



# 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- You have not repaid amounts withdrawn from your RRSP under your Home Buyers' Plan or Life-Long Learning Plan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 Credits
- 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 greater of:

- \$100 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 2023. 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