

## Eva Srulovicz-Kovac

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Dear Clients!

It is time again to assemble the information required to complete your personal tax return. You may have noticed that many of your slips have not yet been issued. This delay is due to an extension granted to issuers, as they had to manage additional work related to the anticipated changes in capital gains inclusion rates—changes that were expected but ultimately did not take effect. Please be also aware that there may be higher incidences of amended slips. If you get the “same” slip twice, do not automatically discard it. Look for the report code (original 0, amended 1) or the word “Amended” on the top of slip(s).

The ideal method of providing your accounting/tax information to me is in electronic format. Please provide PDF files, where possible. Note that an image format (JPG or PNG) is not the best and will require more time to process. **I cannot emphasize enough how important it is for me to receive documents in PDF format. Due to my vision impairment, I kindly ask that you make an extra effort to accommodate this request. Your understanding is greatly appreciated.** You can also mail, courier or personally deliver the information.

I have enclosed the **2024 TAX CHECKLIST** to assist you in organizing the information and documents. Please provide each individual receipt for donations, medical receipts, tuition receipts, childcare receipts, etc., it is not sufficient to summarize them on a spreadsheet. **Please use a separate e-mail message for each family member's tax information.** If sending the documentation by mail, kindly sort out the slips and place them in a separate envelope for each family member. **Please provide me with your tax information in a complete manner; sending slips/receipts one by one is discouraged.**

Please provide details on changes of your personal information; mainly marital status, address and dependants.

To reduce tax preparation time, I'd like to remind you of the following:

- Obtain one statement from your dentist, chiropractor or other medical professional for all payments made in the year. If possible, ask these professionals to provide **an itemized statement showing dates as opposed to just one number. If you provide the annual receipt, it is no longer necessary to send me the individual receipts.**
- Ask your pharmacist to give you a statement for the year. **If you provide the annual receipt, it is no longer necessary to send me the individual receipts.**
- Provide an annual statement from your medical/dental insurance provider for **claims that were not covered by the insurance company.**
- Compile medical receipts separately for dependants, especially if over 18 years of age.
- **If providing information in paper format, do not staple receipts! Please use paper clips whenever possible to facilitate efficient scanning by our office.**
- For T5s and T3s, please include the details that usually accompany the slip. If possible,

**provide the original slip or scan and e-mail the slips. Most financial institutions provide the T5 slips in a T5/NR4 package or issue a 2024 Resource Package. These packages contain valuable information. You should use them as a checklist as they indicate which slips are outstanding and they contain certain reports. So, please review them before assembling the information slips and also provide this summary package to us.**

- If you bought/sold some securities during the year, please provide the **Trading Summary or T5008** from your financial institution. It is usually part of the above-mentioned T5/NR4 or Resource package from your financial institution. **Some institutions provide a Gains Summary, so please include as well.**

## **SUMMARY OF RECENT TAX MEASURES THAT AFFECT YOUR 2024 AND SUBSEQUENT YEARS TAX RETURNS**

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- The maximum **RRSP** contribution for 2024 has increased to \$31,560. The deadline for contribution for the 2024 taxation year deduction was **March 3, 2025**. Discussions regarding RRSP contributions for the 2024 year have been addressed individually, on a case-by-case basis.
- The **RRSP** contribution limit for 2025 will be \$32,490 and requires \$180,500 of earned income in 2024.
- If you turn 71 in 2025, please contact me to discuss the contribution deadline for your 2025 RRSP contribution and tax implications with respect to the conversion to a Registered Retirement Income Fund (“**RRIF**”). Please note that the RRSP contribution must be made before December 31, 2025, and NOT in the first 60 days of 2026.
- The maximum amount you can withdraw from your registered retirement savings plan (RRSP) under the Home Buyers’ Plan (HBP) is \$60,000. You have up to 15 years to repay to your registered retirement savings plan (RRSP), starting the fifth year following the year in which the withdrawal was made
- **Tax Free Savings Account (“TFSA”)** - In 2025, Canadian residents, age 18 and older, may contribute up to \$7,000 to their TFSA account. The cumulative limit from the start of TFSA accounts to 2025 is \$102,000 up to the end of 2025 (inclusive). Please verify with your financial institution about your available contribution room. *If you have an account online with the CRA - “My Account” you will be able to see the TFSA information or contact me to discuss.* Please note that the TFSA information in “My Account” does not reflect at the beginning of 2025 all your 2024 contributions, so make sure to review the contribution history before your 2025 contribution. **If you own investments outside of your RRSP/RRIF and TFSA, you should consider maximizing the TFSA contribution room.**
- **Tax-Free First Home Savings Account (FHSA)** – Beginning April 1, 2023, **first-time home buyers** (resident of Canada and at least 18 years old) have the ability to save up to \$40,000 on a tax-free basis. Like a Registered Retirement Savings Plan (RRSP), contributions (\$8,000 annual contribution limit up to a lifetime maximum of \$40,000) are tax-deductible, and withdrawals to purchase a first home are non-taxable, like a Tax-Free Savings Account (TFSA). Unused FHSA

contribution room can be carried forward, however, you will not begin to accumulate FHSA contribution room until you open an account, and a maximum of \$8,000 of unused contribution room may be carried forward to a future year. This is an important tax vehicle for young people to save for their first home purchase.

- **Home Office Expenses for Employees –**
  - **The temporary flat method** no longer applies for the 2023 or later taxation years. Therefore, employees must use the detailed method and obtain a completed T2200, reviewed and signed by their employer, to claim home office expenses for 2024.
  - **Eligible employees** - Employees who worked from home in 2024 are generally eligible to deduct home office expenses paid that were directly related to their work if they were required to work from home and worked from home more than 50% of the time for a period of at least four consecutive weeks in the year.
- **The Home Accessibility Tax Credit** is a non-refundable tax credit of 15% on expenditures up to \$20,000. In addition to seniors, this credit applies to persons of any age with disabilities. To claim this credit, you will need to provide me with the receipts for the eligible expenses in case CRA asks for them in order to validate your claims.
- **Multigenerational Home Renovation Tax Credit** - Starting in the 2023 taxation year, a refundable tax credit is available for families that build a secondary unit or suite in their home to accommodate seniors or adults with disabilities. The credit can only be used once, up to a maximum of \$50,000 in renovation expenses (\$7,500 after applying the 15% rate).
- **Canada Caregiver Credit** – The Canada Caregiver Credit is available in respect of an individual’s spouse or common-law partner, minor child or eligible relative who is dependent on the individual because of a mental or physical impairment at any time in the year. The dependant does not have to live with the individual. The maximum credit is \$8,375 and is eliminated when the dependant’s income exceeds \$28,041.
- **Zero-emission vehicles** – If you are self-employed or claiming employment expenses, you may be able to claim enhanced capital cost allowance on zero-emission vehicles up to an amount of \$61,000 plus sales taxes. Eligible vehicles must be acquired as brand new or used vehicles after March 18, 2019, and become available for use before 2028. **Please Note: If you receive a rebate or assistance from a Government of Canada prescribed program, the above-mentioned enhanced capital cost allowance will not apply. Please consult with me before making a purchase.**
- If you disposed of your principal residence in 2024, please make sure to bring it to my attention. Information to be reported includes **the year of acquisition, address of the property and proceeds of disposition. The principal residence exemption will only be available if the sale is reported in the tax return in the year the property is disposed of; failure to report could be subject to a penalty. Please also advise if a change in use of a property that is also your principal residence occurred in 2024.**
- **Canadian Carbon Rebate (formally known as the Climate Action Incentive Payment**

**(CAIP)** – The Canadian Carbon Rebate will be paid as a quarterly benefit, similar to the CAIP. If you are entitled, you will automatically receive your rebate four times a year after your tax return is assessed.

## **OTHER MEASURES**

- **Old age security (OAS)** – Individuals who become eligible for the OAS pension may elect to defer receiving OAS for up to five years, in return for a higher annual pension. Their pension will increase by 0.6% per month of deferral, or 7.2% annually. In addition, the indexing of the annual amounts will result in additional benefits. **Individuals who would be subject to the maximum claw back of OAS benefits should defer the pension.**
- **Canada Pension Plan (CPP)** - Individuals who become eligible for the CPP pension may elect to defer receiving CPP until the age of 70, in return for a higher annual pension. Their pension will increase by 0.7% per month of deferral, or 42% if deferred until the age of 70. **Individuals who are currently in a higher tax bracket and expect their income to decrease after the age of 70 should consider the deferral of the pension, after evaluating other factors as well.**
- **Enhanced CPP** - As of January 2024, a second additional contribution of 4% is required by the employee and employer on pensionable earnings that are more than the year's maximum pensionable earnings but not more than the year's additional maximum pensionable earnings.
- **Residential Property Flipping Rule** – Starting January 1, 2023, profits (i.e., gains) that arise from the disposition of residential real estate (including a rental property) that was owned for less than 365 days will be deemed to be business income (which is not eligible for the 50% capital gains inclusion rate or principal residence exemption). Some exceptions apply.
- **Donation Deadline extended** for donations to be eligible to be claimed in the 2024 taxation year to February 28, 2025. This change allows more time for the processing of donations that may have been impacted by the Canada Post national strike.
- **Capital Gains Inclusion Rate** - The date on which the capital gains inclusion rate will increase to two-thirds from one-half has been deferred until Jan. 1, 2026.
- **Toronto Vacant Home Tax** - Please be reminded that owners of properties in Toronto must declare their 2024 occupancy status for their residential property by April 30, 2025. Please visit the City of Toronto's online portal to submit the declaration if you have not yet done so.

[Vacant Home Tax – City of Toronto](#)

## **IMPORTANT DATES AND REPORTING REQUIREMENTS**

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### **Instalments**

**The first instalment for 2025 is due on March 15, 2025.** To avoid interest charges, you should pay the amount indicated on your instalment notice (it is based on your 2023 tax liability). However, if your actual income in 2024 or estimated income for 2025 will be lower than your 2023 income, the

March 15<sup>th</sup> instalment payment may be reduced.

### **Foreign reporting requirements**

Foreign reporting requirements apply to all Canadian individuals, corporations, trusts and partnerships that hold specified foreign property at any time during the year costing more than \$100,000 (Form T1135). Failure to comply with the requirements can result in a three-year extension to the normal reassessment period of your entire tax return. Also, failing to file Form T1135 will result in a late filing penalty of \$25 per day to a maximum of \$2,500 per year.

**Most Canadian Financial institutions currently generate reports to comply with the foreign reporting requirements for managed accounts and self-directed accounts. Please contact your financial advisor prior to submitting your tax information package to me to request the report if you have not automatically received one in the T5/NR4 or Resource Tax package, and the foreign reporting provisions apply to you.**

### **U.S. CITIZEN AND GREEN CARD HOLDERS**

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If you are a US citizen or green card holder, you must file an annual US 1040 individual income tax return in the United States regardless of where you actually reside. In addition, you may also be liable for a number of other taxes and filing requirements.

*If you are subject to US reporting requirements, please contact a US tax specialist.*

### **SPOUSE'S RETURN**

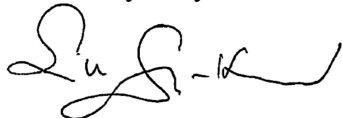
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If my office is not preparing your spouse or common-law partner's 2024 tax return, please indicate your spouse and common-law-partner's net income, as certain income inclusions/deductions or credits are based on family income or have to be reported by the lower income taxpayer. Not providing the spouse's net income information will delay the processing of your return.

***The preparation of your return is based on the information submitted to me. As I will not audit, review or otherwise verify the information, please ensure that such information is accurate and complete.***

**Please ensure that you provide all the documentation to process your return. This will allow for faster processing, more efficiency and consequently lower fees. Numerous follow-up questions and e-mails increase the time we spend on your return and significantly delay the processing.**

Yours very truly,



Eva Srulovicz - Kovac, CPA, CA