Canadian Personal Taxes 2017 - What's New

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It's now spring and tax season in Canada; a time to look back at 2017 in anticipation of filing your personal income tax return. This year has given us many new Canadian tax changes implemented in the Liberal government's second budget.

Tax On Sale of Principal Residence

The CRA is increasing its reporting requirements for dispositions of a principal residence. In addition to designating the property as a principal residence on Schedule 3, Form T2091(IND) must be completed for each property sale starting in 2017. Reporting a disposition requires the following information:

- Year of acquisition
- Proceeds of disposition
- Address of the property designated as a principal residence
- Total number of years the property was owned
- Number of years the property is designated as a principal residence.

Failure to designate a disposed property as a principal residence will result in the disposition being subject to income tax. This may be amended in certain circumstances but may be subject to a penalty.

Tax Credits Eliminated in 2017

Tax credits reduced by the Federal Budget 2016 have been completely eliminated for 2017. Both the Children's Arts and Fitness Tax Credits have been phased out effective January 1, 2017.

The public transit tax credit has been eliminated as of July 1, 2017. The credit is still available for public transit passes for periods up to June 30, 2017.

The federal education and textbook tax credit has been eliminated effective January 1, 2017. The credit was based on the number of part-time and full-time months a Canadian student attended classes at a post-secondary institution. The unused federal education and textbook credits from prior years can still be claimed.

Expansion of the Tuition Tax Credit

In addition to fees paid to a university, college, or post-secondary institution in Canada, the tuition tax credit has been expanded to include fees paid to certified institutions with courses that include occupational skills not offered at post-secondary institutions. These courses are eligible as long as they provide attendees with skills (or improving skills) in an occupation and are directed to students 16 years of age and over on December 31, 2017.

Students receiving a scholarship in these programs may be able to claim the scholarship exemption.

Additional Eligible Expenditures for the Medical Expense Tax Credit (METC)

Costs relating to reproductive technology use are eligible for the METC even if the individual does not have a medical condition preventing them from conceiving a child.

Disability Tax Credit Certification

As of March 22, 2017, medical professionals as well as nurse practitioners are able to certify eligibility of an individual for the disability tax credit.

Home Accessibility Tax Credit (HATC)

Introduced in 2016, the HTAC is a non-refundable tax credit of 15% on up to $10,000 of eligible home renovation expenses to improve accessibility, safety, and security of seniors and persons with disabilities. The HATC tax credit may be claimed by a family member of the individual if they live together, subject to certain conditions.

Canada Caregiver Credit (CCC)

Introduced in the 2017 Federal Budget, the CCC combines the caregiver credit, family caregiver credit, and the credit for infirm dependents age 18 into a single credit.

The new credit provides tax relief for the care of infirm dependents or those with impairment in physical or mental functions. The credit is calculated based on the relationship and age of the dependent. The CCC is based on two amounts:

The Lower Amount for infirm dependents will increase the following credits by $2,150:

- Spouse or common-law partner amount
- Eligible dependent
- Infirm children under 18 at the end of the tax year

This credit must be claimed before considering the Higher Amount (discussed below).

You can claim the Higher Amount of $6,883 if you are a caregiver of an infirm eligible relative. This amount will be reduced depending on the dependent's income.

The dependent is not required to live with you in order to claim the Canada caregiver credit. However, this credit is no longer available to adult children who have a non-infirm parent over age 65 who reside with them.

Should the credit calculated on the Lower Amount be lower than the credit calculated on the Higher Amount, a top up amount will be provided to offset the difference. This does not apply where the Lower Amount is claimed on an infirm child under 18.

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