



Understanding **TAX** Personal Tax

Who Must File

You must file an income tax return for a taxation year if any of the following conditions apply:

- You have earned income
- You have taxes payable
- You have CPP payable
- You, or your spouse, are entitled to receive the Canada Child Benefit
- You disposed of capital property
- You have disposed of your principal residence
- You have a taxable capital gain
- You exceed OAS, EI thresholds
- You have not repaid amounts withdrawn from your RRSP under your Home Buyers' Plan or Life-Long Learning Plan
- You ceased to be a Canadian Resident and have deemed dispositions to report
- You received a Request to File from CRA

Tax Tip. Donation receipts must state "Official receipt for tax purposes" and have the Registered Charity Number on it. Pledge receipts and cancelled cheques are not considered donations for tax purposes.

Benefits of Filing

If you are not required to file a return under the above rules, you will want to file for the following reasons:

- To receive a refund of taxes withheld at source
- To receive Refundable Tax Credits
 - Canada Child Benefit
 - GST Credit
 - Provincial Tax Credit
- To report a non-capital loss (CRA will maintain a record of your losses available for carry forward)
- To report income eligible for RRSP contributions (CRA will maintain a record of your contribution room)
- To report tuition and education credits (CRA will maintain a record of the unused federal and provincial amounts)

Tax Return Filing – Due Date

- April 30** Individuals
- June 15** Self Employed Individuals and Spouses

Balance Owing – Due Date

- April 30** All Taxpayers

Tax Tip. To avoid interest charges, pay your taxes owing by the Balance - Due Date, even if you are filing later. Estimate the balance owing, if necessary.

Penalties

First Occurrence

- Late Filing Penalty.** 5% of the unpaid tax at the filing due date
- Additional Penalty.** An additional 1% per month of the unpaid tax for each month or part month the return is not filed (to a maximum of twelve months)

Second Occurrence

- Late Filing Penalty.** 10% of the unpaid tax at the filing due date
- Additional Penalty.** An additional 2% per month of the unpaid tax for each month or part month the return is not filed (to a maximum of twenty months)

Tax Tip. To avoid penalties, file your return by the Filing - Due Date, even if you cannot pay the taxes owing.

Repeated Failure to Report Income

Penalties apply for unreported income of \$500 or more. The penalty will be the lesser of:

- 10% of the unreported income or
- 50% of the additional taxes

Gross Negligence

If a taxpayer knowingly or by gross negligence makes a false statement or omission, they will be subject to a penalty equal to the higher of \$100 or 50% of the understated tax.

This information is current to March 2020. It is of a general nature and is not intended to address the specific circumstances of a particular individual. You should not act on this information without appropriate professional advice after thorough examination of a particular situation. E&OE