

# CANADIAN TAXATION GUIDANCE

## 加拿大個人稅務 基本須知及注意事項

---

JOSEPH Y K YAU FCPA, CA, FCMA

# Disclaimer

---

- The material and information contained in this presentation is for general information purposes only.
- You should not rely upon the material or information in this presentation as a basis for making any business, legal or any other decisions.
- Whilst we try our best to keep the information up to date and correct, we make no representations or warranties of any kind, express or implied about the completeness, accuracy, reliability, suitability or availability with respect to the material or information contained in this presentation for any purpose.
- Any reliance you place on such material or information is therefore strictly at your own risk.
- We will not be liable for any false, inaccurate, inappropriate or incomplete information presented in this presentation.

# Frequently Asked Questions:

---

- A. Citizen vs Tax residency
- B. Define tax residency
- C. How to complete your tax return
- D. Capital gain vs Revenue
- E. Types of common tax

# A. Citizenship vs Tax residency

---

# A. Citizenship vs Tax residency

---

Citizenship is not the criteria used for Canadian taxation purposes. Therefore, a Canadian citizen who is not resident in Canada and has no Canadian-sourced income would not be subject to Canadian taxation. A resident of Canada who is not a Canadian citizen would still be taxed on his or her world-wide income.

A taxpayer may be a “factual resident” or a “deemed resident”.

A person may be a deemed resident because he or she has sojourned in Canada for 183 days or more in a year.

# A. Citizenship vs Tax residency

---

If you want the Canada Revenue Agency's opinion on your residency status, complete either:

a) Form NR74, Determination of Residency Status (Entering Canada); or

b) Form NR73, Determination of Residency Status (Leaving Canada),

whichever applies, and send it to the International and Ottawa Tax Services Office. To get the most accurate opinion, provide as many details as possible on your form.

# B. Define tax residency

---

## B. Define tax residency

---

Significant residential ties to Canada include:

- A home in Canada;
- A spouse or common-law partner in Canada; and
- Dependants in Canada;



## B. Define tax residency

---

Secondary residential ties that may be relevant include:

- Personal property in Canada, such as a car or furniture;
- Social ties in Canada, such as membership in Canadian recreational or religious organizations;
- Economic ties in Canada, such as Canadian bank accounts or credit cards
- A Canadian driver's licence;
- A Canadian passport; and
- Health insurance with a Canadian province.

## B. Define tax residency

---

To determine residence status, all of the relevant facts in each case must be considered, including residential ties with Canada and length of stay in Canada, object, intent, and continuity while living inside and outside Canada.

# C. How to complete your tax return

---

# C. How to complete your tax return

---

1. Identification and other information
2. Date of entry in Canada
3. What income do you have to report?
  - Worldwide incomes in one single tax return for the part of the year you were a resident of Canada
  - Locally T4, T4A, T5 are most common supportings
  - Rental operations – rental income and expense invoices
  - Business operations – sales and expenditure invoices
  - Sale of properties (including rental properties, securities)

## C. How to complete your tax return

---

### 4. What deductions can you claim?

- Keep receipts and documents related to the following:
  - Medical expenses (combine family's expenses and claim by spouse with lower net income; choose optimal 12-month period ending in taxation year)
  - Donations (combine and claim in spouse's return if combined total exceeds C\$200)

## C. How to complete your tax return

---

- 5. T1135 reporting of overseas properties costing over C\$100,000 at any time in the year
- 6. What refundable tax credits can you claim, e.g. GST/harmonized sales tax credit/Canada child benefits, etc.
- 7. What non-refundable tax credits can you claim, e.g. Tax payments made in Hong Kong

## C. How to complete your tax return

---

### 8. Tax deadline

- Report income on calendar year basis
- 30 April of the year after the tax year;
- A balance of tax owing net of regular tax withholding must be paid on or before 30 April of the year after the tax year, otherwise interest will be charged even if withholding tax is not adequately paid during the year

### 9. e-filing and on honest system

### 10. Very stringent with heavy penalties and interest on delay

# D. Capital gain vs Revenue

---



# D. Capital gain vs Revenue

---

## 1. Badges of trade

- Motive
- Number and frequency of transactions
- Nature of the asset
- Changes to the asset
- Source of finance
- Timing
- Way the sale was handled

## D. Capital gain vs Revenue

---

2. Watch out for properties you owned before you arrived in Canada
- Valuation reports for FMV as of date of departure
  - If a Canadian resident has 1% or more equity interest in a foreign company and total held by him or her and related person is 10% or more, then the foreign company is a foreign affiliate.  
  
The Form T1135 must be filed with a separate supplement for each foreign affiliate.
  - Significant penalties apply when a taxpayer has not complied with foreign reporting rules.

## D. Capital gain vs Revenue

---

### 3. Principal residence tax free exemption

- If sells within 365 days after acquiring is considered as “flipped property” and is fully subject to tax as business income
- Certain “life events” may not be affected

# E. Types of common tax

---

# 1. Federal and Provincial Individual income tax for 2023

---

## Federal tax rates

Taxable Income	Tax Rates
first \$53,359	15.0%
over \$53,359 up to \$106,717	20.5%
over \$106,717 up to \$165,430	26.0%
over \$165,430 up to \$235,675	29.0%
over \$235,675	33.0%

# 1. Federal and Provincial Individual income tax for 2023

---

## Provincial tax rates for Ontario

Taxable Income	Tax Rates
first \$49,231	5.05%
over \$49,231 up to \$98,463	9.15%
over \$98,463 up to \$150,000	11.16%
over \$150,000 up to \$220,000	12.16%
over \$220,000	13.16%

# 1. Federal and Provincial Individual income tax for 2023

---

## Provincial tax rates for Alberta

Taxable Income	Tax Rates
first \$142,292	10.0%
over \$142,292 up to \$170,751	12.0%
over \$170,751 up to \$227,668	13.0%
over \$227,668 up to \$341,502	14.0%
over \$341,502	15.0%

# 1. Federal and Provincial Individual income tax for 2023

---

## Provincial tax rates for British Columbia

Taxable Income	Tax Rates
first \$45,654	5.06%
over \$45,654 up to \$91,310	7.70%
over \$91,310 up to \$104,835	10.50%
over \$104,835 up to \$127,299	12.29%
over \$127,299 up to \$172,602	14.70%
over \$172,602 up to \$240,716	16.80%
over \$240,716	20.50%



## 2. Property related taxes

---

- Property Tax is not an income tax
- Federal Underused Housing Tax – 1% on residential property value (Canadian citizens or PRs are exempted)

Point to note : 2-years prohibition on the purchase of residential property by non-Canadians starting from 1 January 2023

## 2. Property related taxes

---

- BC Speculation and Vacancy Tax
  - 0.5% for residents and Canadian citizens
  - 2.0% for others
  - Only apply to specific geographic regions of BC including Metro Vancouver
- BC Additional Property Transfer Tax (Foreign buyers Tax)
  - Effective on 1 June 2020
  - 20% on residential property
  - Only apply to certain regions

## 2. Property related taxes

---

- Vancouver Empty Homes Tax on residential property for all owners in the city of Vancouver as from 2017 with tax rate:

Years	Tax rate
2017-19	1.00%
2020	1.25%
2021	3.00%
2022	3.00%
2023	5.00%

### 3. GST / HST

---

- The goods and services tax/harmonized sales tax (GST/HST) credit is a tax-free quarterly payment that helps individuals and families with low and modest incomes offset the GST or HST that they pay. It may also include payments from provincial and territorial programs.

- 
- This material has been prepared for informational purposes only. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

# The End

---

# Thanks!

Tel: (852) 2528 3628

Fax: (852) 2865 1661

Email: [enquiry@ckyaucpa.com](mailto:enquiry@ckyaucpa.com)