

PARO TAX TIPS FOR 2022

Tax Returns

Please make sure
to check out the
Resident Financial Primer
for more detailed
financial and tax
information.

IMPORTANT DATES

- The RRSP Contribution Deadline for 2022 is March 1, 2023
- 2022 Personal Income Tax Returns are due on or before May 1, 2023 as April 30th falls on the weekend this year

HIGHLIGHTS – 2021 TAX DEDUCTIONS AND CREDITS

Deductions:

Union Dues and Professional Fees: You can deduct PARO dues and fees paid to join professional organizations such as the CPSO, CFPC or RCPC.

RRSP: The deadline for 2022 contributions is March 1, 2023. Keep in mind that it is most beneficial to contribute to your RRSP as early in the year as possible to receive the greatest benefit from tax-free compounding of your money.

RRSP Home Buyer's Plan: You can withdraw up to \$35,000 from your RRSP to use towards a down payment if you are buying a home in the next year.

Moving Expenses: If you move at least 40 kilometres closer to your new place of work and / or study (full-time post secondary education in Canada), certain moving expenses are tax deductible.

Childcare Expenses: If you and your spouse both work, generally the lower income earner can deduct the costs incurred for childcare, though there are maximum amounts per child.

Employment Expenses: If, due to COVID-19, you have used a part of the home for working purposes **at least half of the time for four consecutive weeks or more**, you can take a portion of the eligible home office expenses and claim them as part of the Employment Expenses for Working At Home deduction. You can make a detailed claim, which will require a signed form T2200. The form required to be completed with the personal tax return is form T777.

The government is allowing the use of the temporary flat rate method for calculating the home office expense, which allows a claim of \$2 per day up to \$500 for 2022.

For tax purposes, please keep all receipts and supporting documents for any employment expenses claimed.

Credits:

Canada Employment Amount: This credit is the lesser of \$1,257 and the employment income for the year and is available to anyone with employment income.

Interest on Student Loans: you can claim a tax credit for the interest paid on eligible student loans.

Tuition Amounts: The Federal Tuition Credit is available for 2022, which is 15% of the tuition amounts as shown on your T2202. Any unused tax credits can be carried forward to be used against future tax amounts payable.

Eligible Medical Expenses: You can only deduct eligible medical expenses over a particular threshold. The threshold is the lower of 3% of your net income or \$2,522.

Charitable Donations: Donations made to registered Canadian charities are eligible for a tax credit.

First Time Home Buyers' Tax Credit: This is a non-refundable tax credit of \$5,000 for first time home buyers.

Canada Caregiver Credit: The Canada Caregiver Credit provides a \$7,525 credit for each infirm dependant, defined as an eligible relative with impaired physical or mental functions who is dependent on the caregiver. See Resident Financial Primer for more details.

Canada Training Credit: The Canada training credit is a new refundable credit available for eligible tuition and other fees paid for courses taken in 2020 and subsequent taxation years.

Ontario Job Training Tax Credit: The Ontario Job Training Tax Credit is a temporary credit that is only available for 2021 and 2022. The Ontario credit provides a credit of 50% of the personal eligible expenses (the same eligible for the Canada Training Credit), up to a maximum of \$2,000.

Digital News Subscription Tax Credit: You may claim a non-refundable tax credit worth up to \$75 related to digital news subscriptions paid in 2022 to qualified Canadian journalism organizations.

Tax Free Savings Account (TFSA): If you haven't contributed to your TFSA, your annual limit for 2022 is \$6,500. The annual limit is \$6,000 for 2022 as well.

New for 2022

Ontario Staycation Tax Credit: Starting in 2022, the Government of Ontario is providing a new, temporary Staycation tax credit. This refundable credit would provide Ontario residents with support for eligible 2022 Ontario accommodation expenses of up to \$1,000 for an individual and \$2,000 for a family (the maximum refundable credit for these expenses being \$200 and \$400 respectively). Please find the eligible criteria in the [Resident Financial Primer](#).

First Home Savings Account (FHSA)

Starting in 2023, first-time home buyers in Canada will be able to contribute to a FHSA to save up for their first home. You can contribute up to \$8,000 per year, with a lifetime maximum of \$40,000. Contributions can be deducted from your income for the year. Withdrawals are not taxable as long as you are using the money to purchase a home as your principle residence. It is proposed that the FHSA may also be used in conjunction with the RRSP Home Buyer's Plan so that withdrawals from both can be made for the same home purchase.

Planning Ahead

Incorporation: Self-employed medical professionals have the ability to incorporate. When you are transitioning into practice, you may want to plan in advance and discuss the details with your tax advisor. Whether incorporation is right for you in the future will depend on your specific situation. See [Resident Financial Primer](#) for more details.

The information provided in "Tax Tips" is general in nature and is not intended to provide specific tax advice. You should consult your own tax advisor for specific advice based on your tax situation.

