

## NEWSLETTER

### 2025 PERSONAL TAX INCOME AND DEDUCTIONS UPDATE

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This update is provided for educational purposes only. **Do not submit this form with your tax documents.** It is presented to give additional guidance as to the various income requirements and deductions in the ever-changing tax landscape. As it is impossible to include all situations, circumstances and exceptions in a newsletter such as this, if you have any questions, please give us a call to discuss your personal tax situation.

#### SECTIONS

- A. Overview of Personal Income Tax Income and Deductions
- B. Questions to Consider
- C. Other Tax Updates and New Tax Measures

### A. OVERVIEW OF PERSONAL INCOME TAX INCOME AND DEDUCTIONS

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1. Tax **information slips**, such as: T3, T4, T4A, T4A(OAS), T4A(P), T4E, T4PS, T4RIF, T4RSP, T5, T10, T2200, T2202, T101, T1163, T1164, TL11A, B, C and D, T5003, T5007, T5008, T5013, T5018 (subcontractors) and corresponding provincial slips.
2. Details of **income** or receipts for which no T-slips are issued, such as:
  - other employment income (including any severance or termination pay, retiring allowance, [tips or gratuities received](#), details on stock option plans and Form T1212)
  - [PDF or EXCEL schedule](#) summarizing your business, professional, partnership, farm and rental income, including all amounts received from the sharing economy (such as Airbnb, VRBO, Uber, etc.), and internet-based provisions (e.g. payments from social media subscribers, product placement, advertising, etc.). **Also see Items 4. Expenses 5. Working from home and 12. Internet Business Activities,**
  - If you earned income from a **short-term rental** (Airbnb, VRBO, etc.),
    - **IMPORTANT** Introduced in 2024! What is short term? A short-term rental is a residential property that is **rented or offered for rent** for a period of less than 90 consecutive days. You will need to disclose the revenues and expenses for short term rental **separately** from your long-term rental. Online websites are required to report this information to CRA and to you, **include a copy of this report and the number of days rented or offered for short term rental with your tax documents**
    - **UPDATES!** Was the rental operation compliant with all provincial and municipal licensing, permitting and registration requirements for the entire 2025 calendar year? If not, **deductions against gross rental revenues will not be allowed for periods of non-compliance.** CRA requires you to retain documentation of compliance, ensure you keep copies for your records and **include copies with your tax documents**
  - alimony, separation allowances, child maintenance (including divorce/separation agreement),
  - pensions (certain pension income may be split between spouses),

- interest income earned but not yet received (such as amounts from Canada savings bonds, deferred annuities, term deposits, treasury bills, mutual funds, strip bonds, compound interest bonds),
- scholarships, fellowships and bursaries,
- any other income received (e.g. director fees, executor fees, etc.), and

3. Details of **other investments**, such as:

- capital gains/losses realized (this may be obtained, in some cases, from your investment advisor),
- bitcoin or other [cryptocurrency transactions](#), and
- any other investments.

4. Details of **deductible expenses**, such as:

- [PDF or EXCEL schedule](#) summarizing your business, professional, farm, investment and rental expenses (including capital purchases, such as vehicles and equipment, including the invoice or bill of sale). **Also see Items 1. Income, 5. Working from home and 12. Internet Business Activities.**
- [employment-related expenses](#) – provide [Form T2200](#) (signed by your employer) and the T777 [PDF or EXCEL schedule](#) of employment expenses. Only the listed expenses are eligible. See item 5 for details on working from home,
- [Automobile mileage log](#) is required to claim automobile expenses for business or employment. A copy of your mileage log, opening and closing odometer reading **must be submitted** to support your mileage claim.  
**\*\*RECOMMENDATION\*\*** Use a mileage tracking app (ex. Mile IQ) or keep a physical log in your vehicle to ensure accuracy (log books are available from our office).

5. Details related to [working from home](#). If you worked from home in 2025, in limited cases, you may be able to make a claim based on actual expenses incurred.

To claim a deduction for the actual costs related to working from home, **one** of the following criteria has to be met:

- the home was where you mainly (more than 50% of the time) did your work for a period of at least four consecutive weeks in the year, **or**
- you used the space exclusively to earn business/employment income, and you used it on a regular and ongoing basis for meeting clients, customers or other people in respect of the business/employment.

In addition, if you are an employee, your employer must have required you to work from home and they must have also provided you with [Form T2200](#) (please provide it to us).

To make a claim, please provide details on the portion of your home that was used as a workspace (e.g. approx. square footage of work space versus other space). **If the space was not used exclusively for business / employment purposes**, provide the approximate time it was used for business/employment purposes. Also, provide the expenses incurred that are related to working from home. Such expenses include, for example, home internet access fees, rent, utilities and office supplies. Self-employed individuals (but, not employees) may also deduct part of their property taxes and mortgage interest.

6. Details and receipts for **other deductions** and **tax credits**, such as:

- alimony, separation allowances, child maintenance (including divorce/separation agreement),
- adoption-related expenses,
- **BC renter's tax credit** Introduced in 2023, for 2025 this refundable tax credit will give \$400 to low- and moderate-income renter individuals and families with an adjusted income of \$64,764 or less, who **rent for at least 6 months in a calendar year**. Individuals and families with an adjusted income greater than \$64,764 and less than \$84,764 may receive a reduced amount. If you are eligible, provide the rental address, number of months rented, rent amount paid and the **name of your landlord**.
- **BC training tax credit for apprentices** for completion of levels 1 or 2 of a non-Red Seal program and level 3 or 4 of a Red Seal or non-Red Seal program, provide a copy of your transcript.
- charitable donations and political contributions, **UPDATES!** Due to the 2024 mail strike, the Federal government permitted that donations made as late as February 28, 2025 would be eligible for claim with the 2024 return. Only submit 2025 donations that were not claimed with your 2024 tax return.
- **childcare expenses** (if an individual provides the services, their SIN should be on the receipt),
- clergy residence deduction information (including **Form T1223**),
- **UPDATES!** **digital news subscription tax credit** eligible for 2020 to 2024 and is no longer available in 2025,
- disability support expenses (speech, sight, hearing, learning aids for impaired individuals and attendant care expenses),
- **eligible educator school supply tax credit** – if you are a teacher or early childhood educator, please provide receipts (up to \$1,000) for eligible school supplies purchased in the year. Please also provide a certification from your employer attesting to the eligible supplies expense,
- film and video production expenditures eligible for a tax credit,
- **first home savings account** (FHSA) contributions and withdrawals (including any associated slips),
- **UPDATES!** flow-through share expenses - a 30% critical mineral exploration tax credit for flow-through share agreements entered into until March 31, 2027, and a 15% mineral exploration tax credit for flow-through share agreements entered into on or before March 31, 2027,
- **home accessibility tax credit** – certain expenditures (up to \$20,000) may be eligible for a tax credit if made for a renovation or alteration to your home to enhance mobility or reduce the risk of harm for an individual who is either, eligible for the disability tax credit, or 65 years of age or older at December 31, 2025. Examples of eligible expenditures include amounts relating to wheelchair ramps, walk-in bathtubs, wheel-in showers and grab bars. These expenses may also qualify for the **BC Senior's Home renovation tax credit**,
- interest paid on qualifying student loans,
- **labour mobility deduction** – a deduction for up to \$4,000 of certain personally-incurred travel and temporary lodging expenses is available for employed tradespeople and apprentices in the construction industry that performs duties at a temporary work location. To qualify, the employee must not also receive a non-taxable allowance or be reimbursed by their employer for these costs. **This deduction is not intended to subsidize long-distance commuting**, the temporary work location cannot be in the locality where the eligible individual principally works (i.e carries on employment or business activity).
- **multigenerational home renovation tax credit** – introduced in 2023, certain expenditures (up to \$50,000) may be eligible for a tax credit to assist with the cost of renovating an eligible dwelling to establish a secondary unit that enables a qualifying individual (a senior or an adult who is eligible for the disability tax credit) to live with a qualifying relation,

- medical expenses for you, your spouse and any dependent persons, **\*\*RECOMMENDATION\*\* obtain an annual summary from your pharmacy, dentist, insurance claims provider, etc.**
- medical travel expenses, where substantially equivalent services not available near your home:
  - at least **40 kilometers** (one way) you may be able to claim vehicle expenses – provide date, name of practitioner, medical service, KM one way and booking / appointment confirmation;
  - at least **80 kilometres** (one way) in addition to vehicle expenses you may be able to claim accommodation, meal, and parking expenses – provide receipts for accommodation and parking, receipts not required for meals as can be claimed on a per diem basis;
  - If a medical practitioner **certifies in writing** that you were not able to travel alone to get medical services, you can also claim the transportation and travel expenses of an attendant.
- moving expenses if moved more than 40 km closer to work or school, or to a care facility,
- moving to/from Canada, **\*\*IMPORTANT\*\*** advise our office immediately if you have, or may have, immigrated or emigrated to/from Canada,
- professional and union dues,
- tuition fees for both full-time and part-time courses for you or a dependant – including mandatory ancillary fees and Forms T2202, TL11A, B, C and D where applicable,
- registered retirement savings plan ([RRSP](#)) and any other pension plan contributions and withdrawals (including withdrawals and repayments for the home buyers plan ([HBP](#)) and lifelong learning plan ([LLP](#))),
- scientific research and experimental development expenses, and
- tools acquired by tradespersons and eligible apprentice mechanics, Form T2200 required (maximum deduction is \$1,000).

7. Details on the disposition of your principal residence or other real property (such as second home, vacation home, cottage, or rental property). Please provide the proceeds of disposition, the cost of the property, a description of the property, and the year the property was acquired. This information is **required even if there was no gain on the disposition** of the property. Please also provide details of assignment sales (where the purchase contract is sold/assigned to another party).

In addition, please indicate if you have a change-in-use of your property. This could include, for example, converting some or all of your principal residence into an income-earning property, such as a rental suite. It could also include converting a property used for short-term rentals, such as Airbnb or VRBO, to long-term rentals.

**\*\*IMPORTANT\*\*** Effective January 1, 2023, all gains arising from the disposition of residential property (including rental property and assignment sales) **owned for less than 365 days** are **deemed to be fully taxable business income** unless a particular exception is met (such as the disposition being due to a death, separation, birth, safety issue, illness/disability, employment change, insolvency or involuntary disposition). If a disposition occurred within 365 days, please provide a reason for the disposition.

**NEW! BC Home Flipping Tax** – Effective **January 1, 2025** the BC home flipping tax applies to the profit you earn from selling a property in British Columbia (including presale contracts) if you owned the property for less than 730 days (2 years), unless an exemption applies. The BC home flipping tax is separate and distinct from the federal property flipping rules and is not harmonized or administered with the federal or B.C. income tax. If you need to file a return, you must file a BC home flipping tax return with the BC government **within 90 days of the sale**.

8. Details of **foreign property** owned at any time in 2025, including cash, stocks, digital currency (such as Bitcoin), trusts, partnerships, real estate, tangible and intangible property, contingent interests, convertible property, etc. The following details are necessary: description of the property, related country, maximum cost in the year, cost at year-end, income and capital gain/loss for each particular property.

For **foreign property held in an account with a Canadian securities dealer** or Canadian trust company, please provide the country for each investment, fair market value of the investments at each month-end, income or loss on the property, and gain/loss on disposition of the property (this may be obtained, in some circumstances, from your investment advisor).

9. Details of **income** from, or **distributions** to, **foreign entities** such as foreign affiliates and trusts. As a Canadian resident you are taxable on your worldwide income, ensure you are reporting all foreign income, assets and filing any foreign tax returns and providing them to our office
10. Details regarding residence in a prescribed area that qualifies for the [northern residents deduction](#).

11. **Internet business activities** – If you have business, professional, farming or fishing income, please indicate whether you have Internet business activities. According to CRA, Internet business activities include any activity where you earn income from your webpages, websites or apps. Information-only webpages and websites like directories or ads will not generally trigger this information requirement.

**If you have Internet business activities, please provide:**

- the number and address of webpages or websites that your business generates income from. If you have more than 5, provide the 5 that generate the most income, and
- the percentage of income generated from the Internet (if you do not know the exact percentage, provide an estimate).

12. If any of the following **changed in the year**, please provide the relevant details:
  - **province/territory of residence, address, name or SIN**,
  - [personal relationship status](#) (single, married, common-law, separated, divorced or widowed; please include date of change), and
  - **dependants / children** (please provide their income, birth date and SIN).

## B. QUESTIONS TO CONSIDER

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1. Are you a U.S. citizen, green card holder, or were you, or your parents born in the United States? You may have U.S. filing obligations. **\*\*IMPORTANT\*\*** advise our office immediately if you do not have a U.S. accountant as we do not provide US tax services
2. Did you receive interest, dividends, or benefits from a business where a relative is a key party (in terms of ownership or involvement)? This income may be subject to [Tax on Split Income \(TOSI\)](#), which is an anti-avoidance method that is designed to prevent private corporations from splitting income with adult and/or minor family members. TOSI income is subject to the top marginal tax rate of 53.5%
3. Are you or any of your dependants disabled?
  - If so, provide [Form T2201, Disability Tax Credit Certificate](#). The transfer rules allow claims for certain dependent relatives. In addition, are you, or would you like to provide support to a disabled person? Tax planning opportunities may be available, such as establishing a registered disability savings plan ([RDSP](#)).
  - Persons with disabilities may also receive tax relief for the cost of disability supports (e.g. sign language services, talking textbooks, etc.) incurred for employment or education. If you or your dependant are disabled but do not have a Form T2201, please provide details so we can explore whether you are eligible for special credits or benefits.
  - Individuals with [type 1 diabetes](#) will be effectively deemed eligible for the disability tax credit. While this change was legislated in 2022, it is retroactive to 2021 and subsequent years. Form T2201 application required.
4. Are you the [caregiver](#) for any infirm family members? Did you provide in-home care for an infirm dependent relative?
5. Have you spent more than 200 hours acting as a [volunteer firefighter or a search and rescue volunteer](#)? You may be eligible for a federal tax credit. The amounts for these credits are doubled to \$6,000, increasing the maximum tax relief to \$900 for each credit, applicable to the 2024 and subsequent taxation years.
6. Did you purchase a new home in 2025? If so, you may be eligible for the [new residential property GST/HST rebate](#) where the purchase price is \$350,000 or less. Also, are you a first-time home buyer in 2025? A [home buyers' amount](#) federal tax credit based on \$10,000 (@ 14.5% = \$1,450) may be available. **NEW!** Purchases of new homes as of March 20, 2025, by first-time home buyers for less than \$1.5 million may be eligible for the first-time home buyers' GST/HST rebate **once supporting legislation for this new rebate is passed**.
7. Have you made any contributions to a [gifting tax shelter](#)?
8. Did you receive any significant prizes or awards from your or a related person's employment?
9. Did you receive a retroactive lump-sum payment over \$3,000 (for example, spousal support)? In certain cases, some tax relief may be available.

## C. OTHER TAX UPDATES AND NEW TAX MEASURES

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1. **NEW!** The lowest marginal tax rate is proposed to be reduced to 14.5% (from 15%) for 2025, and to 14% for 2026. Taxpayers in all income brackets will benefit from this reduction. The rate for personal tax credits will decrease correspondingly.
2. **NEW! Canada Disability Benefit** – A new income-tested benefit of up to \$2,400 annually is available **to those 18 to 64 years of age** who are eligible for the disability tax credit. The benefit may be available retroactively to July 2025. It is proposed that a \$150 supplemental benefit would be available for each disability tax credit certification or re-certification giving rise to a Canada disability benefit entitlement
3. **UPDATE! Bare Trust Reporting requirements** - The CRA Announced February 3, 2026 that for the 2025 tax year, bare trusts will not be required to file a T3 Income Tax and Information Return, unless specifically requested by the CRA. This exemption continues from the 2023 tax year. Proposed amendments will see the requirement for certain bare trusts to file for the taxation years ending on or after December 31, 2026.
4. **Digital platform operators** – Information disclosure to CRA - Commencing in 2024, digital platform operators (e.g. Airbnb, Etsy, Uber, etc) must report seller information to CRA. This includes identification details, income earned by the Canadian sellers, and, for rentals, specifics of the rental property. CRA will be able to use the information provided for their compliance activities.
5. **NEW! Crypto-asset service providers – Information disclosure to CRA** – The government intends to proceed with legislative changes that would require crypto-asset service providers to report information to CRA related to their customers' crypto-asset transactions. This measure is proposed to take effect January 1, 2027. Find out more about [How the CRA tracks Crypto](#) and [How to Stay Audit Ready](#)?
6. **UPDATE! Underused Housing Tax (UHT)** – For 2025 and later years, the UHT reporting and taxation regime is proposed to be cancelled. The filing requirements for prior years remain and are subject to penalty if not filed. If you are neither a Canadian resident nor a permanent resident, you may have a filing and tax obligation with respect to Canadian residential property that you own or are on the title of. Please contact us to discuss if you feel there may be exposure to this tax.
7. **First Home Savings Account (FHSA)** – FHSA can be set up by first-time home buyers, allowing annual contributions of up to \$8,000, to a lifetime limit of \$40,000. Like an RRSP, contributions are deductible from income. If FHSA funds are withdrawn to acquire an eligible property, the withdrawal is not taxable. If you are planning to buy your first home in the near term, contact us before the purchase for planning possibilities.
8. **UPDATE! Canadian Dental Care Plan (CDCP)** – The CDCP provides coverage for uninsured Canadians with an annual family income of less than \$90,000. Individuals must apply to be covered. Please be cautious when applying that you [meet all the requirements](#). For instance:
  - a. **If I have no dental benefits in 2025, when am I eligible to apply for benefits?** You cannot apply until **after** you have filed your 2025 tax return and the coverage period based on 2025 is July 1, 2026 to June 30, 2027.
  - b. **What happens if I decline pension coverage from my employer or pension?**
    - i. A payer must report whether the recipient is **offered** dental benefits, not whether the recipient has chosen to use it, opted out, or refused coverage. If dental benefits were offered, the payer must report that the employee or pensioner was offered benefits and what level of coverage according to the codes provided. **If you decline dental coverage, you are not eligible for the CDCP.**
    - ii. **One Exception: You may be eligible for the CDCP if you're retired and:**
      1. you **opted out** of pension benefits before December 11, 2023, and
      2. you **can not opt back in** under the pension rules.