

TAX NEWSLETTER

Hughesman Morris Liversedge, CPA's

February 2024

You can drop off your tax documents to our office (after hours the drop slot to the left of our front door is available), or securely send them to us electronically (which we encourage!) using the secure Sharefile link in our email signatures. This link can also be found on our website under Resources. As usual, we continue to offer RightSignature to allow you to securely and digitally sign your tax documents from wherever you are.

If you need a consultation or would like to discuss your tax situation or plans with a partner, please call our office to schedule a meeting.

We wish you all a happy and prosperous 2024!

It's hard to believe it's already tax time again! Tax season causes stress for a lot of people and Hughesman Morris Liversedge is here to help take that stress away. Our team of tax experts will take care of all your tax filing needs and leave you worry free.

The tax filing and payment deadline is Tuesday, April 30th for most individuals. For individuals (and their spouse) with self-employment income the filing deadline is extended to June 17th (payment is still due April 30th).

We are proud to continue to be certified as a BC Green Business and have an electronic tax return delivery system for our clients. Using Sharefile, we can securely receive your tax documents and issue completed electronic tax packages in lieu of printed tax package. If you would like to support us in our initiative to continue to use green alternatives or you enjoy the ease of not having to drop off your documents, please let us know as we'd love to have you on board.

OUR STAFF

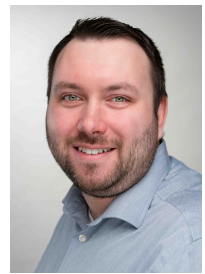
We are privileged to have a passionate and knowledgeable team of professionals to serve our clients' needs. At HML we take pride in and very much value the skills and expertise each of our team members bring to the table. We know that great employees are difficult to come by (even more so in this current climate) and are so fortunate to have the amazing team that we do.

Last year Landon and Olivia joined us for tax season as co-op students and we are pleased to welcome them as permanent additions to our team as of January this year. They will both be working towards their CPA designations in the near future, with Landon slated to begin this fall. Alex has also joined us in January as a co-op student and is eager to put her hard earned tuition dollars to work and start preparing personal tax returns.

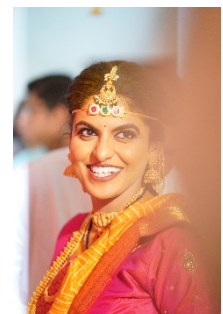
We also have some very exciting news to share on the personal side. Anusha has just returned from a trip back home to India in February to get married! If Anusha is working on your tax return this year, send her a big congratulations. We couldn't be happier for you, Anusha!



Olivia



Landon



Anusha

LOCAL COMMUNITY SUPPORT

Community initiatives this past year

We continue to pride ourselves on giving back to this fabulous community that we're lucky enough to be a part of. In 2023 we contributed either financially or with our time to over 15 community causes!

This summer we also hosted our 13th annual pancake breakfast in conjunction with our 4th annual raffle, raising funds for Sidney elementary school. We successfully raised another \$5,000 to help teachers purchase a variety of supplies for the school kids and assist with the cost of field trips.

We continue to be amazed by the community support we receive through this event. Thank you to all who came out, purchased raffle tickets, and donated to this incredible cause. We couldn't do it without you!

Here are just some of the organizations we supported during the year:



FIRST HOME SAVINGS ACCOUNT REMINDER

Tax deductible going in, tax-free going out!

If you are saving for your first home and didn't open a First Home Savings Account (FHSA) last year, now is a great time to do so. The FHSA helps individuals and families save for their first home in two ways: all contributions are tax deductible and withdrawals made to purchase a home are non-taxable. You are considered a first-time home buyer if you are over 18 years of age and have not resided in a home that you or your spouse owned in the last 4 calendar years.

Once a FHSA is opened, there is an annual contribution limit of \$8,000 – of which any unused portion shall be carried forward to the next year – up to a lifetime limit of \$40,000. The maximum time frame that an account can stay open is 15 years, so be sure to plan accordingly! To help fund your FHSA, transfers can be made directly from your RRSP on a tax-free basis, although these transfers are not deductible from income. As an added bonus, the FHSA can be used in conjunction with the RRSP Home Buyer's Plan, which allows for a tax-free withdrawal of up to \$35,000 for an eligible first-time home buyer.

If you did open an FHSA account last year, congratulations on your progress! Make sure to supply us with your T4FHSA slip to claim your tax-deductible contributions.



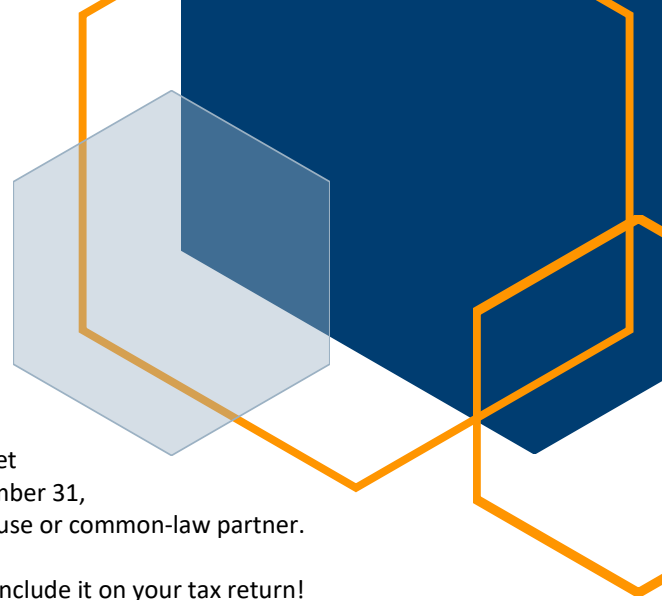
BC RENTER'S TAX CREDIT

Helping low to moderate income renters

If you rented a dwelling for at least 6 months during 2023, you may be eligible for a credit of up to \$400 on your upcoming tax return. To qualify, you must have rented an *eligible rental unit* under an official rental agreement, such as a tenancy or sublet agreement. Rent monies must have been paid to qualify, but the amount paid is not used to determine the tax credit. If your rent is paid to a non-arm's length party, you will not be eligible.

As long as you and your spouse or common-law partner's 2023 total adjusted net income is below \$80,000, you will likely qualify. It is also required that on December 31, 2023, you were at least 19 years of age, were a parent or were living with a spouse or common-law partner.

If you think you may qualify for this credit, let us know so we can make sure to include it on your tax return!



TAX CREDITS FOR SENIORS AND PERSONS WITH DISABILITIES

Double up on your renovation tax savings!



Home Accessibility Tax Credit (HATC)

If you are altering or renovating an eligible home to improve an individual's accessibility within the home, to reduce the risk of harm to the individual within the home or gain access to the home, you may be eligible for this credit. An individual who qualifies for this is someone who is either eligible for the disability tax credit or is 65 years or older at the end of the year.

The HATC can be claimed by the individual or by their spouse or common-law partner or their parent, grandparent, child, grandchild, brother, sister, aunt, uncle, nephew or niece. For 2023, the maximum claim is \$20,000 of expenditures, which results in a maximum federal tax credit of \$3,000 and is a non-refundable tax credit, meaning that it can only be claimed to the extent there are federal taxes payable.

BC Home Renovation Credit

There is also a BC home renovation refundable tax credit for seniors and persons with disabilities available. This credit can be claimed by the individual or by a family member living with the individual, provided they were a resident of BC at the end of the tax year. The maximum claim is \$10,000 of expenditures, for a maximum tax credit of \$1,000.

Medical Expense Tax Credit (METC)

If the individual has a severe and prolonged mobility impairment or lack of normal physical development, amounts paid can also be claimed as a medical expense, with no limit on the amount, for an additional non-refundable tax credit of 20.06% (in BC) of the amount paid.

Multigenerational Home Renovation Tax Credit (MHRTC)

This refundable tax credit was introduced in 2023 to assist those renovating a current dwelling to establish a legal secondary unit that enables an individual who is either a senior or over the age of 18 and qualifies for the disability tax credit, to live with their spouse or common-law partner, parent, grandparent, child, grandchild, brother, sister, aunt, uncle, nephew or niece, who is at least 18 years old by the end of the year. The maximum claim is \$50,000 of expenditures, for a maximum tax credit of \$7,500. Unfortunately, this credit cannot be claimed if either the HATC or the METC are being claimed for the same expenses.



TAX TIPS

A few tidbits that may be helpful!

Instalments

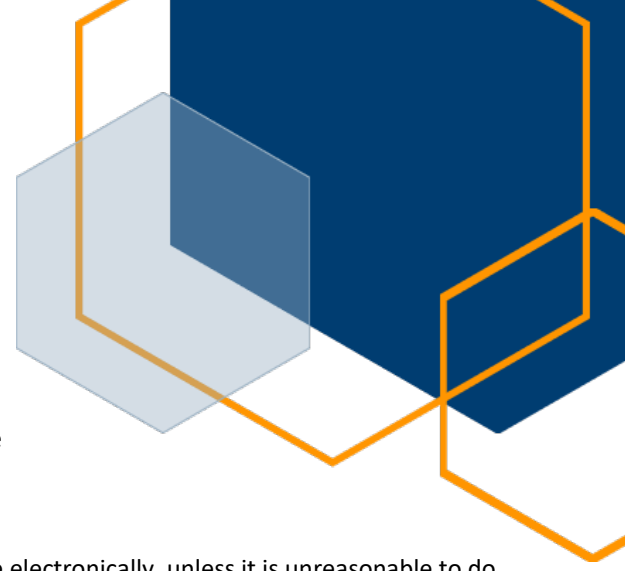
If the CRA is requesting that you make tax instalments and you've chosen not to in the past, you may want to reconsider as the current interest rate applicable to missed or underpaid instalments, as well as overdue taxes, is 10% annually. In addition, if your instalment interest exceeds \$1,000, the CRA can assess a penalty, computed at 50% of the instalment interest in excess of the greater of \$1,000 and 25% of the instalment interest that would have been payable had the taxpayer not made instalment payments for the year.

Electronic Payments

As of January 1, 2024, CRA requires all payments in excess of \$10,000 to be made electronically, unless it is unreasonable to do so. If you make your payment through your financial institution, this counts as an electronic payment. While a \$100 penalty can apply to each payment not made electronically, the CRA has indicated that the option to send payments by cheque will remain available for the foreseeable future and aims to educate taxpayers about online payments before applying any penalties.

Support for Medical Expenses

If you've misplaced any of your medical receipts, did you know that you can obtain a detailed annual printout from your pharmacy and most health care providers showing the charges you incurred during the year? These can be used to support the medical expenses claimed on your tax return *provided the printout shows the nature of each charge and each payment made.*



2024 CPP Changes

Second earnings ceiling introduced

In past years, an individual's CPP contributions were capped once employment earnings reached the Yearly Maximum Pensionable Earnings (YMPE). Beginning in 2024, the Canada Revenue Agency introduced a second CPP tier. Any employee earning more than the YMPE will make additional CPP contributions at a contribution rate of 4%. For 2024, the first earnings ceiling maxes out at \$68,500, yielding CPP contributions of \$3,867.50 (\$7,735 for the self-employed). The second earnings ceiling maxes out at \$73,200, yielding additional CPP contributions of \$188 (\$376 for the self-employed).



We look forward to working with you in preparing your tax returns and investing time into tax saving strategies. We value the time it takes to prepare accurate tax returns. There will be a \$50 rush fee for tax returns dropped off after April 15th that are expected to be filed by April 30th and for self-employed individuals the fee applies for tax returns dropped off after May 31st that are expected to be filed by June 15th.



| CHARTERED PROFESSIONAL ACCOUNTANTS |

CONTACT

Elaine Hughesman, CPA, CA
elaine@sidneyaccountants.ca
Janine Morris, CPA, CA
janine@sidneyaccountants.ca
Brian Liversedge, CPA
brian@sidneyaccountants.ca

Phone: 250-656-3991
Toll-free: 1-800-286-1212
Fax: 250-656-6486

Hughesman Morris Liversedge, Chartered Professional Accountants
9768 Third Street, Sidney BC, V8L 3A4