

## **EXACT TAX SERVICE – SERVING THE PUBLIC FOR 47 YEARS.**

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**February 2025 - PLEASE KEEP THIS LETTER FOR FURTHER REFERENCE – Thank You**

**Dear Valued Exact Tax Service Client, Happy New Year and welcome to the 2024/25 tax season.**

For 2025 my office hours are Monday to Friday 11AM to 7PM and Weekends from 11AM to 3PM **By appointment only**, book your appointment as soon as you have all your information collected. Bookings will be accepted **until April 21<sup>th</sup>, 2025.**

Tax consultation and preparation will be done in person or by email as this provides you and Exact Tax Service with a written copy of the exchanged information. Alternatively, you may scan and email your documents via secure email (PreVeil). If you take pictures with your phone/tablet, please ensure that you have a good light source and that they are fully legible on your phone and/or computer **prior to emailing.** **PS:** If you will be a first-time filer with me, a personal meeting is required by the CRA for identification purposes.

Once again, I will be using a secure email provider which encrypts documents and can only be opened by myself with a password. I will send you an invite email. No need to install anything – just reply and attach documentation as needed. I am using Adobe for secure e-signatures.

**Authorization to access your account on the CRA computer:** If you did not authorize me already, I will provide you with an authorization form, once signed and accepted by the CRA it will allow me to access your on-line account and download any information slips the CRA has on file for you.

Visit my webpage [www.exact-tax.ca](http://www.exact-tax.ca) where I post updates. It features a link to Facebook. If you “like” Exact-Tax on Facebook, you will be notified via Facebook/Messenger of updates and income tax changes.

### **Tax Facts for 2024 and 2025**

**RRSP contribution:** The maximum **contribution for 2024, is 18% of earned income up to \$31,560.** Last day to contribute for tax year 2024 **March 3rd, 2025. Verify with your Notice of Assessment or Re-assessment your eligible contribution limit prior to making contributions. For 2025 it is 32,490. Ensure that you do not over-contribute as it has expensive and time-consuming consequences.** If you do/did over-contribute your RRSP, a **T1 OVP** is the form used to calculate taxes owing, and a **T3012A** form for the subsequent overcontribution withdrawal. Due to the complexity and time-consuming preparation of these forms a minimum fee of **\$50.00 will be charged for each affected year. The year you turn 71** is your last chance to make an RRSP contribution for yourself. At year-end your RRSP's will need to be converted into a RRIF or Annuity. You may also make a spousal contribution if you do not wish to increase your own RRSP holdings. For more information, contact me or your financial adviser or financial institution.

**TFSA limit:** For 2025, the annual limit is \$7,000. if you had been eligible and have not contributed to the TFSA since its introduction in 2009 the limit would be \$102,000

**First-Time homebuyers:** Since 2022 there is a new First time home buyers savings account (**FHSA**) available with many benefits including transferring money from an RRSP into the FHSA. Link: [Design of the Tax-Free First Home Savings Account - Canada.ca](https://www.cra-arc.gc.ca/arc/eng/individual/first-time-homebuyers/first-time-homebuyers-savings-account.aspx)

**Medical expenses** must be reported by the applicable **patient's name and date of payment**, and it is usually reported by the individual with the lower taxable income. If your expenses are covered partially by private insurance, please request an annual statement **for everyone** covered under that plan. **Important:** Obtain an annual statement from the drugstore(s) you deal with. Having the summary information will save you time and money. For 2024, the maximum deduction from medical expenses is 3% of net income or \$2,759 whichever is the lesser. **IMPORTANT NOTE:** If you have a disability certificate on file, or in the process of getting one, you may not claim some medical expenses for yourself, instead lump all non qualifying expenses to your spouse.

**Childcare expenses:** For 2024, depending on earned income the maximum amounts claimable are: \$8,000 for a child under seven, \$5,000 for children between seven and sixteen, and \$11,000 for children eligible for the disability tax credit. Please note: If your child is attending a government supported childcare, the calculation and deductions will be different as the above listed ones.

**Clients with dependant children in 2024:** This section of the income tax has been updated to a 104-page form depending on jurisdiction.

**Tuition receipts:** A T2202(A) or a TL11A must be supplied by the eligible educational institution in Canada or from abroad. **It is the student's responsibility** to obtain the official receipt (usually on-line as the institutions no longer mail them). Qualifying institutions can be found on the CRA website: <http://www.cra-arc.gc.ca>

**Elderly Clients - Age amount:** Clients can claim this amount if they were 65 years of age or older on December 31st of the taxation year. The maximum claim in **2024 is \$8,790.**

**OAS recovery threshold:** If your net **world income** is more than **\$90,997 in 2024** you may have to repay part, or up to the entire OAS pension.

**Disability amount:** The amount for **2024 is \$9,872** (non-refundable credit)

**Qualifying pension income splitting** will be automatically allocated between spouses and **common-law partners**. This is a standard calculation that is completed to the best of your "combined" advantage.

**Foreign Pension received and taxes paid:** If you are the recipient of a foreign pension and have withheld or paid **documented** taxes to by a foreign country, it must be reported **in the foreign currency** before conversion. The Canadian Government has tax treaties with many foreign countries and each one is subject to different rules and regulations. You are required to retain all correspondence regarding foreign pensions, including the receipts or statements for foreign taxes paid, even if they are in a foreign language, since the CRA almost always request these documents to be submitted. If the necessary information is not sent to you directly, please make sure that you obtained them prior to filing.

**Canada caregiver credit:** If you have a dependent under the age of 18 who's physically or mentally impaired, you may be able to claim up to an additional **\$2,616 in 2024** in calculating certain non-refundable tax credits. For infirm dependants 18 or older, the amount is **\$8,375**.

**For Commission only income earners:** The cash accounting method applies: All expenses need to be added by category and payment dates. Only expenses actually paid in the taxation year from January 1<sup>st</sup> to December 31<sup>st</sup> are eligible.

**If your employer asked you to work from home in 2024,** You are maybe eligible to claim expenses most beneficial to you: Your employer must issue a **completed 2024 T2200** which has been revised from previous years.

**Self-employed individuals, professionals, and businesses:** The accrual method applies, where income is recorded when a sale is made, and expenses are recorded (even if money has yet to have changed hands) upon occurrence.

The Income Tax Act allows you to claim qualifying "**Office at home**" expenses. All amounts must be actual and documented expenses must have been **paid** in the taxation year January 1<sup>st</sup> to December 31<sup>st</sup>. <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins206-236/229/slry/wrkspc-eng.html>

If you are eligible to claim **car expenses**, a copy of your purchase or lease agreement, mileage/KM log of total KM and business KM driven in the year, and **all** costs incurred such as fuel, insurance, licence and maintenance of the vehicle, toll road receipts, as well as **business** parking are required. Alternatively, in Ontario, an allowance per KM is available under certain conditions. For new customers I would need to see your last filed tax return to establish car related carry forward information.

**Investment income:** Sales of securities in non-registered accounts and subsequent calculation of gains or losses require the purchase and sales information for the applicable stocks or bonds. If you made more than one purchase or sale of the same security (at different times/dates) prior to the sale of any part or all of the security, the average cost will have to be calculated. If you did or did not track and record all details of your purchases and sales, please obtain a **Statement of "Realized Gains or Losses"** from your bank/broker even if you have all transaction Buy/Sell receipts. A Statement of Realized Gains or Losses will save a considerable amount of time and subsequent hourly charges. **IMPORTANT NOTE:** Since the increase in the Capital Gains inclusion rate from 50% to 66% has now been delayed until January 1<sup>st</sup>, 2026, it may be a good time to consider selling potential Capital Gains Properties like cottages or small businesses.

**Healthy Homes Renovation Tax Credit & Home and Vehicle Modification Program:** Eligible expenses can be claimed for the eligible and/or qualifying individual. When there is more than one qualifying individual for an eligible dwelling, the total eligible expenses cannot be more than \$20,000 for the dwelling. Please ensure you have receipts from HST registered merchants.

**For more information go to:** <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-398-home-accessibility-expenses.html>

### **Tax Preparation and Filing necessities:**

**Notice of assessment or re-assessment:** It is necessary that I review all pages of your notice of assessment and/or re-assessment from your last filed tax return. These notices contain very important historical and carry-forward information, such as Capital and Net Capital losses, RRSP contribution limits, HBP or LPP required contributions, Education deduction, as well as other Federal and Provincial deductions carry forwards. **Note:** If you request in writing I will e-file your return without having verified the carry-forward information, however, I cannot guarantee accuracy and will not be responsible for errors due to the lack of complete information.

**Canada Revenue Agency (CRA) stipulates** that registered E-filers are not allowed to E-file a client return without having an original Client signed "T183" on file. **E-filing** without the signed document on file is a violation of the E-filer's agreement and the E-filer may lose the license to E-file. The CRA does not accept faxed or emailed signatures, originals only.

**Important note:** Your tax returns and the original signed T183 and Representative Authorization must be kept for a minimum of 6 years by yourself and my office.

**Missing information at the time of filing?** Since you have no control over the arrival of the various information slips such as T4<sup>s</sup>, T5<sup>s</sup> and the notoriously and consistently late T3<sup>s</sup>. File your 2024 return on time even if some slips or receipts are missing. At the time of filing include a reasonable estimated \$ amount of the missing slip/info in your calculations and keep all documents in case the CRA asks to see them later. Once slips and receipts are available, you must file a T1 ADJ (T1 Adjustment return). If you need to paper-file, attach a note and any pertaining information to your paper filed return and include the estimated amount in your calculations.

**Exact Tax Service does not charge for preparing a T1 ADJ for previously reported estimated amounts;** however, a minimum charge of \$40.00 applies for documentation omitted by you, which may affect your taxable income.

**Taxpayer Relief Provisions (Fairness provisions)** Income Tax Act s. 220(3.1) Canada Revenue Agency (CRA) may waive penalties and interest, accept late-filed, amended, or revoked income tax elections, and to provide income tax refunds beyond the 3-year period normally allowed (for individuals and testamentary trusts only). **There is a 10-year time limit** on these taxpayer relief provisions (previously termed fairness provisions). This means that to apply for leniency for tax year 2015, the application must be submitted to CRA by December 31, 2025. The taxpayer relief provisions, and the 10-year time limit also applies to GST/HST registrants. The taxpayer relief provisions can apply when a taxpayer or registrant has not been able to meet tax obligations due to extraordinary circumstances, action of the CRA, inability to pay or financial hardship & other circumstances.

**Voluntary Disclosures Program (VDP) Income Tax Act s. 220(3.1)** Taxpayers can voluntarily correct inaccurate, incomplete, or unreported information, and do so without penalties or prosecution, if a valid disclosure is made to Canada Revenue Agency (CRA).

**A valid disclosure must meet the following 4 conditions.** The disclosure must be **voluntary**, must be complete and must involve the application or potential application of a

penalty, and must include information that is more than one-year overdue, and must be submitted **prior to being requested by the CRA**. If the CRA accepts the disclosure as valid, taxes and interest will still have to be payable.

**If your personal information changed in 2024 or will change in 2025**, please make sure you inform the CRA and Exact Tax Service of the date and type of change.  
**If you** sold (voluntarily or involuntarily) your principal residence in 2024, you need to report the **Year of purchase and "Sold for amount"** on your tax-return, although it is a tax-free transaction.

### **Schedule of Charges for Exact Tax Services**

A basic return of up to 4 reporting slips is \$60.00 for each efiled individual return, (for paper - filed returns add \$5.00 to cover the additional costs). For complex and time-consuming returns an additional fee of \$60.00 per hour, or part of, will apply.

**Please be advised:** For charitable donations (time extended to February 28<sup>th</sup>, 2025) it would be more efficient to make larger donations per year, instead of multiple smaller ones since each donation receipt must be recorded separately into three fields on the tax return, which is time consuming. A time charge will apply. A time charge will also apply to sort and compare medical bills by name, date, and purpose, with insurance claim/settlement forms, the sorting of expenses like purchases, gasoline or repair receipts, as well as tracing investment transactions.

### **Important Dates**

E-File and RE-FILE will be available starting on Monday, the 24<sup>th</sup> of February 2025 for filing 2024 and previous years tax returns, as well as adjusted returns and authorizations.

**Personal Tax Returns** for 2024 are required to be filed by **April 30th, 2025**. **Self-employed** individuals need to file by June 16<sup>th</sup>, 2025, but any tax owing must be paid by April 30<sup>th</sup>, 2025. The CRA will charge interest for late payments.

Accuracy of information has always been and always will be the primary focus of Exact Tax Service. I am looking forward to being of service again for this tax season.

Yours truly,

*Klaus Theyer*

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**Please Note:** All above quoted tax related amounts are subject to change if a new government, federal or provincial, is elected, or the current one makes changes during their term in office.

**In support of a local financial business:** If you are looking to obtain, mortgage or remortgage your home, contact Garry Grewal in Etobicoke. Second mortgages and reverse mortgages are also available. Tel: 416-674-2318. Email: [garry.grewal@dominionlending.ca](mailto:garry.grewal@dominionlending.ca)