



# TAX GUIDE

***SAVING YOU MORE***

Read this guide before completing  
your 2023 tax return!



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# A Message from Greg McLean, M.P.

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April 1<sup>st</sup> will see another 23% increase in the carbon tax -- that's just the one you see. The escalation in other hidden taxes, restructuring of tax categories, and unjustifiable increases in penalties for interpretive errors adds to the pool of hidden tax revenue sources this Liberal government is scratching for. They are raising taxes in many non-obvious ways to attempt to fill the massive hole they have been creating in Canada's finances. This year's estimated deficit will come in around \$47 Billion. That's way over budget -- on a budget that was irresponsible enough. Interest payments on the government's debt have risen to over 10% of revenue. This is a spiral that will need to be addressed.

Keep your eye on the changes to 'bare trusts', if that affects you. And, although it's no longer my job to give financial advice -- if you are saving for your first home, please consider the significant advantages associated with the First Home Savings Account (FHSA).



Please note that this is not legal or tax-preparation advice and does not necessarily include every credit or deduction for which you may qualify. Contact the Canada Revenue Agency at 1-800-267-6999 or visit [www.canada.ca/en/revenue-agency](http://www.canada.ca/en/revenue-agency) for more information or consult a tax professional. All models depicted in this publication were chosen for illustrative purposes only.

# NEW CHANGES FOR 2023 TAXES



## 1. Increase in unpaid tax penalty

The penalty rises to 10% of unpaid tax, plus 2% of this unpaid tax for each complete month that the return is late, up to a maximum of 20 months.

## 2. COVID-19 benefits have expired

For the 2023 tax year, you can no longer claim the basic \$500 for the COVID work-from-home expense. There are options for deductions if your employer attests that you are required to work from home.

## 3. Disability Tax Credit

Applying for the Disability Tax Credit is now digital. Using *My CRA Account*, complete Part A of the application. Once issued a reference number, provide this to your qualified medical practitioner who can then complete Part B digitally for you. You no longer need to print and take the form to your practitioner.

## 4. The Basic Personal Amount (BPA) has been increased

The Basic Personal Amount increased for the 2023 tax year to \$15,000.

## 5. Tax brackets have shifted to account for inflation

The new federal tax brackets for 2023 have also increased by 6.3%.

## 6. The TFSA and RRSP limits have been increased

The TFSA contribution limit increased to \$7,000 for 2023. The RRSP annual maximum dollar limit for 2023 is \$30,780, but is capped at 18% of your earned income in the previous year.

## 7. New OAS limit amounts

For the 2023 tax year, if your taxable income was over \$81,761, you will need to repay some of your OAS. If your taxable income was over \$134,626, you should not have received any OAS payments.

## 8. Canada Pension Plan maximum contributions have increased

The CPP maximum pensionable earnings are now \$66,600, with a basic exemption of \$3,500; the employee and employer maximum contribution is \$3,754.45. New for 2024, the first earnings ceiling has increased to \$68,500 which will have the 5.95% CPP rate applied. A second ceiling became effective January 1st, 2024, up to \$73,200. Individuals earning above the first and below the second ceiling will be subject to an additional CPP contribution.



## SAVINGS FOR ALL CANADIANS

**Here are some tax benefits that apply to many Canadians. Check if you qualify.**

### **Goods and Services Tax (GST) Credit**

Four times a year, this tax-free payment helps individuals and families with modest incomes offset all or part of the GST they pay.

If you have a spouse or common-law partner, only one of you will receive this credit. When you file your tax return, CRA will determine your eligibility and will advise those who are eligible to receive the credit. You do not need to apply but you must file your annual taxes, even if you have no payment due.

### **Medical Expense Deductions**

This credit applies to a number of medical expenses that you have paid personally – including home care services, dentistry, laser eye surgery, prescriptions, orthopedics, etc. It even includes costs associated with certain types of service animals (e.g. diabetes alert dogs). Check the CRA website for a full list of eligible expenses. The amount you can claim is the total of your expenses, minus \$2,635 for 2023 (\$2,759 for 2024), or 3% of the claimant's income (whichever is less). There is no limit on the amount of eligible expenses a taxpayer can claim for himself or herself, a spouse or common-law partner, or a child under 18. Keep receipts.

### **Carbon Tax**

When the Liberals introduced their carbon tax, they promised Canadians that they would get more back from their carbon tax rebate than what they paid in carbon taxes. The independent Parliamentary Budget Officer has confirmed what Canadians already know. Most Albertans pay more in the carbon tax than they get back in the rebate. Nonetheless, a payment is made to every Canadian who files a tax return (except BC, Quebec and NWT, which have their own plans) in equal quarterly payments in January, April, July, and October. You do not need to apply. For most Canadians, the payment is deposited to your bank account at mid-month.

### **Canada Training Credit**

The Canada Training Credit (CTC) is available for eligible tuition and other fees paid for courses taken in 2020 and subsequent tax years. Beginning with the 2019 tax year, an eligible individual can accumulate \$250 in each year toward their CTC limit, up to a maximum of \$5,000 in a lifetime, which can be accessed to help cover up to half of eligible tuition and fees associated with training. Note that it is only available for individuals between the ages of 26 and 65 who are Canadian residents, with income between \$10,000 and the top of the third tax bracket, and for eligible courses. Contact CRA to check eligibility.



**These benefits are specifically designed for families.**

## Child Care Expense Deductions

You can claim payments you have made to someone who has looked after your child while you either earned an income from employment, operated a business alone or, as an active partner, attended school, or conducted research.

Parents can claim up to \$8,000 per child who is under the age of seven, up to \$5,000 for each child aged 7 to 16 (and for infirm children over the age of 16), and \$11,000 for any children who are eligible for the Disability Tax Credit.

## Canada Caregiver Credit

You can claim \$2,499 on your 2023 tax return under the Canada Caregiver Credit if you support a spouse, a common-law partner or a dependent with a physical or mental impairment. If you are eligible for the Canada Caregiver amount for your spouse or common-law partner, or an eligible dependent 18 years of age or older, and their net income is less than \$26,782, you may be able to claim an additional amount up to a maximum of \$7,999.

Photo: Marcus Spiske



## Disability Tax Benefit

This non-refundable tax credit, in some cases, may be claimed by a person with severe and prolonged impairment, or by their caregiver. Where eligibility is approved, the federal amount in 2023 for an adult over 18 is \$9,428. For a child, the total amount is \$14,928.

## Child Disability Benefit

If your child is eligible for the disability tax credit, they may also be eligible for the Child Disability Benefit in recognition of the additional costs that can add up when caring for a child with a severe disability. It is an amount of up to \$3,173 per eligible child.



Claim childcare  
expenses up to

**\$8,000**

(for children under  
the age of seven)

Claim adoption  
expenses up to

**\$18,210**

Claim home  
care services,  
laser eye  
surgery,  
orthopedics,  
and more



## More for families and for home-buyers and home owners.

### Registered Disability Savings Plan

The Registered Disability Savings Plan (RDSP) ensures long-term financial security for Canadians and families who are dealing with severe disability. A grant from the Canada Disability Savings program may also be available, and for low and modest income individuals, the Canada Disability Savings Bond may apply. Please check with CRA to determine if you or a family member qualifies for these supports.

### Adoption Expense Tax Credit

This is a 15% *non-refundable* tax credit (“non-refundable” means it can be deducted from taxes owed, but is not returned to you as a cash payment if you have no tax owing) that allows adoptive parents to claim eligible adoption expenses relating to the completed adoption of a child under the age of 18. For the 2023 tax year, the maximum claim for each child is \$18,210.

### Multigenerational Home Renovation Tax Credit

Many older adults would like to stay in their own home and live as independently as possible. For some families, a home may be renovated to create a “granny suite,” or an area within the home of adult children where an elderly parent can live. This is one type of situation where the Multigenerational Home Renovation Tax Credit (MHRTC) could apply.

The MHRTC is a *refundable* credit available to assist with the cost of renovating an eligible dwelling to establish a secondary unit that enables a qualifying senior or adult to live with a qualifying relation. The MHRTC is calculated as 15% of eligible expenses for a qualifying renovation, to an upper limit of \$50,000. Only one qualifying renovation is permitted during the lifetime of a qualifying individual.

### Tax-Free First Home Savings Account

The Tax-Free First Home Savings Account offers prospective first-time home buyers the ability to save \$40,000 tax-free. Like registered retirement savings plans (RRSP), contributions to an FHSA are tax deductible. Like tax-free savings accounts (TFSA), income and gains inside an FHSA, as well as withdrawals, are tax-free. You are allowed to contribute a total of \$8,000 annually, up to a maximum account value of \$40,000.

### Increase to the First-Time Home Buyers' Tax Credit

There is currently a *non-refundable* tax credit available to first-time home buyers of \$10,000 for the purchase of a qualifying home in 2023 or later, which provides tax relief at 15% to a maximum of \$1,500. This is intended to help cover sales costs such as taxes, lawyers and accountants, and other closing costs.



## SAVINGS FOR SENIORS

**Seniors may be eligible for tax benefits targeted specifically for them.**

### Home Accessibility Tax Credit

The Home Accessibility Tax Credit allows seniors and persons with disabilities (who are eligible for the Disability Tax Credit) to qualify for tax relief of 15% on up to \$20,000 in eligible expenses. To be eligible, expenses must be incurred in relation to a renovation allowing for better mobility and functionality or reducing the risk of harm (for example, a wheelchair ramp).

### Doubling the Pension Income Amount

The maximum amount of eligible pension income that can be claimed increased from \$1,000 to \$2,000 a few years ago. This higher rate results in more savings that can be deducted against pension income.

### Increasing the Age Amount

The Age Amount also increased by \$2,000 to help low and middle-income seniors. Based on this increase and on subsequent adjustments for inflation, the Age Amount allows seniors to claim up to \$8,396 on their 2023 tax return, depending on the individual's net income.

### Pension Income-Splitting

Pension income-splitting helps to ease the tax burden and deliver fairness for Canadian pensioners. Generally, each individual Canadian pays taxes on their full income earned. Pension income-splitting allows any Canadian resident who receives qualifying pension income to allocate a portion of that income to their spouse (or common-law partner), with whom they reside, up to one-half of that income. By doing so, a pensioner and their family can dramatically reduce their tax load by moving into a lower tax bracket.



“The country is at grave risk of debt escalation and runaway interest payments, should our country enter a financial downturn – which happens in every business cycle.”

*Walking Even Faster to Economic Purgatory* | Greg McLean, MP (visit [GregMcLeanMP.ca](http://GregMcLeanMP.ca) for the full article)





**Pension  
income-splitting**

helps ease the  
tax burden

Keep more of your hard-  
earned money with the  
**Increased Age Amount**

Save on  
renovations,  
allowing for better  
mobility, with the

**Home  
Accessibility  
Tax Credit**



## SAVINGS FOR SENIORS (cont'd)

### Increasing the Age Limit for Converting RRSPs to RRIFs

Registered Retirement Savings Plans (RRSPs) provide one of the best opportunities for Canadians to save for the future. Since RRSP contributions below your RRSP deduction limit are not taxable, they are an ideal way to plan for retirement. However, some Canadians have been restricted by the way RRSPs are structured. Even though they chose to work past 69 years of age, it was a requirement to convert their RRSP into a Registered Retirement Income Fund (RRIF) and begin making taxable withdrawals.

The age limit for converting RRSPs to RRIFs was increased from 69 to 71 a few years ago, so that more Canadians have the freedom to choose when they convert their RRSPs and begin withdrawing their savings.



## SAVINGS FOR WORKING CANADIANS

**Working Canadians are being hit particularly hard by today's faltering economy, including local business owners who are the backbone of Canada's prosperity.**

Some of the following benefits should be helpful to small businesses, Canadian workers and students.

### Canada Workers Benefit

This benefit is a *refundable* tax credit that supplements the earnings of low-income workers to ensure they aren't penalized for getting a job. For 2023-24 this benefit will provide up to \$1,518 in total for eligible single workers, and up to \$2,616 for an eligible family.

Low-income working Canadians with a disability who face even larger barriers to workforce participation may qualify for an additional supplement.

### Canada Employment Amount

The Canada Employment Amount provides most employees (excluding the self-employed) with help to offset the cost of work-related expenses such as home computers, uniforms and supplies. If you qualify for this amount, you can claim up to \$1,368 on your 2023 tax return.

## Apprenticeship Job Creation Tax Credit

Businesses that employ an eligible apprentice in a skilled trade in the first two years of an apprenticeship contract (registered with the federal, provincial, or territorial government) may be eligible to receive a *non-refundable* tax credit equivalent to 10% of the salaries and wages paid to the apprentice. This could translate into tax savings for an employer of up to \$2,000 per eligible apprentice.

## Lower Taxes for Local Business Owners, Farmers and Fishermen

When an owner of a family farm, local business, or fishing enterprise passes from one generation to the next, the properties – or shares – are subject to a Capital Gains Tax.

There is an exemption of \$800,000, indexed to inflation (the lifetime capital gains exemption limit is \$971,190 for the 2023 tax year). Additionally, the limit specifically for farm and fishing businesses was increased to \$1 million. Conservatives introduced Bill C-208, passed in the last Parliament, which made it easier for family-owned businesses and farms to be passed down to children or grandchildren.

## Eligible Educator School Supply Tax Credit

Eligible educators can claim a 25% *refundable* tax credit on up to \$1,000 of eligible supplies purchased in a taxation year. Some examples include flashcards, art supplies, writing materials, books for the classroom and other educational materials.

## Firefighters' and Search and Rescue Volunteers' Tax Credit

This is a 15% *non-refundable* tax credit based on an amount of \$3,000 for volunteer firefighters who perform at least 200 hours of service per year. The option to claim the tax-exempt amount of up to \$1,000 for an honorarium will remain in lieu of the credit, if the taxpayer prefers.

## Tradespersons' Tools Deduction

Providing a deduction of up to \$1,000, the employment tax deduction for eligible new tools helps those tradespeople who pay for their own tools up front, as a condition of employment, out of their own pockets.

## Meal Expenses for Long-Haul Truck Drivers

The deductible portion of meal expenses for long-haul truck drivers was raised to 80% a few years ago, and it remains at this level. The Canadian tax system otherwise limits business-related meal expenses to 50% deductible.



Employers can save up to  
**\$2,000 per eligible  
apprentice**

**Claim tools and  
meal expenses**



**Supporting**  
volunteer  
firefighters,  
and search  
and rescue  
personnel



## SAVINGS FOR WORKING CANADIANS (cont'd)



### Lowering the Small Business Tax Rate

The small business tax rate for Canadian-controlled private corporations was lowered to 9% a few years ago to assist small businesses in making ends meet.

### Labour Mobility Expense Deduction

The Labour Mobility benefit provides a deduction of up to \$4,000 per year for eligible transportation, meals, and temporary lodging costs at temporary work locations to eligible tradespersons and apprentices engaged in certain construction activities.

## THE CARBON TAX AND OTHER INCREASES



**Despite record cost-of-living pressures, the federal government continues to raise your taxes: CPP and EI premium rates rose on January 1, and the carbon tax and taxes on beer, wine and spirits went up again on April 1st. In addition, there are new indirect taxes such as the new Clean Fuel Standard and upcoming electricity grid requirements, both of which will raise the cost of energy again.**

### Carbon Tax

Canadians who live where the federal Carbon Tax applies (including Alberta) will see a significant increase on April 1. The tax, which was \$65 per tonne of Carbon Dioxide emissions in 2023, will rise to \$80 per tonne in 2024, an increase of 23%. Despite that hike, the size of the rebate in Alberta will only increase by 16.6%. You are paying more—the average Alberta family pays about \$1,000 over and above the rebate.

This carbon tax will reach a staggering \$170 per tonne by 2030. This is a devastating blow to Canadians who must heat their homes and buy vehicle fuel. It also raises food prices—tax the farmer, tax the trucker, tax the processor, tax the retailer—and you inevitably tax the consumer.

Despite all of these taxes, greenhouse gas emissions have not declined. The carbon tax is not effective. It is not an environmental policy; it's a taxation policy.



## HIGHER TAXES FOR ALL CANADIANS

### CPP Premium Hike

The government continues to hike CPP contributions for both employees and employers. The maximum contribution for earnings of \$68,500 will be \$3,867.50 in 2024, up from \$3,754 in 2023. For employees earning more than \$68,500, a second contribution will be required, increasing the total contribution by both employees and employers by another \$188 for an employee making \$72,300 or more.

### EI Premium Rate Hike

EI premium rates were \$1.49 in 2015 when this government was elected. For 2024, the maximum premium for employees will be calculated as \$1.66 for every \$100 of income, with a maximum contribution of \$1,049. For employers the maximum annual premium will rise to \$1,469. It is the wrong time to ask businesses and employees to pay even more.

### Beer, Wine and Spirit Excise Tax

Effective April 1, the federal excise tax on beer, wine and spirits went up by 2%, less than the planned 4.7% - but a smaller tax increase is not “relief”, but still a tax increase. This one further exacerbates the already heavy impact of inflation and taxation on one of life’s simple pleasures, and places a further burden on the financial viability of small hospitality businesses.







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