Part B

The general rules are the same for both deceased and living individuals. That is, the return must be filed no later than April 30 of the year following the year of death. If the deceased individual, or his spouse or common-law partner had business income, the due date is June 15 of the year following the year of death.

However, when death occurs between November 1 of a taxation year and the normal filing date for that year's return, representatives of the deceased can file the return on the later of the normal filing due date (April 30th or June 15th of the following year) and six months after the date of death.

Part C

Inter vivos trusts must use the calendar year as their taxation year. As the required tax return must be filed within 90 days of the taxation year end, returns for inter vivos trusts will be due March 31 (March 30 in leap years).

The rules are the same for most testamentary trusts. However, the exception to this is a testamentary trust that has been designated a graduated rate estate (GRE). Such GREs can use a non-calendar fiscal year for up to three years subsequent to the death of the settlor. GRE returns are due 90 days after the date that has been selected as the taxation year end.

Part D

Corporations can use a non-calendar fiscal year as their taxation year. The corporate T2 return must be filed within six months of the end of the taxation year.

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Solution to Assignment Problem Two - 6

The following additional information would be relevant in considering Mr. O'Brien's situation:

A. Determination of the date of the Notice of Reassessment. A notice of objection must be filed prior to the later of:

- 90 days from the date of the Notice of Reassessment; and
- one year from the due date for the return under reassessment.

In this case, the later date is clearly 90 days after the date of the Notice of Reassessment.

B. Determination of the date of the Notice of Assessment for the 2014 taxation year. A three year time limit applies from the date of the Notice of Assessment. If he filed his 2014 return on April 30, 2015, the Notice of Reassessment would be within the three year time limit applicable to such reassessments if the reassessment is dated before May 1, 2018.

C. Determination of whether Mr. O'Brien has signed a waiver of the three year time limit or if he is guilty of misrepresentation attributable to neglect, carelessness, or fraud. If the reassessment is not within the three year time limit, Mr. O'Brien would not usually be subject to reassessment. However, if Mr. O'Brien has signed a waiver of the three year time limit, or if he is guilty of misrepresentation attributable to neglect, carelessness, or fraud, he becomes subject to reassessment, regardless of the time period involved.

If the preceding determinations indicate that the reassessment is valid and you decide to accept Mr. O'Brien as a client, the following steps should be taken:

- You should have Mr. O'Brien file a Consent Form, T1013, with the CRA which authorizes you to represent him in his affairs with the CRA and/or authorize you to access his file through the online Represent a Client service.
- A notice of objection should be filed before the expiration of the 90 day time limit.
- You should begin discussions of the matter with the relevant assessor at the CRA.

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Solution to Assignment Problem Two - 7

Note To Instructor These Cases have been based on examples found in IC 01-1.

Case 1

While the use of the other accountant's business income statements resulted in the tax return that was filed, the tax return preparer would be entitled to the good faith defense since he relied, in good faith, on information provided by another professional on behalf of the client. Therefore, he would not be subject to the preparer penalty.

The third party penalties may be applied to the other accountant if he knew or would be expected to know, but for circumstances amounting to culpable conduct, that the financial statements contained false statements.

Case 2

Since the tax return preparer e-filed the taxpayer's return without viewing the charitable donation receipt, the CRA would consider assessing the tax return preparer with the preparer penalty. Given that the size of the donation is so disproportionate to the taxpayer's apparent resources as to defy credibility, to proceed unquestioningly in this situation would show wilful blindness and thus an indifference as to whether the ITA is complied with.

Case 3

In view of the business that the taxpayer is in, there was nothing in the income statement that would have made the accountant question the validity of the information provided to him. Therefore, he could rely on the good faith reliance exception and would not be subject to the preparer penalty.

Case 4

The accountant would not be subject to the penalties for participating or acquiescing in the understatement of a tax liability. The facts were highly suspect until the accountant asked questions to clear up the doubt in his mind that the client was not presenting him with implausible information. The response addressed the concern and was not inconsistent with the knowledge he possessed.

Case 5

The prospectus prepared by the company contains a false statement (overstated fair market value of the software) that could be used for tax purposes. The company knew or would reasonably be expected to know, but for culpable conduct, that the fair market value of the software was a false statement. The CRA would consider assessing the company and the appraiser with third party civil penalties.

Case 6

The issue here is whether the accountant is expected to know that HST is not payable on wages, interest expense, and zero-rated purchases. It is clear that the accountant should have known that no HST could be claimed on these items. Given this, in filing a claim that includes an HST refund on the preceding items, the accountant made a false statement, either knowingly, or in circumstances amounting to culpable conduct. Consequently, the CRA would consider assessing the accountant with the third party civil penalty, specifically, the preparer penalty.

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Practice Exam

Chapter 2 (Procedures And Administration)

Instructions To Students

Create An Examination Environment

Your text, the accompanying Study Guide and the Companion Website provide you with a large number of Exercises, Self Study Problems and Supplementary Self Study Problems for which solutions are provided. These problems are designed to assist you with understanding the content of each chapter. In contrast, the goal of this Practice Examination is to help you evaluate your ability to write the examinations in your tax course.

To get the maximum benefit from this Practice Examination, you should write it under examination conditions. It is designed as a 90 minute examination and should be written within that time constraint. You should choose a location where you will not be distracted and set aside 90 minutes of time during which you will not be interrupted.

Materials To Be Used During the Examination

Any materials that you use while writing this Practice Examination should be consistent with the materials that will be available during your tax course examinations. These vary from course to course depending on the instructor and can include the following possibilities:

- you may be provided with the list of "Rates and Other Data" that is found in the front of your *Canadian Tax Principles* textbook and on the Companion Website,
- you may be allowed to bring into the examination room:
  - a copy of the *Income Tax Act*, or
  - a "cheat sheet" with various notes, or
  - your *Canadian Tax Principles* textbook.

You should determine exactly what materials are allowed for your tax examination, either from your course outline or from your instructor. You should then write this Practice Examination using only the materials permitted for your examination.

Types Of Questions

Different instructors use alternative types of questions on their examinations. This examination includes essay questions, true or false questions, and multiple choice questions. However, the majority of the marks on this examination are allocated to problems that are similar to the Exercises , Self Study Problems and Supplementary Self Study Problems that are available through your *Canadian Tax Principles* text.

This content may not be consistent with the types of questions used by the instructor in your course (e.g., an instructor might choose to have an examination that contains only multiple choice questions, or only one comprehensive question). You should take this into consideration when you are evaluating your results on this examination.

Show Your Calculations

We think it is important for students to realize that showing their calculations clearly can result in many part marks, even if the final answer is wrong. Your instructor could have a different approach to marking than the one shown in this solution, but it would be very rare that part marks are not available on more complex questions.

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How To Use The Marking Guides

In the solution to this Practice Examination, we have provided information on how we would allocate the marks for each question. In some cases, this allocation is very straightforward. For example, if a 12 mark question consists of 6 multiple choice questions, 2 marks will be allocated to each correct answer.

However, in other situations the allocation process is more complex. Consider, for example, an employment income calculation that has 11 separate components (i.e., salary, RPP contributions and so forth). If 15 grading marks were assigned to this problem, the marking guide could assign 1.36 marks (15 marks divided by 11 components) to each line or, alternatively, award more than one mark to some components. Both of these approaches can be awkward.

To resolve this problem, the marking guides that we provide in these more complex situations will be based on "grading points". In the preceding example, 11 grading points would be assigned to this question — one for each component in the calculation. These "grading points" would then be converted into the relevant mark. Continuing the example, if you had 8 of 11 components in the calculation correct, this result would be converted to a mark as follows:

$$[(8 \div 11)(15\%)] = 10.9\%$$

In the solution for this Practice Examination, these grading points have been identified with highlighting the appropriate number or word(s).

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Practice Examination

Examination Content

The content of this examination, along with the marks and times for each question, are found in the following table.

Question	Type Of Question Or Subject	Marks	Time In Minutes
1	Essay Questions	20	18.0
2 - 7	True Or False	9	8.1
8 - 14	Multiple Choice	21	18.9
15	Instalments (Individual And Corporate)	50	45.0
Total		100	90.0

Question 1 (20 Marks)

Provide answers to each of the following questions.

A. Under what circumstances must an individual file an income tax return? If an individual is required to file an income tax return, by what date must it be filed?

B. Jane Dallas filed her 2017 tax return on the April 30, 2018 due date. She received her Notice of Assessment on July 15, 2018. The Notice did not indicate any problems with her return. On January 13, 2019, she receives a Notice of Reassessment, indicating that deductions of $15,000 were being disallowed and that she owed an additional $5,900 in taxes. The reassessment was dated January 10, 2019. Jane does not agree with the reassessment and has asked your advice on how to deal with the situation. Outline the procedures that can be taken by Jane to appeal this assessment.

Questions 2 Through 7 (9 Marks)

2. An individual is required to make deductible spouse support payments on an annual basis. This individual can request that his employer reduce the amount withheld for income taxes.

True or False?

3. An individual, whose only income is from an unincorporated business, dies on December 29, 2018. This individual's 2018 tax return must be filed by June 15, 2019.

True or False?

4. An individual whose filing date is April 30, does not file his tax return until June 27. He has not previously missed a filing date. His penalty for late filing would be equal to 6 percent of the tax owing on the filing date.

True or False?

5. Without regard to the date on which their tax return must be filed, all corporations must pay any balance owing within three months of their year end.

True or False?

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6. For individuals, trusts, and Canadian controlled private corporations, reassessment can occur for up to three years from the date of the mailing of the original assessment.

True or False?

7. The rate used to charge interest on insufficient instalments for individuals is 4 percent higher than the rate used to calculate interest paid to individuals on refunds.

True or False?

Questions 8 Through 14 (21 Marks)

8. Mr. Levin dies on December 5, 2018. While he was an employee of a publicly traded Canadian company, he owned an unincorporated business which was managed by his common-law partner. What is the latest date for filing his 2018 income tax return?

   A. April 30, 2019.
   B. June 5, 2019.
   C. June 15, 2019.
   D. June 30, 2019.

9. With respect to the filing of an individual income tax return, which of the following statements is **NOT** correct?

   A. An individual is required to file an income tax return if their only source of income is business income, even if no tax is payable.
   B. An individual is required to file a tax return if he has an outstanding balance under the home buyers plan.
   C. If an individual has disposed of a capital property during the year, they are required to file an income tax return, even if no tax is payable.
   D. An individual is required to file an income tax return if they owe taxes for the year.

10. Joan Bass, an individual whose only income resulted from pensions, did not pay her net tax owing for 2018 until she actually filed her return on September 10, 2019. Her net tax owing on her balance-due day was $5,600. This is the first time she has late filed her return. How much of a late filing penalty will Joan incur?

    A. Nil.
    B. $280.
    C. $504.
    D. $560.

11. Cheung Trading Inc., a CCPC, has a year end of September 30. For its 2018 taxation year, its income tax return is due on:

    A. November 30, 2018.
    B. December 31, 2018.
    C. April 30, 2019.
    D. March 31, 2019.
    E. None of the above.

12. Brandon Ltd. is a Canadian public corporation with an August 31 year end. For the 2018 taxation year, the Company's taxes must be paid by:

    A. October 31, 2018.
    B. February 28, 2019.
    C. December 31, 2018.
    D. November 30, 2018.

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13. Martin Houde is retired and recently divorced. He filed his 2018 tax return on February 3, 2019. He received a portion of the tax refund claimed and a notice of assessment, dated May 12, 2019, which set out the difference between the amount claimed and the amount of the refund. As Martin disagrees with the notice of assessment, he wishes to file a notice of objection. By which of the following dates must he file his notice of objection?

    A. February 3, 2020.
    B. May 12, 2020.
    C. April 30, 2020.
    D. August 10, 2019.
    E. June 15, 2020.

14. Of the following statements related to appeals, which one is **NOT** correct?

    A. If an appeal to the Tax Court Of Canada is not successful, the taxpayer has the right to appeal to the Federal Court Of Appeal.
    B. Under the informal procedure, a taxpayer can represent himself in the Tax Court Of Canada.
    C. The Minister is responsible for the taxpayer's costs if the Minister appeals in a case where the amount of Tax Payable is less than $25,000.
    D. Under the informal procedure, the taxpayer cannot be required to pay court costs in the Tax Court Of Canada.

Question 15 (50 Marks)

For the three years ending December 31, 2018, the taxpayer's combined federal and provincial taxes payable were as follows:

Year Ending December 31	Taxes Payable
2016	$56,742
2017	22,785
2018 (Estimated)	64,457

Case One The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $51,060 in 2016, $16,165 in 2017, and $60,472 in 2018.

Case Two The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $53,426 in 2016, $23,486 in 2017, and $59,426 in 2018.

Case Three The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $57,101 in 2016, $19,483 in 2017, and $58,048 in 2018.

Case Four The taxpayer is a corporation with a December 31 year end. It does not qualify as a small CCPC.

Case Five The taxpayer is a small CCPC with a taxation year that ends on December 31. Assume that its combined federal and provincial taxes payable for the year ending December 31, 2017 were $71,560, instead of the $22,785 given in the problem.

Required: For each of the preceding independent Cases, provide the following information:

1. Indicate whether instalments are required during 2018. Explain your conclusion.
2. Calculate the amount of instalments that would be required under each of the acceptable methods available.
3. Indicate which of the available methods would best serve to minimize instalment payments during 2018 and indicate the date on which they are due.

END OF EXAMINATION

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Practice Exam Solution

Chapter 2 (Procedures And Administration)

Examination Summary

The marks you have received on each question can be added in the final column.

Question	Type Of Question Or Subject	Total Marks	Your Mark
1	Essay Questions	20	
2 - 7	True Or False	9	
8 - 14	Multiple Choice	21	
15	Instalments	50	
Total		100	

Solution 1 (20 Marks)

Part A

As listed in the text, an individual must file a tax return if, in the year, the individual:

- has Tax Payable;
- is requested by the CRA to file a tax return;
- has disposed of a capital property,
- has realized a taxable capital gain;
- and his spouse or common-law partner have elected to split pension income;
- has to contribute to the Canada Pension Plan; or
- has to pay Employment Insurance premiums.

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For living individuals, the normal filing date is April 30th of the following calendar year.

However, if the individual or his spouse or common-law partner have business income, the date is extended to June 15th of the following calendar year.

For individuals who die prior to their normal filing date, the required date is the later of:

- the normal filing date and
- six months after the date of death.

NOTE There are other situations that could be listed that would require a return to be filed.

Part B

The procedures can be outlined as follows:

- The first step would be to contact the CRA to discuss the changes contained in the reassessment.
- If informal discussions do not resolve the issue, the next step would be a notice of objection. This must be filed the later of:
  - one year after the due date for the return (April 30, 2019) or
  - 90 days after the January 10th date of the Notice of Reassessment. This would be April 10, 2019).
- If there is an adverse decision on the notice of objection, Jane can appeal to the Tax Court Of Canada. This has to be done within 90 days of receiving the decision on the notice of objection. She can use the informal procedure or the general procedure.
- Provided she has used the general procedure, a further appeal can be made to the Federal Court Of Appeal. This must be done within 30 days of receiving the Tax Court Of Canada decision.

Your Mark = [(# of grading points ÷ 24)(20%)] = ___%

Solutions 2 Through 7 (9 Marks)

2. True. As the payments are documented and recurring, amounts withheld by the employer can be reduced.
3. False. This individual has until 6 months after the date of death which would be June 29, 2019.
4. True. The penalty would be 5 percent, plus 1 percent for the month of May. Only complete months count in determining this penalty.
5. False. Only Canadian controlled private corporations that claim the small business deduction have 3 months. Other corporations only have 2 months.
6. True.
7. False. The rate is 2 percent higher.

1 grading point for each correct answer. Total 6
Your Mark = [(# of grading points ÷ 6)(9%)] = ___%

Solutions 8 Through 14 (21 Marks)

8. C. June 15, 2019.
9. A. An individual is required to file an income tax return if their only source of income is business income, even if no tax is payable.
10. C. $504 [($5,600)(5% + 4%)].
11. D. The return would be due on March 31, 2019, six months after the taxation year end.

12. A. October 31, 2018, two months after the year end.

13. C. The notice of objection must be filed the later of one year after the due day for the return (April 30, 2020), and 90 days after the date of the Notice of Assessment (August 10, 2019).

14. A. If the informal procedure has been used in the Tax Court Of Canada, no further appeal is allowed.

1 grading point for each correct answer. Total 7
Your Mark = [(# of grading points ÷ 7)(21%)] = ___%

Solution 15 (50 Marks)

Case One

1. The net tax owing for the years 2016 through 2018 would be calculated as follows:

2016 $**5,682** ($56,742 - $51,060)
2017 $**6,620** ($22,785 - $16,165)
2018 $**3,985** ($64,457 - $60,472)

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As the net tax owing for the current year and one of the two preceding years exceeds $3,000, instalment payments are required.

2. The three acceptable alternatives would be as follows:

- Quarterly instalments of $996.25 ($3,985 ÷ 4) based on the current year estimate.
- Quarterly instalments of $1,655.00 ($6,620 ÷ 4) based on the first preceding year.
- Two quarterly instalments of $1,420.50 ($5,682 ÷ 4), followed by two quarterly instalments of $1,889.50 {[$6,620 - (2)($1,420.50)] ÷ 2}, for a total of $6,620.

3. The best alternative would be quarterly instalments of $996.25 based on the current year estimate.

   The instalments would be due on March 15, June 15, September 15, and December 15, 2018.

Case Two

1. The net tax owing for the years 2016 through 2018 would be calculated as follows:

2016 $**3,316** ($56,742 - $53,426)
2017 **Nil** ($22,785 - $23,486)**2018** $**5,031** ($64,457 - $59,426)

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As the net tax owing for the current year and one of the two preceding years exceeds $3,000, instalment payments are required.

2. The three acceptable alternatives would be as follows:

- Quarterly instalments of $1,257.75 ($5,031 ÷ 4), based on the current year estimate.
- Quarterly instalments of Nil.
- Two quarterly instalments of $829.00 ($3,316 ÷ 4) based on the second preceding year. No further instalments would be required as the net tax owing in the preceding year is nil.

15

3. As the net tax owing for 2017 was nil, using this year as the instalment base would be the best alternative.

   The instalments would be due on March 15, June 15, September 15, and December 15, 2018, if instalments were paid.

Case Three

1. The net tax owing for the years 2016 through 2018 would be calculated as follows:

   2016 **Nil** ($56,742 - $57,101)
   2017 $**3,302** ($22,785 - $19,483)
   2018 $**6,409** ($64,457 - $58,048)

As the net tax owing for the current year and one of the two preceding years exceeds $3,000, instalment payments are required.

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2. The three acceptable alternatives would be as follows:

- Quarterly instalments of $1,602.25 ($6,409 ÷ 4) based on the current year estimate.
- Quarterly instalments of $825.50 ($3,302 ÷ 4) based on the first preceding year.
- As there was no net tax owing in 2016, the first two quarterly instalments would be nil, followed by two quarterly instalments of $1,651 [($3,302 - Nil) ÷ 2].

3. The best alternative would be the one used by the CRA in its quarterly Instalment Reminders as it provides some tax deferral. No instalments would be required on March 15 or June 15. The two instalments of $1,651 would be required on September 15 and December 15, 2018.

Case Four

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required.

2. The three acceptable alternatives would be as follows:

- Monthly instalments of $5,371.42 ($64,457 ÷ 12) based on the current year estimate.
- Monthly instalments of $1,898.75 ($22,785 ÷ 12) based on the first preceding year.
- Two monthly instalments of $4,728.50 ($56,742 ÷ 12) based on the second preceding year, followed by 10 monthly instalments of $1,332.80 {[($22,785 - (2)($4,728.50)] ÷ 10}, a total of $22,785.

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3. The best alternative would be monthly instalments of $1,898.75, a total of $22,785.

   The instalments would be due on the last day of each month, beginning in January, 2018.

Case Five

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation qualifies as a small CCPC, the instalments will be quarterly.

2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $16,114.25 ($64,457 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $17,890.00 ($71,560 ÷ 4) based on the preceding year.
   - One quarterly instalment of $14,185.50 ($56,742 ÷ 4), followed by three quarterly instalments of $19,124.83 [($71,560 - $14,185.50) ÷ 3], a total of $71,560.

3. The best alternative would be four quarterly instalments of $16,114.25, for a total of $64,457.

   The instalments are due on March 31, June 30, September 30, and December 31, 2018.

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Summary Of Maximum Grading Points Available

Case 1 =	31
Case 2 =	26 (11 + 15)
Case 3 =	29
Case 4 =	23
Case 5 =	23
Total	= 132

Your Mark = [(# of grading points ÷ 132)(50%)] = ___%

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Canada Revenue Agency | Agence du revenu du Canada

T1 GENERAL 2017

Income Tax and Benefit Return

Step 1 – Identification and other information

ON 7

Identification

Print your name and address below.

First name and initial: George-Chapter 4 Problem

Last name: Pharmacy

Mailing address: Apt No – Street No Street name: 123 ZZZ Street

PO Box | RR

City: London | Prov./Terr.: ON | Postal Code: N0Z 0Z0

Email address

I understand that by providing an email address, I am **registering** for online mail. I **have read** and I **accept the terms and conditions** on page 17 of the guide.

Enter an email address:

Information about your residence

Enter your province or territory of residence on **December 31, 2017**: Ontario

Enter the province or territory where you **currently** reside if it is not the same as your mailing address above:

If you were self-employed in 2017, enter the province or territory of self-employment:

If you **became** or **ceased** to be a **resident of Canada** for income tax purposes **in 2017**, enter the date of:

Month/Day **entry** _____ or **departure** Month/Day _____

Information about you

Enter your social insurance number (SIN): 527 000 509

Enter your date of birth: Year/Month/Day 1953-07-02

Your language of correspondence / Votre langue de correspondance : English [X] Français [ ]

Is this return for a deceased person?

If this **return** is for a **deceased person**, enter the date of death: Year/Month/Day

Marital status

Tick the box that applies to your marital status on December 31, 2017:

1 [X] Married | 2 [ ] Living common-law | 3 [ ] Widowed
4 [ ] Divorced | 5 [ ] Separated | 6 [ ] Single

Information about your spouse or common-law partner (if you ticked box 1 or 2 above)

Enter his or her SIN: 527 000 483

Enter his or her first name: Valerie

Enter his or her net income for 2017 to claim certain credits: 6,520.00

Enter the amount of universal child care benefit (UCCB) from line 117 of his or her return:

Enter the amount of UCCB repayment from line 213 of his or her return:

Tick this box if he or she was self-employed in 2017: 1 [ ]

Do not use this area.					

Do not use this area	172			171				

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Elections Canada (For more information, see page 19 in the guide)

A) Do you have Canadian citizenship? Yes [X] 1 No [ ] 2

If yes, go to question B. If no, skip question B.

B) As a Canadian citizen, do you authorize the Canada Revenue Agency to give your name, address, date of birth, and citizenship to Elections Canada to update the National Register of Electors? Yes [X] 1 No [ ] 2

Your authorization is valid until you file your next return. Your information will only be used for purposes permitted under the *Canada Elections Act*, which include sharing the information with provincial/territorial election agencies, members of Parliament, and registered political parties, and candidates at election time.

Please answer the following question

Did you own or hold specified foreign property where the total cost of amount of all such property, at any time in 2017, was more than CAN$100,000?

See "Specified foreign property" in the guide for more information **266** Yes [ ] 1 No [X] 2

If **yes**, complete Form T1135 and attach it to your return.

If you had dealings with a non-resident trust or corporation in 2017, see "Other foreign property" in the guide.

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Step 2 - Total income

As a resident of Canada, you have to report your income from all sources both inside and outside Canada. When you come to a line on the return that applies to you, go to the line number in the guide for more information.

Employment income (box 14 of all T4 slips)					101	378,000 00
Commissions included on line 101 (box 42 of all T4 slips)			102	82,000 00		
Wage loss replacement contributions (see line 101 in the guide)			103			
Other employment income					104	
Old Age Security pension (box 18 of the T4A(OAS) slip)					113	
CPP or QPP benefits (box 20 of the T4A(P) slip)					114	
Disability benefits included on line 114 (box 16 of the T4A(P) slip)			152			
Other pensions and superannuation					115	
Elected split-pension amount (**attach** Form T1032)					116	
Universal Child Care Benefit (UCCB)					117	
UCCB amount designated to a dependant			185			
Employment insurance and other benefits (box 14 of the T4E slip)					119	
Taxable amount of dividends (eligible **and** other than eligible) from taxable Canadian corporations (**attach** Schedule 4)					120	
Taxable amount of dividends other than eligible dividends, included on line 120, from taxable Canadian corporations			180			
Interest and other investment income (**attach** Schedule 4)					121	
Net partnership income: limited or non-active partners only					122	
Registered disability savings plan income					125	
Rental income	Gross	160		Net	126	
Taxable capital gains (**attach** Schedule 3)					127	
Support payments received	Total	156		Taxable amount	128	
RRSP income (from all T4RSP slips)					129	
Other income	Specify:				130	
Self-employment income						
Business income	Gross	162		Net	135	
Professional income	Gross	164		Net	137	
Commission income	Gross	166		Net	139	
Farming income	Gross	168		Net	141	
Fishing income	Gross	170		Net	143	
Workers' compensation benefits (box 10 of the T5007 slip)			144			
Social assistance payments			145			
Net federal supplements (box 21 of the T4A(OAS) slip)			146			
Add lines 144, 145, and 146 (see line 250 in the guide).					147	
Add lines 101, 104 to 143, and 147			This is your **total income.**		150	378,000 00

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Attach only the documents (schedules, information slips, forms, or receipts) **requested in the guide** to support any claim or deduction. Keep all other supporting documents.

Step 3 - Net income

Enter your **total income** from line 150			150	378,000 00
Pension adjustment (box 52 of all T4 slips and box 034 of all T4A slips)	206			
Registered pension plan deduction (box 20 of all T4 slips and box 032 of all T4A slips)	207			
RRSP and pooled registered pension plan (PRPP) deduction (see Schedule 7 and **attach** receipts)	208			
PRPP **employer** contributions (amount from your PRPP contribution receipts)	205			
Deduction for elected split-pension amount (**attach** Form T1032)	210			
Annual union, professional, or like dues (box 44 of all T4 slips, and receipts)	212			
Universal Child Care Benefit repayment (box 12 of all RC62 slips)	213			
Child care expenses (**attach** Form T778)	214			
Disability supports deduction	215			
Business investment loss — Gross 228 — Allowable deduction	217			
Moving expenses	219			
Support payments made — Total 230 — Allowable deduction	220			
Carrying charges and interest expenses (**attach** Schedule 4)	221			
Deduction for CPP or QPP contributions on self-employment and other earnings (**attach** Schedule 8 or Form RC381, whichever applies)	222			
Exploration and development expenses (**attach** Form T1229)	224			
Other employment expenses	229	2,301 00		
Clergy residence deduction	231			
Other deductions — Specify:	232			
Add lines 207, 208, 210 to 224, 229, 231, and 232.		233	2,301 00	
Line 150 minus line 233 (if negative, enter "0"). This is your **net income before adjustments.**			234	375,699 00
Social benefits repayment (if you reported income on line 113, 119, or 146, see line 235 in the guide) Use the federal worksheet to calculate your repayment.		235		
Line 234 minus line 235 (if negative, enter "0"). If you have a spouse or common-law partner, see line 236 in the guide. This is your **net income.**			236	375,699 00

Step 4 - Taxable income

Canadian Forces personnel and police deduction (box 43 of all T4 slips)	244			
Employee home relocation loan deduction (box 37 of all T4 slips)	248			
Security options deductions	249			
Other payments deduction (if you reported income on line 147, see line 250 in the guide)	250			
Limited partnership losses of other years	251			
Non-capital losses of other years	252			
Net capital losses of other years	253			
Capital gains deduction	254			
Northern residents deductions (**attach** Form T2222)	255			
Additional deductions — Specify:	256			
Add lines 244 to 256.		257		
Line 236 minus line 257 (if negative, enter "0"). This is your **taxable income.**			260	375,699 00

Step 5 - Federal tax and provincial or territorial tax

Use Schedule 1 to calculate your federal tax and Form 428 to calculate your provincial or territorial tax.

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Step 6 - Refund or Balance owing

Net federal tax: enter the amount from line 62 of Schedule 1 (**attach** Schedule 1, even if the result is "0")			420	89,002 95
CPP contributions payable on self-employment and other earnings (**attach** Schedule 8 or Form RC381, whichever applies)			421	
Employment Insurance premiums payable on self-employment and other eligible earnings (**attach** Schedule 13)			430	
Social benefits repayment (amount from line 235)			422	
Provincial or territorial tax (**attach** Form 428, even if the result is "0")			428	56,614 70
Add lines 420, 421, 430, 422 and 428.	This is your **total payable.**		435	145,617 65 •
Total income tax deducted		437 114,000 00 •		
Refundable Québec abatement		440 •		
CPP overpayment (enter your excess contributions)		448 •		
Employment Insurance overpayment (enter your excess contributions)		450 •		
Refundable medical expense supplement (use the federal worksheet)		452 •		
Working Income Tax Benefit (WITB) (**attach** Schedule 6)		453 •		
Refund of investment tax credit (**attach** Form T2038(IND))		454 •		
Part XII.2 trust tax credit (box 38 of all T3 slips and box 209 of all T5013 slips)		456 •		
Employee and partner GST/HST rebate (**attach** Form GST370)		457 •		
Eligible educator school supply tax credit	Supplies expenses 468 X 15 00 % =	469 •		
Tax **paid** by instalments		476 •		
Provincial or territorial credits (**attach** Form 479 if it applies)		479 •		
Add lines 437 to 479.	These are your **total credits.**	482 114,000 00		114,000 00
Line 435 minus line 482	This is your **refund** or **balance owing**.			31,617 65

If the result is negative, you have a **refund**. If the result is positive, you have a **balance owing**. Enter the amount below on whichever line applies.

Generally, we do not charge or refund a difference of $2 or less.

Refund 484 •

Balance owing 485 31,617 65 •

For more information on how to make your payment, see line 485 in the guide or go to **Canada.ca/payments**. Your payment is due no later than April 30, 2018.

Pre-Authorized Debits (PAD)

Pre-Authorized Debits (PAD) service allows you to submit a payment to the CRA electronically on behalf of a taxpayer. Only Payment on Filing (POF) for the Current tax year will be allowed to create PAD agreement through T1 Efilers. To set up PAD, go to T1PAD.

Direct deposit - Enrol or update (see line 484 in the guide)

You do not have to complete this area every year. Do not complete it this year if your direct deposit information has not changed.

To enrol for direct deposit, to update your banking information, or to request that all of your CRA payments you may be receiving or owed be deposited into the same account as your T1 refund, complete lines 460, 461, and 462 below.

By providing my banking information **I authorize** the Receiver General to deposit in the bank account number shown below **any amounts payable** to me by the CRA, until otherwise notified by me. I understand that this authorization will replace all of my previous direct deposit authorizations.

Branch number	Institution number	Account number
460	461	462
(5 digits)	(3 digits)	(maximum 12 digits)

Ontario Opportunities Fund

You can help reduce Ontario's debt by completing this area to donate some or all of your 2017 refund to the Ontario Opportunities Fund. Please see the provincial pages for details.

Amount from line 484 above		**1**
Your donation to the Ontario Opportunities Fund	465	• **2**
Net refund (line 1 minus line 2)	466	• **3**

I certify that the information given on this return and in any documents attached is correct and complete and fully discloses all my income.

Sign here _____

It is a serious offence to make a false return.

Telephone (519) 111-1111 Date 2018-01-24

490 X

If a fee was charged for preparing this return, complete the following:

Name of preparer: _____

Telephone: ( ) -

EFILE number (if applicable): 489 C3099

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act,* individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source **Canada.ca/cra-info-source**, personal information bank CRA PPU 005.

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T1-2017 Federal Tax Schedule 1

This is **Step 5** in completing your return. Complete this schedule, and **attach** a copy to your return.
For more information, see the related line in the guide.

Step 1 - Federal non-refundable tax credits

Basic personal amount **claim $11,635**	300	11,635	00	1
Age amount (if you were born in 1952 or earlier) (use federal worksheet) (**maximum $7,225**)	301			2
Spouse or common-law partner amount (**attach** Schedule 5)	303	5,115	00	3
Canada caregiver amount for spouse or common-law partner, or eligible dependant age 18 or older (**attach** Schedule 5)	304			4
Amount for an eligible dependant (**attach** schedule 5)	305			5
Canada caregiver amount for other infirm dependants age 18 or older (**attach** Schedule 5)	307	6,883	00	6
Canada caregiver amount for infirm children under 18 years of age Number of children born for whom you **are claiming** this amount 352: 1 x $ 2,150 =	367	2,150	00	7
CPP or QPP contributions: through employment from box 16 and box 17 of all T4 slips (**attach** Schedule 8 or Form RC381, whichever applies)	308	2,564	10	• 8
on self-employment and other earnings (**attach** Schedule 8 or Form RC381, whichever applies)	310			• 9
Employment Insurance premiums: through employment from box 18 and box 55 of all T4 slips (**maximum $836.19**)	312	836	19	• 10
on self-employment and other eligible earnings (**attach** Schedule 13)	317			• 11
Volunteer firefighters' amount	362			12
Search and rescue volunteers' amount	395			13
Canada employment amount (If you reported employment income on line 101 or line 104, see line 363 in the guide.) (**maximum $1,178**)	363	1,178	00	14
Public transit amount (only claim amounts from January 1 to June 30, 2017)	364			15
Home accessibility expenses (**attach** Schedule 12)	398			16
Home buyers' amount	369			17
Adoption expenses	313			18
Pension income amount (use the federal worksheet) (**maximum $2,000**)	314			19
Disability amount (for self) (claim **$8,113**, or if you were under age 18, use the federal worksheet)	316			20
Disability amount transferred from a dependant (use the federal worksheet)	318	12,118	00	21
Interest paid on your student loans	319			22
Your tuition, education, and textbook amounts (**attach** Schedule 11)	323			23
Tuition amount transferred from a child	324	3,600	00	24
Amounts transferred from your spouse or common-law partner (**attach** Schedule 2)	326	7,225	00	25
Medical expenses for **self, spouse or common-law partner, and your dependent children born in 2000 or later** 330: 31,862 54				26
Enter $2,268 or 3% of line 236 of your return, whichever is **less**. 2,268 00				27
Line 26 minus line 27 (if negative, enter "0") 29,594 54				28
Allowable amount of medical expenses for **other dependants** (do the calculation at line 331 in the guide) 331: 7,786 00				29
Add lines 28 and 29. 37,380 54 ▶	332	37,380	54	30
Add lines 1 to 25, and line 30.	335	90,684	83	31
Federal non-refundable tax credit rate		15	%	32
Multiply line 31 by line 32.	338	13,602	72	33
Donations and gifts (**attach** Schedule 9)	349	1,416	00	34
Add lines 33 and 34. Enter this amount on line 47. **Total federal non-refundable tax credits**	350	15,018	72	35

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Step 2 - Federal tax on taxable income

Enter your **taxable income** from line 260 of your return.					375,699.00	36
Complete the appropriate column depending on the amount on line 36.	Line 36 is **$45,916** or less	Line 36 is more than **$45,916** but not more than **$91,831**	Line 36 is more than **$91,831** but not more than **$142,353**	Line 36 is more than **$142,353** but not more than **$202,800**	Line 36 is more than **$202,800**	
Enter the amount from line 36.					375,699.00	37
		45,916.00	91,831.00	142,353.00	202,800.00	38
Line 37 minus line 38 (cannot be negative)	0.00				172,899.00	39
	x 15 %	x 20.5 %	x 26 %	x 29 %	x 33 %	40
Multiply line 39 by line 40.					57,056.67	41
	0.00	6,887.00	16,300.00	29,436.00	46,965.00	42
Add lines 41 and 42.					104,021.67	43

Step 3 - Net federal tax

Enter the amount from line 43		104,021.67	44		
Federal tax on split income (from line 5 of Form T1206)	424		• 45		
Add lines 44 and 45.	404	104,021.67	▶	104,021.67	46
Enter your total federal non-refundable tax credits from line 35 on the previous page.	350	15,018.72	47		
Federal dividend tax credit	425		• 48		
Minimum tax carryover (**attach** Form T691)	427		• 49		
Add lines 47, 48, and 49.		15,018.72	▶	15,018.72	50
Line 46 minus line 50 (if negative, enter "0")	**Basic federal tax**	429		89,002.95	51
Federal foreign tax credit (**attach** Form T2209)		405			52
Line 51 minus line 52 (if negative, enter "0")	**Federal tax**	406		89,002.95	53
Total federal political contributions (**attach** receipts)	409	54			
Federal political contribution tax credit (use the federal worksheet) (**maximum $650**)	410		• 55		
Investment tax credit (**attach** Form T2038(IND))	412		• 56		
Labour-sponsored funds tax credit (see lines 413 and 414 in the guide) Net cost of shares of a provincially registered fund 413 — Allowable credit	414		• 57		
Add lines 55, 56, and 57.	416		▶		58
Federal logging tax credit					
Line 53 minus line 58 (if negative, enter "0") If you have an amount on line 45 above, see Form T1206.		417		89,002.95	59
Working income tax benefit advance payments received (box 10 on the RC210 slip)		415			• 60
Special taxes (see line 418 in the guide)		418			61
Add lines 59, 60, and 61. Enter this amount on line 420 of your return.	**Net federal tax**	420		89,002.95	62

See the privacy notice on your return.

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T1-2017

Federal Amounts Transferred from Your Spouse or Common-law Partner

Schedule 2

For more information, see line 326 in the guide.

Complete this schedule to **claim** a transfer of the unused part of your spouse's or common-law partner's amounts shown below. **Attach a copy of this schedule to your return**.

If your spouse or common-law partner is filing a return, use the amounts that he or she entered on his or her return, schedules, and worksheet. If your spouse or common-law partner is not filing a return, use the amounts that he or she would enter on his or her return, schedules, and worksheet if he or she were filing a return. Attach his or her information slips, but do not send his or her return, schedules or worksheet.

Age amount (if your spouse or common-law partner was 65 years of age or older in 2017):
If his or her net income is $36,430 or less, enter $7,225.
Otherwise, enter the amount from line 301 of his or her Schedule 1. | 353 | 7,225 00 | 1

Canada caregiver amount for infirm children under 18 years of age:
Enter the amount from line 367 of his or her Schedule 1. | 361 | | 2

Pension income amount:
Enter the amount from line 314 of his or her Schedule 1. (**maximum $2,000**) | 355 | | 3

Disability amount:
Enter the amount from line 316 of his or her Schedule 1. | 357 | | 4

Tuition amount:
Enter the federal amount designated to you as shown on his or her Form T2202A, TL11A, TL11B, or TL11C. | 360 | | 5

Add lines 1 to 5. | | 7,225 00 | 6

Spouse's or common-law partner's taxable income:
Enter the amount from line 260 of his or her return if it is $45,916 or less. If his or her taxable income is more than $45,916, enter instead the result of the following calculation:
amount from line 44 of his or her Schedule 1 divided by 15 %. | 6,520 00 | 7

Enter the total of lines 300, 308, 310, 312, 317, 362, 395, 363, 364, 398, 369, and 313 of his or her Schedule 1 plus line 10 of his or her Schedule 11. | 11,635 00 | 8

His or her adjusted taxable income:
Line 7 minus line 8 (if negative, enter "0") | 351 | 0 00 | 9

Line 6 minus line 9 (if negative, enter "0")
Enter this amount on line 326 of your Schedule 1. **Federal amounts transferred from your spouse or common-law partner** | 7,225 00 | 10

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See the privacy notice on your return.

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T1-2017 Amounts for Spouse or Common-Law Partner and Dependants Schedule 5

See the guide to find out if you can claim an amount on line 303, 304, 305, or 307 of Schedule 1. For each dependant claimed, provide the details requested below. **Attach a copy of this schedule to your return**.

Line 303 - Spouse or common-law partner amount

Did your marital status change to other than married or common-law in 2017?

If **yes**, tick this box **5522** ☐ and enter the date of the change. ▶ Month/Day _____

Base amount			11,635 00	1
If your spouse or common-law partner had an infirmity and you are entitled to the **Canada caregiver amount**, enter $2,150 (see page 44 in the guide and line 304 below).	**5109**	+		2
Add lines 1 and 2.		=	11,635 00	3
Spouse's or common-law partner's net income from page 1 of your return		-	6,520 00	4
Line 3 minus line 4 (if negative, enter "0"). Enter this amount on line 303 of your Schedule 1.		=	5,115 00	5

Line 304 – Canada caregiver amount for spouse or common-law partner, or your eligible dependant age 18 or older

Complete this calculation **only** if you entered $2,150 on line 5109 or line 5110 of this schedule for a person whose **net income is between $6,902 and $23,046.**

Base amount		23,046 00	1
Net income of this person (line 236 of his or her return)	-		2
Line 1 minus line 2 (if negative, enter "0"). **(maximum $6,883)**	=		3
If you claimed this person on line 303 or 305 of Schedule 1, enter the amount you claimed.	-		4
Allowable amount for this person: line 3 minus line 4 (if negative, enter "0"). Enter this amount on line 304 of your Schedule 1.	=		5

Line 305 - Amount for an eligible dependant

Did your marital status change to married or common-law in 2017?

If **yes**, tick this box **5529** ☐ and enter the date of the change. ▶ Month/Day _____

Provide the requested information and complete the following calculation for this dependant.

First and last name:	Year of birth	Relationship to you	Is this dependant physically or mentally infirm?
Address:		N/A	Yes ☒ No ☐

Base amount			11,635 00	1
If you are entitled to the **Canada caregiver amount** for your dependant (**other than** your infirm child under 18 years of age), enter $2,150 (see page 44 in the guide, read the note below, and see line 304 above).	**5110**	+		2
Add lines 1 and 2.		=	11,635 00	3
Dependant's net income (line 236 of his or her return)	**5106**	-		4
Line 3 minus line 4 (if negative, enter "0"). Enter this amount on line 305 of your Schedule 1.		=		5

Note: If the dependant is your or your spouse's or common-law partner's infirm child under 18 years of age, you **must** claim the Canada caregiver amount on line 367, and not on line 5110.

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Amounts for Spouse or Common-Law Partner and Dependants

Line 307 – Canada caregiver amount for other infirm dependants age 18 or older

(attach a separate sheet if you need more space)

Provide the requested information and complete the following calculation for each dependant.

First and last name: Joan Drugstore	Year of birth	Relationship to you
Address:	1932	Mother

Base amount	23,046	00	**1**
Infirm dependant's net income (line 236 of his or her return)	- 500	00	**2**
Allowable amount for this dependant: line 1 minus line 2 (if negative, enter "0") **(maximum $6,883)**	= 6,883	00	**3**

Enter, on line 307 of your Schedule 1, the **total** amount you are claiming for all dependants.

Enter the **total** number of dependants for whom you are claiming an amount at this line.	**5112**	1

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T1-2017

Canada Pension Plan Contributions and Overpayment for 2017

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Schedule 8

Complete this schedule to calculate your required Canada Pension Plan (CPP) contributions or overpayment for 2017 if you were **a resident of a province or territory other than Quebec** on December 31, 2017, **and** have **no earned income from the province of Quebec.**

Do not use this schedule if any of your T4 slips have Quebec Pension Plan (QPP) contributions. Instead complete Form RC381, *Inter-provincial calculation for CPP and QPP contributions and overpayments for 2017.*

Part 1 – If you were 60 to 70 years of age, you received a CPP or QPP retirement pension, and you had employment and/or self-employment income, you were considered a CPP working beneficiary and had to make CPP contributions. However, if you were at least 65 years of age but under 70, you can elect to stop paying CPP contributions. Read **Part 1** of this schedule.

Part 2 – Complete this part to determine the number of months for the CPP calculation.

Part 3 – Complete this part to calculate your CPP contributions and any overpayment of CPP made through employment. If you are reporting self-employment or elective income and employment income, you must complete **Part 5**.

Part 4 or Part 5 – Complete one of these parts to calculate your CPP contributions if:

- you reported self-employment income on lines 135 to 143 of your return;
- you reported business or professional income from a partnership on line 122 of your return; or
- you made an election on Form CPT20 to pay additional CPP contributions on other earnings.

For more information, see line 222 in the guide.

Complete **Part 4** - if you are reporting **only** self-employment or elective income.

Complete **Part 5** - if you are reporting self-employment or elective income **and** employment income. You must first complete **Part 3**.

Attach a copy of this schedule to your return.

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Part 1 – Election to stop contributing to the Canada Pension Plan or revocation of a prior election

If in 2017 you were 60 to 70 years of age, you received a CPP or QPP retirement pension, and you had employment and/or self-employment income, you were considered a CPP working beneficiary and you were required to make CPP contributions. However, if you were at least 65 years of age but under 70, you can elect to stop paying CPP contributions.

If you have **employment income** for 2017 and elected in 2017 to stop paying CPP contributions or revoked in 2017 an election made in a prior year, you should have already completed Form CPT30, *Election to Stop Contributing to the Canada Pension Plan, or Revocation of a Prior Election*, and sent it to us and your employer(s).

If you had **only self-employment** income for 2017 and elect in 2017 to stop paying CPP contributions on your self-employment earnings, enter the month in 2017 for which you choose to start this election in **box 372** below. The date cannot be earlier than the month you turn 65 and you are receiving a CPP or QPP retirement pension. For example, if you turn 65 in June, you can choose any month from June to December. If you choose the month of June, enter 06 in box 372 because June is the sixth month of the year. If in 2017 you are revoking an election made in a prior year on contributions on self-employment earnings, enter the month in 2017 for which you choose to revoke this election in **box 374** below. Your election remains valid until you revoke it or you turn 70. If you start receiving employment income (other than employment income earned in Quebec) in a future year, you will have to complete Form CPT30 in that year for your election to remain valid.

If you had both employment income and self-employment income in 2017 and wanted to elect to stop paying CPP contributions in 2017, or to revoke in 2017 an election made in a prior year, you should have completed Form CPT30 in 2017. An election filed using Form CPT30 applies to all income from pensionable earnings, including self-employment earnings, as of the first day of the month after the date you gave this form to your employer. If you completed and submitted Form CPT30 when you became employed in 2017 but your intent was to elect in 2017 to stop paying CPP contributions or revoke an election made in a prior year on your self-employment income before you became employed, enter the month you want to stop contributing in **box 372** below, or if you want to revoke in 2017 an election made in a prior year, enter the month you want to resume contributing in **box 374** below. If you did not complete and submit Form CPT30 for 2017 when you became employed, you cannot elect to stop paying CPP contributions or revoke an election made in a prior year on your self-employment earnings for 2017 on this schedule. To be valid, an election or revocation that begins in 2017 must be filed on or before June 15, 2019.

I elect to **stop** contributing to the Canada Pension Plan on my self-employment earnings on the first day of the month that I entered in box 372. Month **372**

I want to **revoke** an election made in a prior year to stop contributing to the Canada Pension Plan on my self-employment earnings and resume contributing on the first day of the month that I entered in box 374. Month **374**

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Part 2 – Determine the number of months for the CPP calculation

Enter 12 in box A unless one or more of the situations below apply.

- If you turned 18 years of age in 2017, enter the number of months in the year after the month you turned 18.
- If for all of 2017 you were receiving a CPP or QPP disability pension, enter "0". If you started or stopped receiving a CPP or QPP disability pension in 2017, enter the number of months during which you were not receiving a disability pension.
- If you were 65 to 70 years of age in 2017, you were receiving a CPP or QPP retirement pension, and you elected to stop paying CPP contributions in 2017, enter the number of months in the year up to and including the month you made the election. If you had self-employment income in 2017 and have an entry in box 372, enter the number of months in the year prior to the month you entered in box 372.
- If you were 65 to 70 years of age in 2017, you were receiving a CPP or QPP retirement pension, you elected to stop paying CPP contributions in a prior year, and you have not revoked that election, enter "0".
- If you were 65 to 70 years of age in 2017, you were receiving a CPP or QPP retirement pension, you elected to stop paying CPP contributions in a prior year, and you revoked that election in 2017, enter the number of months in the year after the month you revoked the election. If you had self-employment income in 2017 and have an entry in box 374, enter the number of months in the year after and including the month you entered in box 374.
- If you turned 70 years of age in 2017 and you did not elect to stop paying CPP contributions, enter the number of months in the year up to and including the month you turned 70 years of age.
- If for all of 2017 you were 70 years of age or older, enter "0".
- If the individual died in 2017, enter the number of months in the year up to and including the month the individual died.

Enter the number of months during which the CPP applies in 2017. | 12 | **A**

Part 3 – Calculating your CPP contributions and overpayment on employment income

Enter your yearly maximum **CPP** pensionable earnings (see the monthly proration table below to find the amount that corresponds to the number of months entered in box A of Part 2).	**(maximum $55,300)**		55,300 00	1
Total CPP pensionable earnings. Enter the total of box 26 of all your T4 slips (maximum $55,300 per slip) If box 26 is blank, use box 14.		**5549**	55,300 00	2
Enter the amount from line 1 or the amount from line 2, whichever is **less**.	**(maximum $55,300)**		55,300 00	3
Enter your maximum basic **CPP** exemption (see the monthly proration table below to find the amount that corresponds to the number of months entered in box A of Part 2).	**(maximum $3,500)**		- 3,500 00	4
Earnings subject to CPP contributions: Line 3 minus line 4 (if negative, enter "0")	**(maximum $51,800)**		= 51,800 00	5
Actual CPP contributions: Enter the total CPP contributions deducted from box 16 of all your T4 slips.		**5034**	2,564 10	• 6
Required contributions on CPP pensionable earnings: Multiply the amount from line 5 by 4.95%.	**(maximum $2,564.10)**		- 2,564 10	7
Line 6 minus line 7 (if negative, enter "0")	**CPP overpayment**		=	8

If you are **self-employed** and/or you are **electing to pay additional** CPP contributions on other earnings, enter the amount from line 6 on **line 308** of your Schedule 1 and, if applicable, on **line 5824** of Form 428. Then continue with Part 5.

Otherwise, enter the amount from line 6 or line 7, whichever is **less**, on **line 308** of your Schedule 1 and, if applicable, on **line 5824** of Form 428. If the amount from line 8 is **positive**, enter it on **line 448** of your return. If the amount from line 8 is **negative**, you may be able to make additional CPP contributions; see "Making additional CPP contributions" on page 48 of the *General Income Tax and Benefit Guide*.

Monthly proration table for 2017

Part 3			Part 3 continued		
Applicable number of months	**Line 1** Maximum CPP pensionable earnings	**Line 4** Maximum basic CPP exemption*	Applicable number of months	**Line 1** Maximum CPP pensionable earnings	**Line 4** Maximum basic CPP exemption*
1	$4,608.33	$291.67	7	$32,258.33	$2,041.67
2	$9,216.67	$583.33	8	$36,866.67	$2,333.33
3	$13,825.00	$875.00	9	$41,475.00	$2,625.00
4	$18,433.33	$1,166.67	10	$46,083.33	$2,916.67
5	$23,041.67	$1,458.33	11	$50,691.67	$3,208.33
6	$27,650.00	$1,750.00	12	$55,300.00	$3,500.00

* If you started receiving CPP retirement benefits in 2017, your basic exemption may be prorated by the CRA.

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Part 4 – CPP contributions on self-employment and other earnings ONLY (no employment income)

Pensionable net self-employment earnings* (amounts from line 122 and lines 135 to 143 of your return)				1
Employment earnings not shown on a T4 slip on which you elect to pay additional CPP contributions (attach Form CPT20)	373	+		2
Add lines 1 and 2 (if negative enter "0"). **CPP pensionable earnings (maximum $55,300)***		=		3
Basic exemption **(maximum $3,500)***		-		4
Line 3 minus line 4 **(maximum $51,800)**		=		5
CPP rate		x	**9.9%**	6
CPP contributions payable on self-employment and other earnings: Multiply line 5 by line 6. Enter this amount on line 421 of your return.		=		7
Deduction and tax credit for CPP contributions on self-employment and other earnings: Multiply the amount from line 7 by 50%.				8

Enter the amount from line 8 on line 222 of your return and on line 310 of Schedule 1.

* Self-employment earnings, CPP pensionable earnings, and the basic exemption should be prorated according to the number of months entered in box A of Part 2 (do not prorate the self-employment earnings if the individual died in 2017).

Part 5 – CPP contributions on self-employment and other earnings when you have employment income

Pensionable net self-employment earnings* (amounts from line 122 and lines 135 to 143 of your return)					1
Employment earnings not shown on a T4 slip on which you elect to pay additional CPP contributions (attach Form CPT20)	373		+		2
Employment earnings shown on a T4 slip on which you elect to pay additional CPP contributions, line 12 of Form CPT20 (attach Form CPT20)	399		+		3
Add lines 1, 2, and 3.			=		4
Enter the amount from line 6 of Part 3. **Actual CPP contributions**					5
If the amount on line 8 of Part 3 is positive, complete lines 6 to 8. Otherwise, enter "0" on line 8 and continue on line 9.					
Enter the amount from line 5 above.		6			
Enter the amount from line 7 of Part 3.	-	7			
Line 6 minus line 7 (if negative, enter "0")	=		▶	-	8
Line 5 minus line 8 (if negative, enter "0")			=		9
Multiply the amount from line 9 by 20.202.					10
Enter the amount from line 1 of Part 3. **CPP pensionable earnings (maximum $55,300)**					11
Enter the amount from line 4 of Part 3. **Basic exemption (maximum $3,500)**				-	12
Line 11 minus line 12 (if negative, enter "0") **(maximum $51,800)**				=	13
Enter the amount from line 10.				-	14
Line 13 minus line 14 (if negative, enter "0")				=	15
Enter the amount from line 4 or line 15, whichever is **less**.					16
If the amount on line 2 of Part 3 is less than the amount on line 4 of Part 3, complete lines 17 to 19. Otherwise, enter "0" on line 19 and continue on line 20.					
Line 4 of Part 3 minus line 2 of Part 3		17			
Line 4 minus line 13 (if negative, enter "0")	-	18			
Line 17 minus line 18 (if negative, enter "0")	=		▶	-	19
Earnings subject to contributions: line 16 minus line 19 (if negative, enter "0")			=		20
Multiply the amount from line 20 by 9.9%.					21
Multiply the amount from line 8 of Part 3 (if positive only) by 2.				-	22
CPP contributions payable on self-employment and other earnings: Line 21 minus line 22 (if negative, enter "0"). Enter this amount on line 421 of your return. **				=	23
Deduction and tax credit for CPP contributions on self-employment and other earnings: Multiply the amount from line 23 by 50%.					24

Enter the amount from line 24 on line 222 of your return and on line 310 of Schedule 1.

* Self-employment earnings should be prorated according to the number of months entered in box A of Part 2 (do not prorate the self-employment earnings if the individual died in 2017).

** If the result on line 23 is negative, you may have an overpayment. If so, we will calculate it for you.

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T1-2017 Donations and Gifts Schedule 9

For more information, see line 349 in the guide and Pamphlet P113, *Gifts and Income Tax*.

Attach a copy of this schedule to your return.

Eligible amount of charitable donations

Include at lines 1 to 4 all the eligible amounts of your donations made in 2017 plus donations made in any of the previous five years that have not been claimed before. Remember, you may have charitable donations shown on your T4 and T4A slips.

Donations made to registered charities, registered Canadian amateur athletic associations, and registered Canadian low-cost housing corporations for the aged			4,400 00	1
Donations made to government bodies (government of Canada, a province or territory, a registered municipality in Canada, or a registered municipal or public body performing a function of government in Canada)	329	+		2
Donations made to registered universities outside Canada that are prescribed	333	+		3
Donations made to the United Nations, its agencies, and certain registered foreign charitable organizations	334	+		4
Add lines 1 to 4. **Total eligible amount of charitable donations**		=	4,400 00	5

Donations limit

Enter your **net income** from line 236 of your return.	375,699 00	6	x 75% =		281,774 25	7

If line 5 is less than line 7, enter the amount from line 5 on line 13 below and continue on line 14.
Otherwise, complete lines 8 to 12, before continuing on line 13.

Gifts of depreciable property (from Chart 2 in Pamphlet P113, *Gifts and Income Tax*)	337		8				
Gifts of capital property (from Chart 1 in Pamphlet P113, *Gifts and Income Tax*)	339	+	9				
Add lines 8 and 9.		=	10	x 25% =		+	11
Enter the total of lines 7 and 11 **or** the amount on line 236 of your return, whichever is **less**. **Total donations limit**						= 281,774 25	12

Donations and gifts

Allowable charitable donations. If you did not complete lines 8 to 12, enter the amount from line 5. Otherwise, enter the amount from line 5 or line 12, whichever is **less**.	340					4,400 00	13
Eligible amount of cultural and ecological gifts (see line 349 in the guide)	342	+					14
Add lines 13 and 14.						= 4,400 00	15
Enter $200 or the amount from line 15, whichever is **less**.						- 200 00	16
Line 15 minus line 16.						= 4,200 00	17

If your **taxable income is less than $202,800**, enter "0" at line 26 and continue on line 28.
Otherwise, complete lines 18 to 27, before continuing on line 28.

Enter the amount from line 17.		4,200 00	18				
Total of your donations made before 2016 included at lines 5 and 14, to a maximum of the amount on line 15.	354	-	19				
Line 18 minus line 19 (if negative, show it in brackets)		= 4,200 00	20				
Enter the amount from line 16 or line 19, whichever is **less**.		+	21				
Add lines 20 and 21.		= 4,200 00	22				
Enter your **taxable income** from line 260 of your return.		375,699 00	23				
Income threshold		- 202,800 00	24				
Line 23 minus line 24 (if negative enter "0")		= 172,899 00	25				
If you did not complete lines 18 to 25, enter "0". Otherwise, enter the amount from line 22 or line 25, whichever is **less**.		= 4,200 00	26	x 33% =		+ 1,386 00	27
If you did not complete lines 18 to 27, enter the amount from line 17. Otherwise, enter the result of **line 17** minus line 26.		=	28	x 29% =		+	29
Enter the amount from line 16.		= 200 00	30	x 15% =		+ 30 00	31
Add lines 27, 29 and 31. Enter this amount on line 33 on the next page.						= 1,416 00	32

Continue on the next page.

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Donations and Gifts

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Enter the amount from line 32 on the previous page.	=	1,416 00	**33**

First-time donor super credit (FDSC)

You will be considered a first-time donor if neither you nor your spouse or common-law partner has claimed and been allowed a charitable donations tax credit for any year after 2007. If you are considered a first-time donor continue at line 34. If you are not a first-time donor enter the amount from line 33 on line 36.

Only gifts of money made after March 20, 2013, to a maximum of $1,000, are eligible for the FDSC.

Note: If you have a spouse or common-law partner, you can share the claim for the FDSC, but the total combined donations claimed cannot be more than $1,000.

Enter the amount of gifts of money * made after March 20, 2013 (**Maximum $1,000**) **343**	=		**34**	x 25% =	+	**35**
If you did not complete lines 34 and 35, enter the amount from line 33. Otherwise, add lines 33 and 35. **Enter this amount on line 349 of Schedule 1.** **Donations and gifts**					= 1,416 00	**36**

* The amount claimed on line 343 must also be claimed on line 340 by you or your spouse or common-law partner. If the donations are shared, the combined amount on line 343 for you and your spouse or common-law partner cannot be more than the combined amount claimed on line 340 by both of you.

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Donations

Charitable donations

Charitable donations details

Name of organization		Amount paid
MADD		1,000 00
CNIB		3,000 00
Reported on slips	Claim: Own slips	400 00
	Total current year donations	4,400 00

Donations to U.S. organizations

Name of organization	Amount paid
Total current year donations	<NIL>

Other gifts

Donations made to government entities	
Donations made to prescribed universities outside Canada.	
Donations made to the United Nations, its agencies, and certain charitable organizations outside Canada.	
Donations made to a registered museum or cultural organization.	
Community Food Program Donation (Farmers)	

Charitable donations summary

		U.S.	Canadian	Total
Total current year donations			4,400 00	
Other gifts				
Unclaimed donations from 2013 - 2016				
Unclaimed donations from 2012		+	+	
Total charitable donations	A	=	= 4,400 00	4,400 00
Net income	B		375,699 00	
75% of line B	C	=	= 281,774 25	
Gifts of depreciable property	D			
Taxable capital gains minus capital gains deduction on gifts of capital property	E	+	+	
Add lines D and E	F	=	=	
25% of line F	G	+	+	
Add lines C and G	H	=	= 281,774 25	
Allowable U.S. donations	I		-	
Total donations limit	J	=	= 281,774 25	281,774 25
Allowable charitable donations (least of lines A, J or amount required to reduce federal tax to zero)			4,400 00	4,400 00
Charitable donations available for carryforward				

Charitable donation carryforward - Canadian

Year	Beginning balance	Claimed in 2017	Ending balance
2012			
2013			
2014			
2015			
2016			
2017			
Totals			

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Donations

Charitable donations

Cultural and ecological gifts (pre-February 11, 2014) carryforward

Year	Beginning balance	Claimed in 2017	Ending balance
2012			
2013			
2014			
2015			
2016			
2017			
Totals			

Ecological gifts (post-February 10, 2014) carryforward

Year	Beginning balance	Claimed in 2017	Ending balance
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
Totals			

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Ontario

Ontario Tax

ON428
T1 General - 2017

Complete this form, and **attach a copy** to your return. For more information, see the related line in the forms book.

Step 1 – Ontario non-refundable tax credits

		For internal use only		5605			
Basic personal amount		**claim $10,171**		5804	10,171	00	1
Age amount (if born in 1952 or earlier) (use the *Provincial Worksheet*)		**(maximum $4,966)**		5808			2
Spouse or common-law partner amount							
Base amount	9,500	00					
Minus: their net income from page 1 of your return	6,520	00					
Result: (if negative, enter "0")	2,980	00	**(maximum $8,636)** ▶	5812	2,980	00	3
Amount for an eligible dependant							
Base amount	9,500	00					
Minus: his or her net income from line 236 of his or her return							
Result: (if negative, enter "0")			**(maximum $8,636)** ▶	5816			4
Ontario caregiver amount (use the *Provincial Worksheet*)				5819	4,794	00	5
CPP and QPP contributions: (amount from line 308 of your federal Schedule 1)				5824	2,564	10	• 6
(amount from line 310 of your federal Schedule 1)				5828			• 7
Employment Insurance premiums: (amount from line 312 of your federal Schedule 1)				5832	836	19	• 8
(amount from line 317 of your federal Schedule 1)				5829			• 9
Adoption expenses		**(maximum $12,409)**		5833			10
Pension income amount		**(maximum $1,406)**		5836			11
Disability amount (for self) (Claim **$8,217** or, if you were under 18 years of age, use the *Provincial Worksheet*.)				5844			12
Disability amount transferred from a dependant (use the *Provincial Worksheet*)				5848	12,317	00	13
Interest paid on your student loans (amount from line 319 of your federal Schedule 1)				5852			14
Your tuition and education amounts (use and **attach** Schedule ON(S11))				5856			15
Tuition and education amounts transferred from a child				5860	7,033	00	16
Amounts transferred from your spouse or common-law partner (use and **attach** Schedule ON(S2))				5864	4,966	00	17
Medical expenses: (Read line 5868 in the forms book.)	5868	31,862	54				18
Enter $2,302 **or** 3% of line 236 of your return, whichever is **less**.		2,302	00				19
Line 18 minus line 19 (if negative, enter "0")		29,560	54				20
Allowable amount of medical expenses for other dependants (use the *Provincial Worksheet*)	5872	7,786	00				21
Add lines 20 and 21.	5876	37,346	54	▶	37,346	54	22
Add lines 1 to 17, and line 22.				5880	83,007	83	▶ 83,007 83 23
Ontario non-refundable tax credit rate							x 5.05 % 24
Multiply line 23 by line 24.							5884 4,191 90 25

Donations and gifts:							
Amount from line 16 of your federal Schedule 9	200	00	x 5.05 % =		10	10	26
Amount from line 17 of your federal Schedule 9	4,200	00	x 11.16 % =		468	72	27
Add lines 26 and 27.				5896	478	82	▶ 478 82 28
Add lines 25 and 28. Enter this amount on line 41.				**Ontario non-refundable tax credits**			6150 4,670 72 29

Continue on the next page.

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Step 2 - Ontario tax on taxable income

Enter your **taxable income** from line 260 of your return.
If this amount is more than $20,000, you **must** complete **Step 7 – Ontario health premium** 375,699.00 **30**

Complete the appropriate column depending on the amount on line 30.	Line 30 is **$42,201** or less	Line 30 is more than **$42,201** but not more than **$84,404**	Line 30 is more than **$84,404** but not more than **$150,000**	Line 30 is more than **$150,000** but not more than **$220,000**	Line 30 is more than **$220,000**	
Enter the amount from line 30.					375,699.00	31
		42,201.00	84,404.00	150,000.00	220,000.00	32
Line 31 minus line 32 (cannot be negative)	0.00				155,699.00	33
	x 5.05 %	x 9.15 %	x 11.16 %	x 12.16 %	x 13.16 %	34
Multiply line 33 by line 34.					20,489.99	35
Add lines 35 and 36.	0.00	2,131.00	5,993.00	13,313.00	21,825.00	36
Ontario tax on taxable income					42,314.99	37

Step 3 – Ontario tax

Enter your Ontario tax on taxable income from line 37.		42,314.99	38
Enter your Ontario tax on split income from Form T1206.	6151		• 39
Add lines 38 and 39.		42,314.99	40
Enter your Ontario non-refundable tax credits from line 29.		4,670.72	41
Line 40 minus line 41 (if negative, enter "0")		37,644.27	42

Ontario minimum tax carryover:

Enter the amount from line 42.	37,644.27		43
Enter your Ontario dividend tax credit from line 6152 of the *Provincial Worksheet*.			44
Line 43 minus line 44 (if negative, enter "0").	37,644.27		45
Amount from line 427 of your federal Schedule 1 ____ x 33.67 % =			46
Enter the amount from line 45 or 46, whichever is less	6154		• 47
Line 42 minus line 47 (if negative, enter "0")		37,644.27	48

Ontario surtax

Enter the amount from line 48.	37,644.27		49
Enter the amount from line 39.			50
Line 49 minus line 50 (if negative, enter "0")	37,644.27		51

Complete lines 52 to 54 only if the amount at line 51 is **more than $4,556**.
Otherwise, enter "0" on line 54 and continue completing the form.

(Line 51 37,644.27 minus 4,556.00) x 20.00 % (if negative, enter "0")	6,617.65		52
(Line 51 37,644.27 minus 5,831.00) x 36.00 % (if negative, enter "0")	11,452.78		53
Add lines 52 and 53.	18,070.43	18,070.43	54
Add lines 48 and 54.		55,714.70	55

Ontario dividend tax credit:

Enter your Ontario dividend tax credit from line 6152 of the *Provincial Worksheet*.	6152		• 56
Line 55 minus line 56 (if negative, enter "0")		55,714.70	57

Ontario additional tax for minimum tax purposes:

If you entered an amount other than "0" on line 95 of Form T691, enter your Ontario additional tax for minimum tax purposes from line 58 of the *Provincial Worksheet*.			58
Add lines 57 and 58.		55,714.70	59

Continue on the next page.

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Enter the amount from line 59 in the previous page.	55,714 70	**60**

If you are **not** claiming an Ontario tax reduction, there is an amount on line 58, or the amount on line 60 is "0", enter the amount from line 60 on line 68 and continue completing the form. Otherwise, complete lines 61 to 67 to calculate the Ontario tax reduction.

Step 4 – Ontario tax reduction

Basic reduction		235 00	**61**	
If you had a spouse or common-law partner on December 31, 2017, **only** the individual with the **higher net income** can claim the amounts on lines 62 and 63.				
Reduction for dependent children born in 1999 or later Number of dependent children **6269** 1 x 434 00 =		434 00	**62**	
Reduction for dependants with a mental or physical impairment Number of dependants **6097** 2 x 434 00 =		868 00	**63**	
Add lines 61, 62, and 63.		1,537 00	**64**	
Enter the amount from line 64. 1,537 00 x 2 =		3,074 00	**65**	
Enter the amount from line 60.		55,714 70	**66**	
Line 65 minus line 66 (if negative, enter "0") **Ontario tax reduction claimed**			▶	**67**
Line 60 minus line 67 (if negative, enter "0")			55,714 70	**68**

Step 5 – Ontario foreign tax credit

Enter the Ontario foreign tax credit from Form T2036.		**69**
Line 68 minus line 69 (if negative, enter "0")	55,714 70	**70**

Step 6 - Community food program donation tax credit for farmers

Enter the amount of qualifying donations that have also been claimed as charitable donations **6098** x 25.00 % =		**71**
Line 70 minus line 71 (if negative, enter "0")	55,714 70	**72**

Step 7 – Ontario Health Premium

If your taxable income (from line 30) is not more than $20,000, enter "0". Otherwise, enter the amount calculated in the chart on the next page.	**Ontario Health Premium** ▶	900 00	**73**
Add lines 72 and 73. Enter the result on line 428 of your return.	**Ontario tax**	56,614 70	**74**

Continue on the next page.

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Ontario Health Premium

Enter your **taxable income** from line 30. 375,699 00 **1**

Go to the line that corresponds to your taxable income.

- If there is an Ontario Health Premium amount on that line, enter that amount on line 73.
- Otherwise, enter your taxable income in the first box, complete the calculation, and enter the result on line 73.

Taxable Income						**Ontario Health Premium**
not more than **$20,000**						**$0**
more than **$20,000**, but not more than **$25,000**		- $20,000 =		x 6% =		
more than **$25,000**, but not more than **$36,000**						**$300**
more than **$36,000**, but not more than **$38,500**		- $36,000 =		x 6% =	+ $300 =	
more than **$38,500**, but not more than **$48,000**						**$450**
more than **$48,000**, but not more than **$48,600**		- $48,000 =		x 25% =	+ $450 =	
more than **$48,600**, but not more than **$72,000**						**$600**
more than **$72,000**, but not more than **$72,600**		- $72,000 =		x 25% =	+ $600 =	
more than **$72,600**, but not more than **$200,000**						**$750**
more than **$200,000**, but not more than **$200,600**		- $200,000 =		x 25% =	+ $750 =	
more than **$200,600**						**$900**

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Ontario

Provincial Amounts Transferred From Your Spouse or Common-Law Partner

Schedule ON(S2)
T1 General - 2017

Complete this schedule to **claim** a transfer of the unused part of your spouse's or common-law partner's provincial amounts shown below. **Attach a copy of this schedule to your return**.

If your spouse or common-law partner is filing a return, use the amounts that he or she entered on Form ON428.

If your spouse or common-law partner is not filing a return, use the amounts that he or she would enter on Form ON428 if he or she were filing a return. Attach his or her information slips, but do not attach the return or schedules.

If, at the end of the year, your spouse or common-law partner was not a resident of Ontario, special rules may apply. For more information, contact the Canada Revenue Agency.

Age amount (If your spouse or common-law partner was 65 years of age or older in 2017):
If his or her net income is $36,969 or less, enter $4,966.
Otherwise, enter the amount from line 5808 of his or her Form ON428. **5902** 4,966 00 **1**

Pension income amount:
Enter the amount from line 5836 of his or her Form ON428. **(maximum $1,406)** **5905** **2**

Disability amount:
Enter the amount from line 5844 of his or her Form ON428. **5907** **3**

Tuition and education amounts: Enter the provincial amount designated to you as shown on his or her Form T2202A, TL11A, TL11B, or TL11C. **5909** **4**

Add lines 1 to 4. 4,966 00 **5**

Spouse's or common-law partner's taxable income:
Enter the amount from line 260 of his or her return if it is $42,201 or less. If the taxable income is more than $42,201, enter instead the result of the following calculation: amount from line 38 of his or her Form ON428 divided by 5.05 %. 6,520 00 **6**

Enter the total of lines 5804, 5824, 5828, 5832, 5829, 5833 of his or her Form ON428 plus line 13 of his or her ON(S11). 10,171 00 **7**

His or her adjusted taxable income:
Line 6 minus line 7 (if negative, enter "0") **5912** **8**

Line 5 minus line 8 (if negative, enter "0")
Enter this amount on line 5864 of your Form ON428. **Provincial amounts transferred from your spouse or common-law partner** 4,966 00 **9**

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Canada Revenue Agency / Agence du revenu du Canada

STATEMENT OF EMPLOYMENT EXPENSES

- Guide T4044, *Employment Expenses*, has information to help you complete this statement. The chapters we refer to below are chapters in the guide. Include a copy of this form with your return.

Expenses

Accounting and legal fees	8862			
Advertising and promotion	8520			
Allowable motor vehicle expenses (from line 16 below)	9281			1
Food, beverages, and entertainment expenses (see Chapter 2 or 3, as applicable) _____ x 50% =	8523			
Lodging	9200			
Parking	8910			
Supplies (for example, postage, stationery, other office supplies)	8810			
Other expenses (please specify) _____	9270			
Tradesperson's tools expenses, up to a maximum of $500 (see Chapter 7)	1770			
Apprentice mechanic tools expenses (see Chapter 7)	9131			
Musical instrument expenses (see "Part 2" in Chapter 6)	1776			
Capital cost allowance for musical instruments (see "Part A" on this form)	1777			
Artists' employment expenses (see "Part 1" in Chapter 6)	9973			
Subtotal				2
Add work-space-in-the-home expenses (enter the lower amount of line 24 or 25 below)	9945	2,301	00	
Total expenses (enter this amount on line 229 of your return)	9368	2,301	00	

Calculation of allowable motor vehicle expenses

Enter the make, model and year of motor vehicle used to earn employment income		
Enter the kilometres you drove in the tax year to earn employment income		3
Enter the total kilometres you drove in the tax year		4
Enter the motor vehicle expenses you paid for:		
Fuel (gasoline, propane, oil)		5
Maintenance and repairs		6
Insurance		7
Licence and registration		8
Capital cost allowance		9
Interest (see "Interest expense" in Chapter 8)		10
Leasing (see "Leasing costs" in Chapter 8)		11
Other expenses (please specify) _____		12
Add lines 5 to 12		13

Employment-use portion (line 3 / line 4) X line 13 = _____ ▶ _____ 14

Enter the total of all rebates, motor vehicle allowances, and reimbursements for motor vehicle expenses you received that are not included in income. Do not include any repayments you used to calculate your leasing costs on line 11.

(see "Allowable Motor Vehicle Expenses" in Chapters 2 and 3)		15
Allowable motor vehicle expenses (line 14 **minus** line 15)		16

Enter the amount from line 16 on line 1 in the "Expenses" area above.

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STATEMENT OF EMPLOYMENT EXPENSES

Calculation of work-space-in-the-home expenses

Electricity, heat, and water			3,200 00	17	
Maintenance			3,800 00	18	
Insurance (commission employees only)			4,000 00	19	
Property taxes (commission employees only)			6,700 00	20	
Other expenses (please specify)				21	
Add lines 17 to 21	Subtotal		17,700 00	22	
Subtract personal-use portion			15,399 00	23	
	Subtotal		2,301 00		
Add amount carried forward from previous year					
	Subtotal		2,301 00	▶	2,301 00 24
Enter your employment income		378,000 00			
Subtract the amount from line 2 above as well as any amount from line 207 and line 212 of your return that relates to this income.					
Subtotal (if negative, enter "0")		378,000 00	= 378,000 00	▶	378,000 00 25
Work-space-in-the-home expenses available to use in **future** years (line 24 **minus** line 25; if negative, enter "0")					

CAPITAL COST ALLOWANCE (DEPRECIATION) SCHEDULE FOR EMPLOYEES

- For information to help you complete this schedule, see the section called "How to calculate capital cost allowance" in Chapter 9 of guide T4044, *Employment Expenses*.

Part A - Classes 8 and 10

1 Class no.*	2 Undepreciated capital cost at the beginning of the year**	3 Cost of acquisitions during the year	4 Proceeds of disposition during the year	5 Undepreciated capital cost after the acquisitions and dispositions (col. 2 + 3 - 4)	6 Adjustments for current-year acquisitions (1/2 x (col. 3 - 4)) (if negative, enter "0")	7 Base amount for capital cost allowance claim (col. 5 - 6)	8 Rate %	9 Capital cost allowance (CCA) for the year (col. 7 x 8, or a lesser amount)	10 Undepreciated capital cost at the end of the year (col. 5 - 9)
8							20 %		
10							30 %		

* Class 8 includes musical instruments. Class 10 includes all vehicles that meet the definition of a motor vehicle, except for a passenger vehicle included in Class 10.1 (see "Part B" below).

** This amount must be reduced by the portion of any goods and services tax/harmonized sales tax (GST/HST) rebate received in the year that relates to CCA on the vehicle or musical instrument.

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Canada

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STATEMENT OF EMPLOYMENT EXPENSES

Part B - Class 10.1

- For details about the Class 10.1 limits, see Chapter 9 of guide T4044, *Employment Expenses*.
- List each passenger vehicle on a separate line.

Date acquired	Cost of vehicle	1 Class no.	2 Undepreciated capital cost at the beginning of the year*	3 Cost of acquisitions during the year	4 Proceeds of disposition during the year	5 Base amount for capital cost allowance claim**	6 Rate %	7 Capital cost allowance (CCA) for the year (col.5 x 6, or a lesser amount)	8 Undepreciated capital cost at the end of the year (col. 2 - 7, or col. 3 - 7)***
		10.1					30 %		
		10.1					30 %		
		10.1					30 %		
							Total		

* This amount must be reduced by the portion of any GST/HST rebate received in the year that relates to CCA on the vehicle.

** a. Enter the amount from column 2 in column 5 if you owned the vehicle in the previous year and still owned it at the end of the current year.

b. Enter 1/2 of the amount from column 3 in column 5 if you bought the vehicle in the current year and still owned it at the end of the current year.

c. Enter 1/2 of the amount from column 2 in column 5 if you sold the vehicle in the current year and you owned the vehicle at the end of the previous year.

d. If you bought and sold a Class 10.1 vehicle in the current year, enter "0" in column 5 for that vehicle.

*** Enter "0" in column 8 for the year you sold or traded a Class 10.1 vehicle, since the recapture and terminal loss rules do not apply.

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Medical

Medical expenses

Medical expenses - line 330

Period covered by claim: from 2017-01-01 to 2017-12-31

Payment date	Name of patient	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
2017-12-31	George-Chapter 4 Proble	Johnson Inc.	Out of Canada ins	No	731 30	731 30
2017-08-31	George-Chapter 4 Proble	Dr. Smith	Dental services	No	155 40	155 40
2017-09-19	George-Chapter 4 Proble	Optician	Prescription glass	No	109 00	109 00
2017-11-07	Valerie Pharmacy	Pharmacy	Prescription	No	66 84	66 84
2017-12-31	Kevin Pharmacy	Various	Seeing eye dog c	No	800 00	800 00
2017-10-01	Kevin Pharmacy	Dr. Takarabe	Orthodontics and	No	30,000 00	30,000 00
				No		
					Medical expenses subtotal	31,862 54

Are you claiming medical expenses? Yes

	Taxpayer	Spouse	
Premiums paid to private health service plans			
Employee/Recipient-paid premiums for private health services plan			
Québec prescription Drug Insurance Plan - 2016			
Nova Scotia Seniors' Pharmacare Program			
Total medical expenses - line 330			31,862 54

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Medical expenses

Allowable amount of medical expenses for other dependants - line 331

Name of other dependant	Joan Drugstore			Net income	500 00
Payment date	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
2017-06-07	Dr. Wong	Psychiatric counsellin	No	2,050 00	2,050 00
			No		
				Total medical expenses	2,050 00

Are you claiming medical expenses for this dependant? Yes

Minus: 3% of line 236 of Joan Drugstore's return (maximum $2,268)	15 00
Allowable amount of medical expenses	2,035 00

Name of other dependant	Martin Pharmacy			Net income	8,300 00
Payment date	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
2017-12-20	Dr. Walker	Group therapy	No	6,000 00	6,000 00
			No		
				Total medical expenses	6,000 00

Are you claiming medical expenses for this dependant? Yes

Minus : 3% of line 236 of Martin Pharmacy's return (maximum $2,268)	249 00
Allowable amount of medical expenses	5,751 00

Name of other dependant				Net income	
Payment date	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
			No		
				Total medical expenses	

Are you claiming medical expenses for this dependant? Yes

Minus : 3% of line 236 of 's return (maximum $2,268)	
Allowable amount of medical expenses	

Medical expense summary

Medical expenses	330	31,862 54
Minus : 3% of line 236 of your return (maximum $2,268)		2,268 00
Subtotal		29,594 54
Plus medical expenses for other dependants	331	7,786 00
Allowable amount of medical expenses	332	37,380 54
Total medical expenses		37,380 54

* Limitation:
(1) Yes - Attendant care/Nursing Home (not claiming disability);
(2) Yes - Attendant care/Nursing Home (and claiming disability);
(3) Yes - Van adapted for transportation of patient requiring use of a wheelchair;
(4) Yes- Moving expenses for a patient's move to a more accessible dwelling

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Other credits

Volunteer firefighters' amount – line 362

Do you wish to claim this credit?	☐ Yes	☒ No	
Volunteer firefighters' amount			

Public transit passes amount (only claim amounts from January 1 to June 30, 2017) - line 364

Amounts for public transit passes from your T4 slips		1
Amounts for public transit passes from your spouse or common law partner's T4 slips		2
Amounts for public transit passes not included on your or your spouse or common-law partner's T4		3
Amounts for public transit passes from your dependant children (under age 19)		4
Total of lines 1, 2, 3 and 4		5
Amount claimed by your spouse or common-law partner ____ %		6
Enter this amount on line 364 of Schedule 1		7

Home buyers' amount - line 369

Do you qualify for the home buyers' amount?	☐ Yes	☒ No
Home buyers' credit		
Amount claimed by another individual		
Home buyers' amount		

Search and rescue volunteers' amount – line 395

Do you wish to claim this credit?	☐ Yes	☒ No
Search and rescue volunteers' amount		

Total income tax deducted - line 437

T4 slips	114,000 00
T4A slips	
T4A (OAS) slip	
T4A (P) slip	
T4A (RCA) slip	
T4E slip	
T4RIF slips	
T4RSP slips	
T5013 slips	
T1032 line P - Pension Transferee	
Québec tax deducted (if not filing Québec return)	
Subtotal	114,000 00
Less: T1032 line P - Pensioner	
Total	114,000 00

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OtherDeduct

Other deductions

Other employment expenses - line 229

Legal expenses to obtain/collect salary or wages		
Repayments of worker's compensation benefits		
Employment expenses for forestry workers		
Employment expenses reported on Form T777	2,301	00
Meals and lodging expenses reported on Form TL2		
T4PS Box 36 - forfeited amounts		
Reimbursement of salaries, wages or wage loss insurance benefits		
RC359 Line 7 - Excess EPSP		
Total	2,301	00

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Dependant information

	Dependant #1	Dependant #2	Dependant #3
Social Insurance Number	527 000 517		527 000 533
First name	Kevin	Joan	Martin
Last name	Pharmacy	Drugstore	Pharmacy
Relationship	Son	Mother	Brother
Birthdate	2001-10-17	1932-02-24	1970-06-02
Net income		500.00	8,300.00
Claim as eligible dependant?	No	No	No
Dependant claiming GST credit?	No	No	No
Dependant claiming PST credit (ON, MB)?	No	No	No
Did dependant live with you in 2017?	Yes	Yes	Yes
Street address	123 ZZZ Street	123 ZZZ Street	123 ZZZ Street
P.O. Box, R.R.			
Apt No.			
City	London	London	London
Province	Ontario	Ontario	Ontario
Postal code	N0Z 0Z0	N0Z 0Z0	N0Z 0Z0
Province of residence on 2017/12/31	Ontario	Ontario	Ontario
Disability/infirmity			
Qualify for disability amount?	Yes	No	No
Mentally or physically infirm?	Yes	Yes	No
If yes, state nature of infirmity	blind		
Caregiver amount for infirm (S1 307)	No	Yes / No	
Claim on Schedule 5		6,883.00	
Caregiver			
% Claim on Schedule 5?			
Claim on Schedule 5			
Disability supplement (under age 18)			
Maximum supplement **A**	4,733.00		
Child / attendant care expenses claimed for dependant by anyone	3,500.00		
Base amount	2,772.00		
Supplement reduction **B**	728.00		
Disability supplement (A-B)	4,005.00		
Children's fitness amount			
Eligible fitness expenses			
Percentage claim	100.00		
Children's arts amount			
Eligible children's art expenses			
Percentage claim	100.00		
Transfers from dependants			
Tuition fees (T2202 and TL11)	3,600.00		
Education - # months part time			
Education - # months full time	8		
Unused tuition/education from 2016			
Net income		500.00	8,300.00
Deductions from net income			
Non-refundable amounts (lines 3 to 15 of Schedule 1)			
Provincial transfers from dependants			
Unused tuition/education from 2016			
Non-refundable amounts (lines 5812 to 5845)			

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	Dependant #4	Dependant #5	Dependant #6
Social Insurance Number			
First name			
Last name			
Relationship	N/A	N/A	N/A
Birthdate			
Net income			
Claim as eligible dependant?	No	No	No
Dependant claiming GST credit?	No	No	No
Dependant claiming PST credit (ON, MB)?	No	No	No
Did dependant live with you in 2017?	No	No	No
Street address			
P.O. Box, R.R.			
Apt No.			
City			
Province			
Postal code			
Province of residence on 2017/12/31	NA	NA	NA
Disability/infirmity			
Qualify for disability amount?	No	No	No
Mentally or physically infirm?	No	No	No
If yes, state nature of infirmity			
Caregiver amount for infirm (S1 307)	No	No	No
Claim on Schedule 5			
Caregiver			
% Claim on Schedule 5?			
Claim on Schedule 5			
Disability supplement (under age 18)			
Maximum supplement **A**			
Child / attendant care expenses claimed for dependant by anyone			
Base amount			
Supplement reduction **B**			
Disability supplement (A-B)			
Children's fitness amount			
Eligible fitness expenses			
Percentage claim			
Children's arts amount			
Eligible children's art expenses			
Percentage claim			
Transfers from dependants			
Tuition fees (T2202 and TL11)			
Education - # months part time			
Education - # months full time			
Unused tuition/education from 2016			
Net income			
Deductions from net income			
Non-refundable amounts (lines 3 to 15 of Schedule 1)			
Provincial transfers from dependants			
Unused tuition/education from 2016			
Non-refundable amounts (lines 5812 to 5845)			

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Child care expense details

(Please use the drop down list to select the first name of an eligible child)

Child first name	Organization or name	SIN	# weeks*	Amount	Claim
Kevin	Nannies On Call			3,500.00	3,500.00
			Total	3,500.00	3,500.00

*Enter the # of weeks spent at boarding school, overnight sports school or overnight camp.

Transfer from dependants

Disability transfer from dependant

SIN	527 000 517		Disability amount	A	12,118.00
First name	Kevin		Taxable income		0.00
Last name	Pharmacy		Basic personal amount		11,635.00
Birthdate	2001-10-17		Age amount		
Maximum available for transfer (A-B)	12,118.00		Other amounts - lines 3 to 20 of Schedule 1		
Disability transfer	12,118.00		Adjusted taxable income	B	0.00

Tuition and education transfer from dependant (post-secondary)

SIN	527 000 517		Tuition and education amount	A	3,600.00
First name	Kevin		Taxable income		0.00
Last name	Pharmacy		Basic personal amount		11,635.00
Birthdate	2001-10-17		Age amount		
Maximum available for transfer (A-B)	3,600.00		Other amounts - lines 3 to 21 of Schedule 1		12,118.00
Tuition and education transfer	3,600.00		Unused tuition and education from 2016		
			Adjusted taxable income	B	0.00

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Summary

2017 Tax Summary (Federal)

George-Chapter 4 Problem

Total income

Employment *	101	378,000
Old Age Security	113	
CPP/QPP benefits	114	
Other pensions	115	
Split-pension amount	116	
Universal Child Care Benefit	117	
Employment Insurance	119	
Taxable dividends	120	
Interest	121	
Limited partnership	122	
RDSP	125	
Rental	126	
Taxable capital gains	127	
Support payments	128	
RRSP	129	
Other	130	
Self-employment *	135	
Workers' compensation and social assistance	147	
Total income	150	378,000

Net income

RPP	207	
RRSP *	208	
Split-Pension Deduction	210	
Union and professional dues	212	
UCCB repayment	213	
Child care expenses	214	
Disability supports deduction	215	
Business investment loss	217	
Moving expenses	219	
Support payments	220	
Carrying charges and interest	221	
CPP/QPP/PIPP *	222	
Exploration and development	224	
Employment expenses	229	2,301
Social benefits repayment	235	
Other deductions *	231	
Net income	236	375,699

Taxable income

Canadian Forces personnel	244	
Home relocation loan	248	
Security options deductions	249	
Other payments deduction	250	
Losses of other years *	251	
Capital gains deduction	254	
Northern residents	255	
Additional deductions	256	
Taxable income	260	375,699

2018 Estimated — **George-Chapter 4 Problem**

GST/HST credit		
Provincial tax credit		
Child Tax Benefit		
RRSP contribution limit		259,050 00

* More than one line is considered

George-Chapter 4 Problem

Non-refundable tax credits

Basic personal amount	300	11,635
Age amount	301	
Spouse / eligible dependant *	303	5,115
Family caregiver amount	367	2,150
Infirm/caregiver *	304	6,883
CPP/QPP/PPIP/EI *	308	3,400
Volunteer firefighters' amount*	362	
Canada employment amount	363	1,178
Public transit passes amount	364	
Home accessibility expenses	398	
Home buyers' amount *	369	
Adoption expenses	313	
Pension income amount	314	
Disability amount	316	
Transfers *	318	22,943
Interest on student loans	319	
Tuition / education	323	
Medical expenses	332	37,381
Credit at 15%	338	13,603
Donations and gifts	349	1,416
Non-refundable tax credits	350	15,019

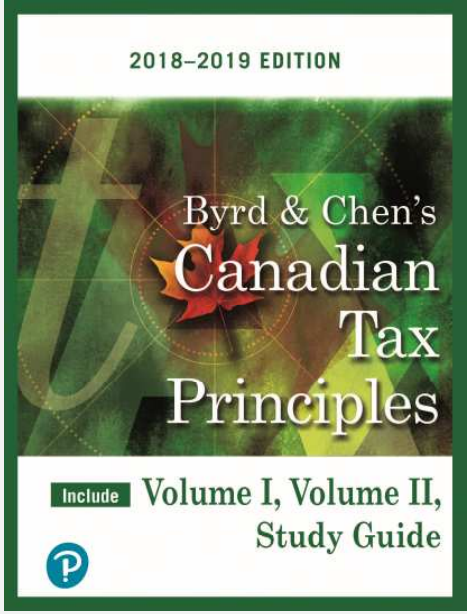
Total payable

Federal tax	404	104,022
Non-refundable tax credits	350	15,019
Dividend tax credit	425	
Min. tax carry-over/other *	426	
Basic federal tax	429	89,003
Non resident surtax		
Foreign tax credits / other	405	
Federal tax	406	89,003
Political/inv. tax credit/other *	410	
Labour-sponsored tax credit	414	
Alternative minimum tax	417	
WITB Prepayment (RC210)	415	
Special Taxes	418	
Net federal tax	420	89,003
CPP contributions payable	421	
EI self-employment	430	
Social benefits repayment	422	
Provincial/territorial tax	428	56,615
Total payable	435	145,618

Total credits

Income tax deducted *	437	114,000
QC or YT abatement *	440	
CPP/EI overpayment *	448	
Medical expense supplement	452	
WITB (Schedule 6)	453	
Other credits *	454	
GST/HST rebate	457	
School supply credit	469	
Instalments	476	
Provincial tax credits	479	
Total credits	482	114,000
Balance owing (refund)		31,618
Combined balance (refund)		31,618

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Chapter 2

PROCEDURES AND ADMINISTRATION

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Returns And Payments Individuals (T1)

- **Filing The T1**
  - When Required
    - Taxes Payable
    - CRA Request To File
    - Capital Gain
    - Disposition Of Capital Property
    - Pension Income Split
    - CPP or EI amounts payable

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Filing

Total

- 28.1 Million in 2017

Electronic – NetFile and EFile

- 24.2 Million in 2017

PAPER

- 3.9 Million in 2017

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Returns And Payments Individuals (T1)

- **Filing Date**
  - April 30 Of Following Year
  - June 15 Of Following Year (Business Income)
  - 6 Months After Date Of Death (After October, Before May)

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Instalments Individuals

- **Timing:**
  - March 15
  - June 15
  - September 15
  - December 15

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Instalments Individuals

- **When Required – ITA 156.1(2)**
  - **Net Tax Owing**
    (Federal + Provincial – Withheld)
  - **Instalment Threshold ($3,000)**
  - **Instalments required when:**
    - Net tax owing > $3,000
      - In 2018; and
      - In either 2017 or 2016

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Instalments Individuals

- **Instalment Amounts**
  - **(Estimate For Current Year) ÷ 4**
  - **(Actual For Preceding Year) ÷ 4**
  - **Combination:**
    - 1 & 2 – (Actual For 2nd Preceding Year) ÷ 4
    - 3 & 4 – (Actual For Preceding Year – Payments 1 & 2) ÷ 2
    - CRA's instalment reminder based on this approach

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Instalments Individuals

- **Example: Net Tax Owing:**
  - 2016 = $2,000
  - 2017 = $4,000
  - 2018 (Estimated) = $8,000
- **Instalments Are Required (>$3,000 in 2017 and 2016)**

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Instalments Individuals

- **Current Year = $2,000 ($8,000 ÷ 4)**
- **Preceding Year = $1,000 ($4,000 ÷ 4)**
- **CRA Instalment Reminder**
  - 1 and 2 = $500 ($2,000 ÷ 4)
  - 3 and 4 = $1,500 [($4,000 - $1,000) ÷ 2]

- **The instalment reminder approach is best**
  - Same total as preceding year
  - Some deferral of payment

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Late Instalments

- **Interest**
  - Prescribed rate
  - Amounts due from government (+ 2%)
    - As of 2010 – N/A to corporations
  - Amounts owing to government (+ 4%)
- **Penalties**
  - Only on very large amounts
  - ITA 163.1

Should you pay instalments?

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Late Filing

- **Penalty**
  - 1st Offence:
    5% + 1% Per Month
  - 2nd Offence:
    10% + 2% Per Month
- **Interest**
  - Prescribed Rate + 4%
  - Only On Tax Payable

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Returns And Payments Corporations (T2)

- **When T2 required**
  - Always
- **Filing options**
  - If gross revenues > $1 million – must file electronically
  - Can use functional currency
- **Filing dates**
  - 6 Months fiscal after year end

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Instalments

Example: Public corporation with:

- 2016 Taxes Payable of $60,000,
- 2017 Taxes Payable of $90,000, and
- estimated 2018 Taxes Payable of $120,000.

1.	$120,000/12	$10,000/Month
2.	$90,000/12	$7,500/Month
3.	1 & 2: $60,000/12	$5,000/Month
	3 - 12: ($90,000 - $10,000)/10	$8,000/Month

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Quarterly For Small CCPCs

- **Small CCPC**
  - Taxable income does not exceed $500,000 during current or previous year.
  - Taxable capital employed in Canada does not exceed $10 million during current or previous year
  - Some amount of SBD in current and previous year
  - Perfect compliance in last 12 months

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Quarterly Alternatives

- **Current year ÷ 4**
- **Previous year ÷ 4**
- **Combination**
  - 1st based on 2nd previous year ÷ 4
  - 2nd, 3rd, and 4th based on:

    (previous year less 1st instalment) ÷ 3

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Corporate Interest And Penalties

- **In general:**
  Same as for individuals except no +2% for amounts owed to corporation.

- Further penalty for large corporations

Should the Corporation Pay?

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Returns And Payments
Trusts (T3)

- **Filing**
  - 90 Days After December 31 Year End
- **Instalments**
  - Testamentary
  - Inter Vivos

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Due Dates For Balance Owing

- **Individuals**
  - April 30 of following year – no extension for business income
  - Deceased individuals: due date for return with no extension for business income

- **Corporations**
  - 2 months after year end
  - 3 months for some CCPCs

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Interest On Refunds

- **Individuals**
  - Later of 30 days after return is filed and the balance due date (April 30)
- **Corporations**
  - Later of 120 days after corporation year end and 30 days after return is filed

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Other Considerations

- **Information Returns**
  - T3 – Trust Income Allocation
  - T4 – Employment Income
  - T5 – Investment Income
  - T4RSP – RRSP Contributions

- **Books And Records**
  - General Rule: 6 years

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Assessment And Reassessment

- **Initial Assessment**
  - Individuals
  - Corporations

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Assessment And Reassessment

- **Reassessment**
  - **Normal Period**
    - 3 Years (individuals, trusts, and CCPCs)
    - 4 Years – Other corporations
  - **Outside normal if:**
    - Fraud
    - Taxpayer signs a waiver
    - Individual or testamentary trust requests a reduction in taxes.
    - If a balance outside of normal period is involved
    - 6 Year Extended

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Settling Disputes

- **T1-Adj**
- **Notice Of Objection**
  - 90 Days From Mailing Of Assessment
  - 1 Year From Due Date Of Return (Individuals And Testamentary Trusts)

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Settling Disputes

- **Tax Court Of Canada**
  - **Informal Procedure (Tax < $25,000, Loss < $50,000)**
    - No Lawyers
    - No Appeal
    - No Precedents
  - **General Procedure**
- **Federal Court of Appeals**
- **Supreme Court of Canada**

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Evasion

- Deliberately ignoring a specific part of the law (e.g., not reporting taxable receipts)

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Avoidance And Tax Planning

- No breaking of the law
- Planning observes “spirit of the law”
- Avoidance is not in keeping with the “spirit of the law”
  - GAAR

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GAAR

- **The Background**
  - Business Purpose Test
  - ITA 245(2) to 245(5)

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GAAR

- **Meaning Of GAAR**
  - that, but for this section, would result, directly or indirectly, in a tax benefit, unless the transaction may reasonably be considered to have been undertaken or arranged primarily for bona fide purposes other than to obtain the tax benefit; or
  - that is part of a series of transactions, which series, but for this section, would result, directly or indirectly, in a tax benefit, unless the transaction may reasonably be considered to have been undertaken or arranged primarily for bona fide purposes other than to obtain the tax benefit

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Penalties

- **Taxpayer Property**
  - Entering
  - Seizure – Books And Records

- **Collection Procedures**
  - Informal
  - Garnishment
  - Seizure – Taxpayer Property

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Penalties

- **Examples**
  - Failure to report income (10% of unreported amount)
  - False Statements/Omissions (50% of tax)
  - Evasion (50% to 200% of tax)

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Penalties

- **Tax Preparers And Promoters**
- **Applicability**
  - **Culpable Conduct**
    - Intentional
    - Indifference To Compliance With Act
    - Willful Disregard Of Law
  - **Excluded Activity**
    - Promoting Avoidance Arrangements
    - Accepting Consideration For Such Arrangements

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Penalties

- **Tax Preparers And Promoters**
- **Penalty – Greater Of**
  - $1,000
  - Advisor's gross entitlements

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Taxpayer Relief Provisions
IC – 07-1

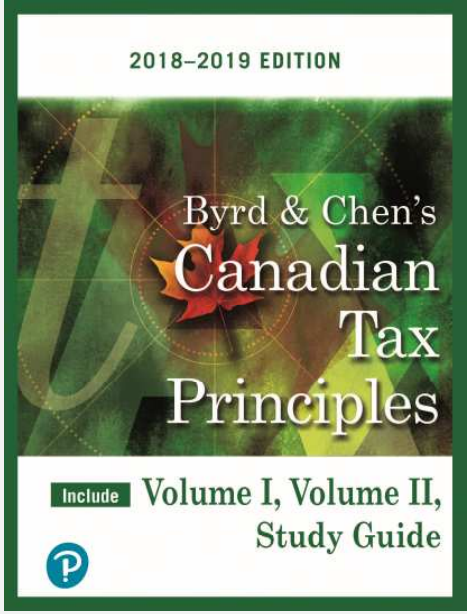
- **Part I – Introduction**
- **Part II – Cancellation/Waiver – Penalties and Interest**
  - Extraordinary circumstances
  - Actions of the CRA
  - Financial hardship

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Taxpayer Relief Provisions

- **Part III – Late, amended, or revoked elections**
- **Part IV – Refunds Beyond 3 Year Period**
  - Beyond Normal 3 Year Period
  - No Permissive Deductions (CCA)
- **Part V – Procedures when relief is granted**

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THE END

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